



DIC India Limited

Color & Comfort

ANNUAL REPORT 2016



BOARD OF DIRECTORS

As on 31st December 2016



Dr Prabir Kumar Dutt
Chairman



Shailendra Hari Singh
Managing Director & CEO



Kazunari Sakai



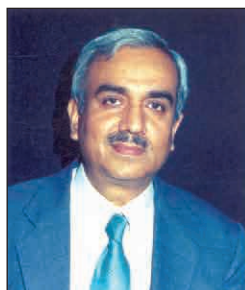
Naoyoshi Furuta



Dr. Reena Sen



Dipak Kumar Banerjee



Subir Bose



Utpal Sengupta



Paul Koek

Contents

DIC India Limited

| | | |
|--|-------|-----|
| Organisation Vision & Mission | ..... | 02 |
| Corporate Information | ..... | 03 |
| Management Team | ..... | 04 |
| Ten Years Record | ..... | 05 |
| Product Portfolio | ..... | 06 |
| Manufacturing Facility | ..... | 07 |
| Health, Safety and Environment | ..... | 08 |
| Corporate Social Responsibility | ..... | 09 |
| Notice | ..... | 10 |
| Report on Corporate Governance | ..... | 17 |
| Shareholder Information | ..... | 26 |
| Report of the Directors & Management Discussion and Analysis Report | ..... | 34 |
| Secretarial Auditors' Report | ..... | 59 |
| Independent Auditors' Report | ..... | 63 |
| Balance Sheet | ..... | 70 |
| Statement of Profit & Loss | ..... | 71 |
| Notes to the Financial Statements | ..... | 72 |
| Cash Flow Statement | ..... | 96 |
| Proxy Form | ..... | 101 |

Organisation Vision & Mission

Vision Statement

We enrich lives through Color & Chemistry that create identity & enable knowledge.

Mission Statement

We aim to become the preferred business partner to our printing ink & allied customers by delivering innovative solutions. We will achieve this by customer focus, engagement & best practices

Corporate Information

as on 31st December 2016

CIN - L24223WB1947PLC015202

Board of Directors

| | | | |
|--|------------------------------------|--|-----------------------------------|
| Dr Prabir Kumar Dutt <i>Chairman</i> (DIN: 00026833) | | Shailendra Hari Singh <i>Managing Director & CEO</i> (DIN: 07147117) | |
| Dipak Kumar Banerjee (DIN: 00028123) | Dr. Reena Sen (DIN: 07082198) | Subir Bose (DIN: 00048451) | Utpal Sengupta (DIN: 02577237) |
| Kazunari Sakai (DIN: 05136308) | Naoyoshi Furuta (DIN: 01689951) | Paul Koek (DIN: 00081930) | |
| Sandip Chatterjee <i>Chief Finance Officer</i> | | Banibrata DeSarkar <i>Company Secretary</i> | |

Board Committees

Audit

Committee

Dipak Kumar Banerjee – *Chairman*
Subir Bose
Paul Koek
Utpal Sengupta

Investor Grievance & Stakeholders' Relationship Committee

Utpal Sengupta – *Chairman*
Dr Prabir Kumar Dutt
Paul Koek

Nomination & Remuneration Committee

Dipak Kumar Banerjee – *Chairman*
Subir Bose
Naoyoshi Furuta
Paul Koek

CSR Committee

Utpal Sengupta – *Chairman*
Subir Bose
Paul Koek
Shailendra Hari Singh

Bankers

State Bank of India
Standard Chartered Bank
Bank of Baroda
The Hongkong and Shanghai Banking Corporation Limited
HDFC Bank Limited
Mizuho Bank Limited
Bank of Tokyo – Mitsubishi UFJ

Auditors

Lovelock & Lewes (Rgn No. 301056E),
Plot No. Y-14, Block EP, Sector V, Salt Lake,
Electronics Complex, Bidhan Nagar, Kolkata - 700 091
Phone : (033) 2357 9260 / 7600

Registrar and Share Transfer Agent

C B Management Services (P) Limited (CIN - U74140WB1994PTC062959)
P-22, Bondal Road, Kolkata - 700 019
Phone : (033) 4011 6700 / 2280 6692 / 2282 3643 / 2287 0263
E-mail : rta@cbmsl.com | Website : www.cbmsl.com

Registered Office

Transport Depot Road, Kolkata - 700 088
Phone : (033) 2449 6591-95 Fax : (033) 2449 7033 / 2448 9039
E-mail : investors@dic.co.in Website : www.dicindia.co

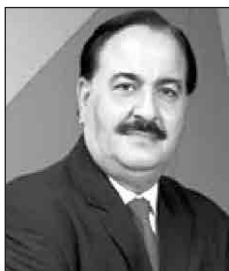
Management Team



Shailendra Hari Singh
Managing Director & CEO



Partha S Mukherjee
(Offset)



Anil Nanda
(News Ink)



Rishi Raj Bhaskar
(Liquidinks(NR/ER/SR))



Sandeep Dhareshwar
(Liquidinks(West /Central))

BUSINESS



Mahesh Waichal
(Business Head Chemicals)



Raj Sharma
(Flexo)

TECHNOLOGY & OPERATIONS



Utsab Choudhury
(Technology)



Prashant Limaye
(Operation)

CORPORATE



Sandip Chatterjee
(CFO)



Manish Dwivedi
(HR)



Raghav Shukla
(Legal)

Ten Years Record

TEN YEARS FINANCIAL STATISTICS

(Rs. in Million)

| | 2016 Dec-31 | 2015 Dec-31 | 2014 Dec-31 | 2013 Dec-31 | 2012 Dec-31 | 2011 Dec-31 | 2010 Dec-31 | 2009 Dec-31 | 2008 Dec-31 | 2007 Dec-31 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Sales (Net) | 7,042 | 7,461 | 7,187 | 7,087 | 7,124 | 6,748 | 5,534 | 4,593 | 4,719 | 4,039 |
| Profit before Tax | 308 | 403 | (181) | 120 | 315 | 382 | 649 # | 320 | 231 | 167 |
| Tax | 80 | 106 | (83) | (5) | 100 | 117 | 141 | 97 | 81 | 58 |
| Profit after Tax | 228 | 297 | (309) \$ | 125 | 215 | 265 | 507 # | 223 | 151 | 109 |
| Dividend | 44 * | 44 * | — | 43 * | 43 * | 43 * | 54 * | 43 * | 38 * | 38 |
| Retained Profit | 184 | 253 | (309) | 82 | 172 | 222 | 454 | 180 | 113 | 71 |
| Earnings per Share (Rs.) | | | | | | | | | | |
| – Basic | 24.89 | 32.37 | (33.65) | 13.66 | 23.42 | 28.82 | 55.28 # | 24.29 | 16.56 | 15.86 |
| – Diluted | 24.89 | 32.37 | (33.65) | 13.66 | 23.42 | 28.82 | 55.28 # | 24.29 | 16.56 | 15.69 |
| Dividend per Share (%) | 40 @ | 40 | — | 40 | 40 | 40 | 50 | 40 | 35 | 35 |
| Net Worth per | | | | | | | | | | |
| Equity Share (Rs.) | 329.19 | 309.08 | 283.77 | 317.44 | 308.46 | 289.69 | 265.53 | 216.04 | 196.47 | 170.52 |
| PBT to Sales (%) | 4.38 | 5.4 | (2.52) ‡ | 1.69 | 4.42 | 5.66 | 11.72 | 6.97 | 4.90 | 4.14 |
| PAT on Shareholders | | | | | | | | | | |
| Funds (%) | 7.54 | 10.47 | (11.86) | 4.30 | 7.59 | 9.95 | 20.82 | 11.25 | 8.37 | 9.30 |
| Debt Equity Ratio | 0:01 | 0.01:1 | 0.14:1 | 0.08:1 | 0.12:1 | 0.09:1 | 0.05:1 | 0.22:1 | 0.28:1 | 0.12:1 |
| Sources of Funds | | | | | | | | | | |
| Share Capital | 90 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 69 |
| Share Application | — | — | — | — | — | — | — | — | — | 516 |
| Reserves & Surplus | 2,930 | 2,745 | 2,513 | 2,822 | 2,740 | 2,567 | 2,345 | 1,891 | 1,712 | 1,105 |
| Borrowings | — | 25 | 352 | 233 | 340 | 227 | 115 | 427 | 497 | 209 |
| | 3,022 | 2,862 | 2,957 | 3,147 | 3,172 | 2,886 | 2,552 | 2,410 | 2,300 | 1,899 |
| Application of Funds | | | | | | | | | | |
| Net Fixed Assets | 725 | 731 | 890 | 976 | 1,018 | 897 | 772 | 756 | 745 | 682 |
| Investments | — | — | — | — | — | — | — | 108 | 108 | 108 |
| Net Current Assets | 2,297 | 2,131 | 2,067 | 2,171 | 2,153 | 1,989 | 1,780 | 1,546 | 1,448 | 1,109 |
| | 3,022 | 2,862 | 2,957 | 3,147 | 3,172 | 2,886 | 2,552 | 2,410 | 2,300 | 1,899 |

Notes:

* Includes Tax on Dividend

@ Proposed

After considering Extra-ordinary items

\$ After considering Exceptional item

‡ Profit before Tax and Exceptional item

Product Portfolio

Offset Inks



Our indigenous & imperial Inks have been carefully crafted considering critical aspects of printing applications.

- Sheet fed Inks
- Heat set Inks
- Varnishes
- News Inks
- UV Inks

Lamination Adhesives



Our DICDRY range of lamination adhesive suits all types of flexible packaging applications and covers both

- Solvent based Adhesives
- Solvent free Adhesives

Print Finish



UV Varnish: Our Radicure range of UV Varnish products have excellent gloss with smooth finish on paper, board, PVC and Lamitube.

Water based Varnish: Our Aquatic range of Water based Varnish assures good gloss, slip mechanical resistance, deep freeze, heat resistance and glue ability.

Gravure and Flexo Inks



Low odour Polyurethane based Inks specially formulated for reverse printing for food & beverage industry.

- Gravure Inks
- Adhesives
- Flexo Inks
- Coatings

Chemical Solutions



The theme of the chemical business segment is to deal in products that support peace of mind, safety and pleasant lifestyle.

The range includes high performance colorants & engineering plastics like PPS compound.

Innovative Package Solution



- Barrier Adhesive & Functional Barrier coatings
- Low Migration Low Odour Ink
- Non Toluene Non Ketone Inks
- Anti-Counterfeit & Brand Protection Offerings
- Cold Seal Adhesive.

Manufacturing Facility

DIC India has strategically established manufacturing locations throughout the Country to provide the most effective service to customers.



Noida Plant –Manufacturing facility for Liquid inks, News Inks Color and Flexo



Kolkata Plant –Manufacturing facility for Liquid inks, News Inks Black and Offset Inks

Bangalore Plant –Manufacturing facility for Lamination Adhesives.



Ahmedabad Plant – Manufacturing facility for News Black



Health, Safety and Environment

Your Company is committed to adhere to the highest standards of Safety, Health and sustainability of the Environment. It strive to continuously improve processes through adoption of international best practices. In pursuance of above, your company inter alia observed following activities during the year ended 2016:

- **Celebration of National Safety Week from March 4-10, 2016**
- **Celebration of World Environment Week from June 5-11, 2016**

National Safety Week was celebrated to mark the foundation day of National Safety Council of India to spread awareness on Safety across all locations. The theme was “*Strengthen the Safety Movement to achieve Zero Harm*”, with which ESH goals of your Company are fully aligned.

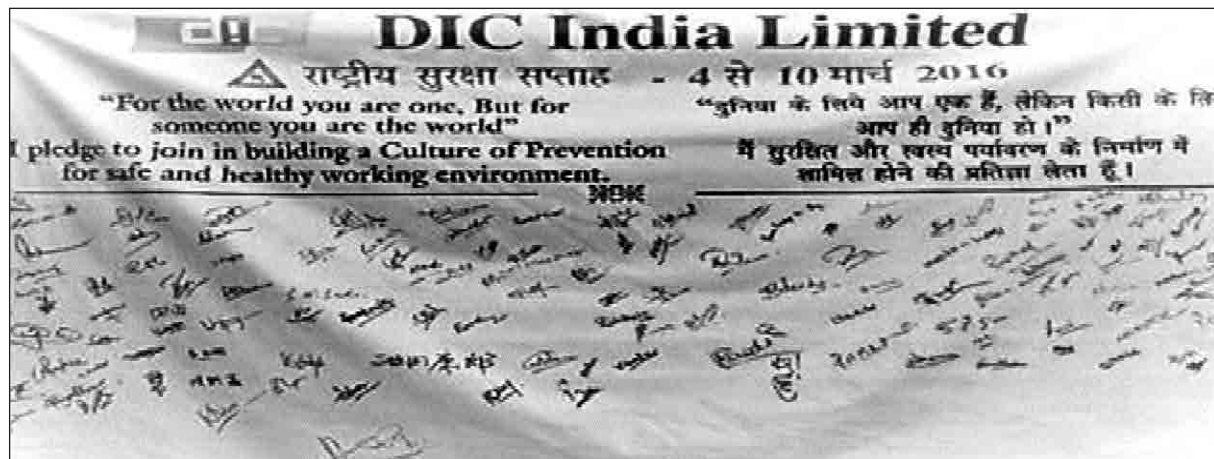
The Key objectives of the campaign were:

- To reinforce our commitment towards Safety and works towards Zero incident goal.
- To engage employee and contract workmen in safety initiative, and ensure their participation at all levels.
- Recognize people for their efforts towards safety.

The week long campaign started with a Kick-off event at all locations which included; flag hosting, safety pledge, safety oath signature and address by senior leadership team. The campaign witnessed various trainings viz. LOTO, Spill Management, PPE, Chemical handling, Fire Fighting, Evacuation drills etc.

Employee engagement competitions were also organized like best safety suggestion, safety slogan or safety posters, which were well responded and appreciated. The closing session witnessed site leadership team appreciating the work done by the organizing team and engagement and support provided by everyone. Overall, more than 50 participants were recognized for various achievements..

Similar enthusiasm and effectiveness was also witnessed during World Environment Week celebration.



Corporate Social Responsibility

DIC India believes that contributing back to the society is not only a responsibility but a commitment. Our little value addition to the betterment of the society is a part of our mission.



Education is a social pillar which is of utmost importance for development of children and society at large. Through various Constitutional amendments and Statutory enactments, the State has endeavoured to guarantee free and compulsory education to all children between the age group of 6-14 years till the completion of their elementary education.

Taking cue from above, as a part of CSR Initiative, DIC has ventured into "Child Education Program", particularly for children in rural & slum areas wherein education system lacks the prescribed standards. In the pursuance of the said objective, DIC India partnered with NGO "CRY"(Child Relief & You) to identify & drive Child Education initiatives based at Monteswar Block of Burdwan district, West Bengal covering 15 villages & catering to over 5000 children.

The objective of this project is to improve quality of education for the under-privileged children in the identified area by "**Vikramshila Model School**" adopted by CRY. The scope involves imparting of quality education to children, influencing the other stakeholders like Gram Panchayat, Govt. officials, parents of the children to act as a catalyst to facilitate the process. The overall success of the initiative is measured on various benchmarks like impact of education on children, improved attraction & retention of children, capability building of teachers etc.

During the year 2016, DIC India employees took several initiatives voluntarily under the scope of this project to complement the efforts of CRY & enabling the achievement of our objective.



DIC INDIA LIMITED

CIN : L24223WB1947PLC015202.

Regd. Office : Transport Depot Road, Kolkata - 700 088

Website : www.dicindia ltd.co

Email id : investors@dic.co.in

Phone : 033 24496591

Notice

NOTICE is hereby given that the Sixty Ninth Annual General Meeting of the Members of DIC India Limited, will be held at the Williamson Magor Hall in the premises of The Bengal Chamber of Commerce & Industry, Royal Exchange, No. 6, Netaji Subhas Road, Kolkata – 700 001 on Friday 24, 2017 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Statement of Profit & Loss for the financial year ended December 31, 2016, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare final dividend of Rs 4.00 per equity share, to be paid for the financial year ended December 31, 2016.
3. To appoint a Director in place of Mr. Naoyoshi Furuta (DIN: 01689951), who retires by rotation and being eligible, seeks re-appointment.
4. Appointment of Statutory Auditors and to fix their remuneration.

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-

“RESOLVED that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, M/s. Lovelock & Lewes, Chartered Accountants (ICAI Firm Registration No.301056E), the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the Seventieth AGM of the Company, on such remuneration plus reimbursement of out-of-pocket expenses, as may be mutually agreed upon between the Auditors and the Board of Directors of the Company.”

SPECIAL BUSINESS

5. Re-appointment of Mr. Utpal Sengupta (DIN:02577237) as an Independent Director of the Company for a term of three years.

To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 as amended from time to time and Regulation 17 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, Mr. Utpal Sengupta (DIN:02577237), Director of the Company who was appointed as an Independent Director for a term upto June 26, 2017 by the members and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, whose term shall be with effect from June 27, 2017 to June 26, 2020, not liable to retirement by rotation.

6. Appointment of Mr Partha Mitra (DIN: 00335205) as an Independent Director of the Company for a term of three years.

To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 as amended from time to time, and Regulation 17 of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, Mr. Partha Mitra (DIN: 00335205) who was appointed as an Additional Director of the Company with effect from February 8, 2017 and who, in terms of Section 161 of the Companies Act, 2013, holds office of directorship up to the date of the 69th Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company whose term shall be with effect from March 24, 2017 to March 23, 2020, not liable to retirement by rotation.

7. Remuneration of Cost Auditor

To consider, and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, the remuneration payable to M/s Sinha Chaudhuri & Associates (Firm Registration No. 000057) appointed as the Cost Auditors of the Company, to conduct the audit of the cost records of the notified products of the Company for the year ending on December 31, 2017, amounting to Rs.30,000/-, exclusive of service tax and out of pocket expenses incurred by them in connection with the aforesaid audit, be and is hereby ratified and confirmed.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

The Register of Members of the Company will remain closed from March 16, 2017 to March 24, 2017, both days inclusive.

By order of the Board

Registered Office:
Transport Depot Road
Kolkata - 700 088
Date : February 8, 2017

Sd/-
Banibrata DeSarkar
Company Secretary

Notes :

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than forty-eight hours before the commencement of the Annual General Meeting. As per Secretarial Standard 2, the proxy should carry a valid photo-id card to the venue to tender vote.**
2. Corporate members are requested to send to the Company's Share Department, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
3. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting is annexed hereto.
4. Shareholders holding shares in identical order of names in more than one folio, are requested to write to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, P-22 Bondal Road, Kolkata-700019 enclosing their share certificate(s) to enable the Company to consolidate their holdings in one single folio.

DIC INDIA LIMITED

5. Members holding shares in physical form are requested to notify immediately any change in their address/mandate/bank details to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, quoting their folio number. The Members Updation Form forms a part of the Annual Report.
6. Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013, has mandated usage of electronic mode for making cash payments such as dividend, etc to the investors of Companies whose securities are listed on the Stock Exchanges. Payment of dividend through electronic mode is beneficial to the Members since the risks associated with receiving payment through dividend warrants such as loss in transit/ misplacement /revalidation etc. can be easily mitigated. Therefore, Shareholders are requested to provide particulars of their bank account details for availing 'National Electronic Clearing Service' (NECS) facility. Further, ECS facility is also available to the beneficial owners of shares in demat form. Those desirous of availing the facility may provide their mandate for physical holding to the Company or to the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited and for demat holding to their DP in writing.
7. Pursuant to the provisions of the Companies Act, 2013, dividend for the year ended December 31, 2009 and thereafter, which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, members who have not encashed their dividend warrant(s) so far for the year ended December 31, 2009 or subsequent years, are requested to make their claim to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited.
8. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016('The Rules') notified by the Ministry of Corporate Affairs effective September 7, 2016, all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more would be transferred to the Investor Education and Protection Fund (IEPF) Suspense Account. The Company has also uploaded full details of such shareholders whose dividend remained unclaimed on its website www.dicindia.co. Shareholders are requested to refer to verify the details of the same. Shareholders may note that both the unclaimed dividend and corresponding shares transferred to the IEPF Authority/Suspense Account including all benefits accruing on such shares, if any, can be claimed back from the IEPF Authority after following the procedure prescribed in the Rules. In case the Company does not receive any communication from the concerned shareholders by due date or such other date as may be extended, the Company shall, with a view to complying with the requirements set out in the Rules, transfer the shares to the IEPF Suspense Account by the due date as per procedure stipulated in the Rules. In case the shareholders have any queries on the subject matter and the Rules, they may contact the Company's Share Transfer Agent, C B Management Services (P) Limited.
9. Members desirous of making a nomination in respect of their shareholding in physical form, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form SH13 and SH14, accordingly to the Share Department of the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited. The form for such registration can be obtained by mailing such request to our Registrar & Share Transfer Agent, M/s CB Management Services (P) Limited at rta@cbmsl.com.
10. Members are requested to bring the admission slips along with their copy of the Annual Report at the Meeting.
11. The Ministry of Corporate Affairs, Government of India, pursuant to its Green Initiative in Corporate Governance, has permitted under Section 20 of the Companies Act, 2013, the service of documents including the Annual Report consisting of Notice, Accounts and other relevant Reports through the electronic mode. Copies of the Annual Report 2016, notice of the AGM along with attendance slip, proxy form and instructions for e-voting are being sent by electronic mode to those members whose e-mail addresses are registered with the Company/ Depositories Participants unless any member has requested for a hard copy of the same. Shareholders holding shares in physical/dematerialized form are requested to register/update their e-mail addresses with the Company's Registrar and Share Transfer Agent. The form for such registration can be obtained by mailing such request to our Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited at rta@cbmsl.com or to us on investors@dic.co.in

12. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection at the Company's Registered Office during normal business hours on working days upto the date of AGM.
13. Mr. Tarun Chatterjee (Membership No. 17195 and CP No. 6935) has been appointed as the Scrutinizer to scrutinize the remote e-voting process as well as voting in the AGM venue in a fair and transparent manner.
14. In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General meeting to be held on March 24, 2017, at 11.00 a.m. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide e-voting facilities. The e-voting facility is available at the link <https://evoting.nsdl.com>.

The process for e-voting is enumerated below for your reference:

The instruction for e-voting are as under:

- (i) User ID and Password for e-voting is provided with the AGM Notice, please note that the Password is initial Password.
- (ii) National Securities Depository Limited (NSDL) shall also be sending the User-ID and Password, to those members whose shareholding is in the dematerialized form and whose e-mail addresses are registered with the Company/ Depository participant(s). For members who have not registered their email address, can use the details as provided overleaf.
- (iii) Launch internet browser by typing the following URL: www.eVoting.nsdl.com.
- (iv) Click on shareholder – Login.
- (v) Put user ID and Password as initial password noted in step (i) above. Click Login.
- (vi) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) Home page of e-voting opens. Click on e-voting>Acting Voting Cycles.
- (viii) Select “EVEN” (E-voting event number) of DIC India Limited.
- (ix) Now you are ready for e-voting as Cast Vote page opens.
- (x) Cast your vote selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- (xi) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xii) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xiii) Institutional shareholders (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory/ies who are authorized to vote, to the Scrutinizer through e-mail tchatterjeeassociates@gmail.com with a copy marked to evoting@nsdl.co.in.

Notes:

- I. In case of any queries, you may refer the Frequently Asked Questions (FAQ) for Shareholders and e-voting user manual for shareholders available at the Downloads section of www.evoting.nsdl.com.
- II. If you are already registered with NSDL for e-voting then you can use your existing user ID and Password for casting your vote.
- III. The e-voting period commences on March 21, 2017 (9.00 am) and ends on March 23, 2017 (5.00 pm). During this period, Shareholders of the Company holding shares in physical form or in dematerialized form, as on the cut-off date March 18, 2017, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

DIC INDIA LIMITED

- IV. The voting rights of the Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on March 18, 2017.
- V. The Scrutinizer shall within a period of not exceeding three(3) working days from the conclusion of the meeting unlock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VI. The Result shall be declared after the 69th Annual General meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's Website www.dicindia.co and on the website of NSDL.

Information pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to Documents & Information to shareholders.

(Item Nos. 3):

Mr. Naoyoshi Furuta

Born on June 17, 1957, Mr. Naoyoshi Furuta graduated in Commerce from the Waseda University, Japan in March 1981. He joined DIC Corporation in April 1981 and served as its Manager-In-Charge of Corporate Planning Office since October 2000 and went on to hold several positions thereafter. He also held Board position in several DIC Group Companies. Mr. Furuta has been an Executive Officer at DIC Corporation since April 2009 and General Manager of General Polymer Product Division since April 2013. With effect from January 1, 2015, Mr. Furuta has been appointed as the Deputy Managing Director of DIC Asia Pacific Pte Ltd., Singapore.

Mr. Furuta was inducted on the Board with effect from February 4, 2015 as a nominee of the Holding Company, M/s DIC Asia Pacific Pte Ltd, Singapore. He is a member of the Nomination & Remuneration Committee of the Company. He is not related to any of the Directors and does not hold any shares in the Company.

Other Directorship and Committee Membership held as on December 31, 2016 by Mr. Naoyoshi Furuta are as given below:

| Name of Company | Board Position Held | Committees of Board | Committee Position Held |
|-------------------------------|---------------------|---------------------|-------------------------|
| DIC Holdings Austria GmbH | Managing Director | Nil | Nil |
| Aekyung Chemical Co. Ltd | Director | Nil | Nil |
| Kangnam Chemical Co.Ltd | Director | Nil | Nil |
| DIC Kitanihon Polymer Co. Ltd | Director | Nil | Nil |
| DIC Kyushu Polymer Co. Ltd | Director | Nil | Nil |
| SEIKO PMC Corp. | Director | Nil | Nil |
| DIC Kako, Inc | Director | Nil | Nil |
| Oxirane Chemical Corp | Director | Nil | Nil |
| Mizushima Kasozai Co.Ltd | Director | Nil | Nil |
| BANPO Industries Ltd | Director | Nil | Nil |
| DIC Asia Pacific Pte Ltd | Director | Nil | Nil |
| DIC Lanka (Pvt) Ltd | Director | Nil | Nil |
| DIC Pakistan Ltd | Director | Nil | Nil |
| DIC Fine Chemicals Pvt Ltd | Director | Nil | Nil |

ITEM NO. 5**Mr Utpal Sengupta**

Mr Utpal Sengupta, born on October 5, 1949, a Mechanical Engineer from the Indian Institute of Technology, Kharagpur and a MBA Gold Medalist from the Indian Institute of Management, Ahmedabad led the US foods major ConAgra's affiliate in India, Agro Tech Foods Ltd (ATFL) as President and CEO for twelve years. Before joining ConAgra and ATFL, Mr Sengupta worked for the consumer products giant Unilever in India and abroad for twenty four years.

Mr Sengupta was inducted on the Board as an Independent Director with effect from July 26, 2011. Besides being a member of the Audit Committee, Mr Sengupta is also the Chairman of the Investors' Grievance and Stakeholders Relationship Committee and CSR Committee. He is not related to any of the Directors and does not hold any shares in the Company.

Other Directorship and Committee Membership held as on December 31, 2016 by Mr. Utpal Sengupta are as given below:

| Name of the Company | Board Position Held | Committees of Board | Committee Position Held |
|--|----------------------------|----------------------------|--------------------------------|
| Sri Biotech Laboratories India Limited | Director | Audit Committee | Chairman |
| Nuziveedu Seeds Limited | Director | Nil | Nil |

ITEM NO.6**Mr Partha Mitra**

Born on 1st November 1951, Mr Partha Mitra is a Commerce graduate and a Fellow Member of the Institute of Chartered Accountants of India. He has also done his Chartered Accountancy from Institute of Chartered Accountants in England & Wales. Mr Partha Mitra was a partner of M/s. Lovelock & Lewes / Price Waterhouse (Member firms of Price Waterhouse Coopers) from August 1985 till March 2012. During his 31 years of experience in audits and other business advisory services, he has handled a number of multi-national and Indian clients.

Besides being a member of various committees of the Chambers of Commerce, Mr Mitra had also been a member of various committees of The Institute of Chartered Accountants of India (Eastern India) including holding the position of its Chairman (1984-85). He has also presented various papers and participated as a speaker in various seminars from time to time.

Mr Partha Mitra is not related to any of the Directors of DIC India Limited. Further, Mr Mitra does not hold any securities of the Company.

Other Directorship and Committee Membership held as on December 31, 2016 by Mr. Partha Mitra are as given below:

| Name of the Company | Board Position Held | Committees of Board | Committee Position Held |
|---------------------------------|----------------------------|----------------------------|--------------------------------|
| Netit Solutions Private Limited | Director | Nil | Nil |

Other than Mr. Naoyoshi Furuta, Mr. Utpal Sengupta and Mr Partha Mitra, no other Directors or Key Managerial Personnel of the Company or their relatives are interested in the relevant resolutions setting out their appointment.

In the opinion of the Board, Mr. Naoyoshi Furuta, Mr. Utpal Sengupta and Mr. Partha Mitra fulfill the conditions of the Companies Act, 2013 for such appointment and recommends the Resolutions nos. 3, 5 and 6 for your approval.

ITEM NO.7

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company relating to the business of manufacturing printing inks.

DIC INDIA LIMITED

The Board at its meeting held on 8th February 8, 2017 appointed M/s. Sinha Chaudhuri & Associates, (Firm Registration No. 000057) Cost Accountants as the Cost Auditor of the Company for the financial year ending on December 31, 2017 at a remuneration of Rs. 30000/-, exclusive of reimbursement of service tax and all out of pocket expenses incurred, if any, in connection with the cost audit. The remuneration of the cost auditor is required to be ratified subsequently in accordance to the provisions of the Act and Rule 14 of the abovementioned Rules.

None of the Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financial or otherwise, in the aforesaid Resolutions set out at item no. 7 of the Notice.

The Board of Directors recommends the aforesaid Resolution for your approval.

Registered Office:
Transport Depot Road
Kolkata - 700 088
Date : February 8, 2016

By order of the Board

Sd/-
Banibrata DeSarkar
Company Secretary

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance.

I. MANDATORY REQUIREMENTS

1. Company's Philosophy on Corporate Governance

Corporate Governance in your Company refers to a combination of regulations, procedures and voluntary practices that enable the Company to maximise stakeholders' value by attracting financial and human capital to secure efficient performance.

It aims at holding a balance between economic & social goals on one hand and individual & collective goals on the other. Our governance framework encourages the efficient use of resources and attributes accountability for the stewardship of those resources. The aim is to best align the interests of individuals, Company and society at large. One of the principal pillars of this philosophy is to have a diverse Board with experts from various fields / industries optimising the value addition.

As a responsible corporate citizen, it is the earnest endeavor of your Company to improve its focus on Corporate Governance by increasing accountability and transparency to its stakeholders.

2. Board of Directors

A) Composition as on December 31, 2016

The Board of Directors of the Company consisted of 9 members, comprising:

- One Executive Director in the whole-time employment of the Company.
- Five Non-executive Directors, four of whom are Independent, drawn from amongst persons with diverse experience in business, finance, legal, technology and management domain.
- Three Non-executive Directors nominated by and representing the Holding Company.

The Chairman of the Board is a Non-executive Director.

The composition of the Board is in conformity with Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

B) Other Directorships/Committee memberships held as on December 31, 2016:

| Sl. No. | Name of the Director | Category | Directorships held in other Companies ^ | | Committee Memberships held in other Companies # | |
|---------|---------------------------|---|---|-------------|---|-------------|
| | | | As Director | As Chairman | As Member | As Chairman |
| 1. | Dr Prabir Kumar Dutt | Chairman, Non-executive | — | — | — | — |
| 2. | Mr. Shailendra Hari Singh | Managing Director & Chief Executive Officer | — | — | — | — |
| 3. | Mr Dipak Kumar Banerjee | Non-executive & Independent | 8 | 1 | 5 | 4 |
| 4. | Mr Subir Bose | Non-executive & Independent | 1 | — | — | — |
| 5. | Mr Utpal Sengupta | Non-executive & Independent | 2 | — | — | 1 |
| 6. | Dr. Reena Sen | Non-executive & Independent | — | — | — | — |
| 7. | Mr Kazunari Sakai | Non-executive | — | — | — | — |
| 8. | Mr Paul Koek | Non-executive | — | — | — | — |
| 9. | Mr. Naoyoshi Furuta | Non-executive | — | — | — | — |

^ Excludes Directorships held in Private Limited Companies, Foreign Companies, Companies u/s 8 of the Companies Act, 2013 and Memberships of Managing Committees of various Chambers/Institutions/Boards.

Only Memberships/Chairmanships of Audit Committee and Investors Grievance and Stakeholders' Relationship Committee have been considered.

No Director is related to any other Director on the Board in terms of the definition of 'Relative' given under the Companies Act, 2013.

C) Particulars of change in directorship during the year:

| Name of the Director | Category | Date of Appointment/ Cessation | Remarks |
|----------------------|-----------|-----------------------------------|--|
| Mr. Yasuo Ikeda | Executive | November 11, 2016 | Resigned from the post of Wholetime Director designated as Chief Operating Officer |

D) Board Meetings held during the year

During the financial year ended 31st December 2016, 6 Board Meetings were held on February 5, 2016, April 22, 2016, July 29, 2016, September 15, 2016, October 28, 2016 and December 14, 2016.

E) Attendance of Directors at Board Meetings and last Annual General Meeting

| Name of the Director | Board Meetings Attended | Last AGM Attended |
|--------------------------|-------------------------|-------------------|
| Dr Prabir Kumar Dutt | 6 | Yes |
| Mr Shailendra Hari Singh | 6 | Yes |
| Mr Yasuo Ikeda* | 4* | Yes |
| Mr Kazunari Sakai | 6 | Yes |
| Mr Paul Koek | 6 | Yes |
| Mr. Naoyoshi Furuta | 5 | Yes |
| Mr Dipak Kumar Banerjee | 6 | Yes |
| Mr Subir Bose | 5 | Yes |
| Mr Utpal Sengupta | 5 | Yes |
| Dr. Reena Sen | 6 | Yes |

* - Refer Note 2(c) of the Report

F) Particulars of Directors retiring by rotation and seeking re-appointment have been given in the Notice convening the 69th Annual General Meeting and Explanatory Statement, attached thereto.

3. Audit Committee

A) Terms of Reference

The Audit Committee acts as a link between the Internal and Statutory Auditors and the Board of Directors. The Committee provides the Board with additional assurance as to the adequacy of the Company's internal control systems and financial disclosures. The broad terms of reference of the Audit Committee are as per Section 177 of the Companies Act, 2013 and to review with the Management and/or Internal Auditors and/or Statutory Auditors, inter alia, in the following areas:

- Oversight of the Company's financial reporting process and financial information disclosures;
- Review with the Management, the annual and quarterly financial statements/results before submission to the Board;
- Review with the Management, the Internal and External Audit Reports and the adequacy of internal control systems;
- Review the adequacy and effectiveness of accounting and financial controls of the Company, compliance with the Company's policies and applicable laws and regulations;
- Recommending the appointment and removal of External Auditors and fixation of audit terms;
- Review of utilization of proceeds raised from Public/Rights issues.

B) Composition, Name of Members and Chairperson

The Audit Committee of the Company comprises four members, three of whom are Independent Non-executive Directors and one Non-executive Director representing the Holding Company. All the members of the Audit Committee are qualified and having insight to interpret and understand financial statements.

The Audit Committee of the Company comprises the following members:

| Name of the Member | Category |
|-------------------------|--------------------------------|
| Mr Dipak Kumar Banerjee | Chairman, Independent Director |
| Mr Subir Bose | Member, Independent Director |
| Mr Utpal Sengupta | Member, Independent Director |
| Mr Paul Koek | Member, Non-executive Director |

Mr Banibrata DeSarkar, Company Secretary, has been designated as the “Secretary” to the Audit Committee.

C) Meetings during the year

During the financial year ended December 31, 2016, five meetings were held on February 4, 2016, April 19, 2016, July 28, 2016, September 15, 2016 and October 28, 2016.

D) Attendance of Members at the Audit Committee Meetings

The attendance of the Members is as given below:

| Name of the Member | Meetings Attended |
|-------------------------|-------------------|
| Mr Dipak Kumar Banerjee | 5 |
| Mr Subir Bose | 4 |
| Mr Utpal Sengupta | 4 |
| Mr Paul Koek | 5 |

M/s. Lovelock & Lewes, Statutory Auditors and the Internal Auditor are invited to attend the Audit Committee meetings.

The minutes of the meetings of the Audit Committee are circulated to all the members of the Board.

The Chairman of the Audit Committee will be present at the Annual General Meeting, to answer the shareholders queries, if any.

4. Nomination and Remuneration Committee

A) Terms of Reference

The scope of the Nomination and Remuneration Committee extends to recommending to the Board, the compensation terms of the Executive Directors, including Performance Bonus, Employees Stock Option Scheme etc.

B) Composition, Name of Members and Chairperson

The Nomination and Remuneration Committee of the Company comprises four members, two of whom are Non-executive Directors representing the Holding Company and the Chairman is an Independent Director. Due to prior engagements, erstwhile member, Mr Kazunari Sakai representing the Holding Company stepped down from the Committee with effect from December 14, 2016 and Mr Naoyoshi Furuta was appointed as a member of the Committee.

As on December 31, 2016, the Nomination and Remuneration Committee of the Company comprises the following members:

| Name of the Member | Category |
|-------------------------|--------------------------------|
| Mr Dipak Kumar Banerjee | Chairman, Independent Director |
| Mr Subir Bose | Member, Independent Director |
| Mr Naoyoshi Furuta | Member, Non-executive Director |
| Mr Paul Koek | Member, Non-executive Director |

C) Meetings and Attendance during the year

During the year ended December 31, 2016, two meetings were held on February 4, 2016 and April 22, 2016.

The attendance of the Members is as given below:

| Name of the Member | Meetings Attended |
|-------------------------|-------------------|
| Mr Dipak Kumar Banerjee | 2 |
| Mr Kazunari Sakai * | 2 |
| Mr Subir Bose | 2 |
| Mr Paul Koek | 2 |

*-Refer Note 4(b) above

D) Nomination & Remuneration Policy

The Nomination and Remuneration Committee had recommended the Nomination & Remuneration Policy of the Company to the Board of Directors which was adopted at the Board meeting held on December 5, 2014.

The said policy may be referred to, at the Company's official website at the weblink, <http://www.dicindia.co/policies.html>.

E) Remuneration paid/payable to the Directors for the financial year ended December 31, 2016

(Figure in Rs.)

| Name of the Director | Salary | Performance Bonus | Commission | Allowances, Perquisites & Retirement Benefits | Sitting Fees | Total |
|--------------------------|-----------|-------------------|------------|---|--------------|------------|
| Dr Prabir Kumar Dutt | - | - | 902,500 | - | 123,000 | 1,025,500 |
| Mr.Shailendra Hari Singh | 2,616,000 | 2,000,000 | - | 5,827,755 | - | 10,443,755 |
| Mr Yasuo Ikeda | 2,081,077 | - | - | 5,300,425 | - | 7,381,502 |
| Mr Dipak Kumar Banerjee | - | - | 240,000 | - | 225,000 | 465,000 |
| Mr Subir Bose | - | - | 217,500 | - | 195,000 | 412,500 |
| Mr Utpal Sengupta | - | - | 225,000 | - | 195,000 | 420,000 |
| Dr. Reena Sen | - | - | 225,000 | - | 105,000 | 330,000 |
| Mr Bhaskar Nath Ghosh | - | - | 60,000 | - | - | 60,000 |
| Mr Kazunari Sakai | - | - | - | - | - | - |
| Mr Paul Koek | - | - | - | - | - | - |
| Mr. Naoyoshi Furuta | - | - | - | - | - | - |

- Mr Shailendra Hari Singh was appointed as Managing Director and Chief Executive Officer for a period of 5 years with effect from March 23, 2015 till March 22, 2020.
- Mr Yasuo Ikeda was appointed as a Wholetime Director designated as Chief Operating Officer for a period of 3 years commencing from January 1, 2014 till December 31, 2016. Pursuant to re-assignment of duties within the DIC Group, Mr Ikeda tendered his resignation from the Board and membership of the CSR Committee with effect from November 11, 2016.
- Except for the Wholetime Director and Independent Directors, all the members of the Board are liable to retire by rotation. The appointment of the Whole Time Director is governed by the resolutions passed by the Board, as per recommendations of the Nomination and Remuneration Committee, which cover the terms and conditions of such appointment read with the service rules of the Company, subject to final approval by the members.
- No Severance Fee is payable and no stock option has been given.
- Performance Bonus payable to the Executive Directors is determined on the basis of the status of the inventory and debtors, profitability and overall financial position of the Company.

- Dr. Prabir Kumar Dutt, Non-executive Chairman holds 133 equity shares of the Company. No other Directors hold any shares or convertible instruments of the Company.
- Mr. Bhaskar Nath Ghosh had resigned from the Company with effect from closing hours of December 31, 2015.
- In addition to the sitting fees, the Company had approved payment of commission to its Resident Non-executive Directors pursuant to approval of the members at the Annual General Meeting held on April 12, 2013. The payment of the commission is approved for a period of 5 years commencing from January 1, 2014.
- The criteria of payment of commission to the Resident Non-executive Directors, as decided in the Board Meeting held on April 22, 2016, is as under:
 - Non-Executive Chairman
 - 0.5% of the profits subject to annual ceiling of Rs 850,000/-
 - additional amount based on pro rata weightage given to attendance in the Board meetings
 - Others Resident India Non-executive Directors
 - 0.5% of the profits subject to annual ceiling of Rs 180,000/- per Director.
 - additional amount based on pro rata weightage given to attendance of the individual Director in the Board meetings
- At present, sitting fees of Rs.18,000/- is paid to the Chairman of the Board and the Chairman of the Audit Committee. A sitting fees of Rs.15,000/- is paid to each Resident Indian Non-executive Director for attending each meeting of the Board and the Committees thereof.
- No commission and sitting fees are payable to the representatives of the holding Company, DIC Asia Pacific (P) Ltd.
- Other than sitting fees and commission, there is no other pecuniary relationship or transactions with any of the Non-executive Directors.

5. Investors Grievance and Stakeholders' Relationship Committee

A) Terms of Reference

The terms of reference of the Committee include redressal of the shareholders'/investors complaints on transfer of shares, non-receipt of balance sheets, non-receipt of dividend etc.

B) Composition

The Investors Grievance and Stakeholders' Relationship Committee comprise three Directors. As on December 31, 2016, the Committee comprises:

| Name of the Member | Category |
|----------------------|--------------------------------|
| Mr Utpal Sengupta | Chairman, Independent Director |
| Dr Prabir Kumar Dutt | Member, Non-executive Director |
| Mr Paul Koek | Member, Non-executive Director |

Mr Banibrata DeSarkar, Company Secretary has been designated as the “Compliance Officer”.

C) Attendance

A meeting had been held on February 5, 2016. All the members attended the meeting.

D) Status of Transfers

During the year ended December 31, 2016, 959 shares in physical form were processed for transfer. There were no pending share transfers as on December 31, 2016.

E) Complaints

During the year ended December 31, 2016, the Company had received no complaints and no complaints were pending for redressal either at the beginning or at the end of the year.

6. Corporate Social Responsibility Committee

A) Constitution, Terms and reference

Pursuant to the requirement of Section 135 of the Companies Act, 2013 and The Companies (Corporate Social Responsibility Policy) Rules, 2014, the Corporate Social Responsibility Policy was adopted by the Board of Directors at its meeting held on August 25, 2014. This Policy has been placed in the Website of the Company at the weblink, <http://www.dicindia.co/corporate-social-responsibility.html>.

B) Composition

As on December 31, 2016, the Corporate Social Responsibility Committee comprises :

| Name of the Member | Category |
|---------------------------|---------------------------------|
| Mr. Utpal Sengupta | Chairman, Independent Director |
| Mr. Subir Bose | Member, Independent Director |
| Mr. Shailendra Hari Singh | Member, Managing Director & CEO |
| Mr. Paul Koek | Member, Non-executive Director |

C) Meetings and Attendance during the year

During the year ended December 31, 2016, two meetings were held on July 29, 2016 and October 28, 2016. The attendance of the Members is as given below:

| Name of the Member | Category |
|---------------------------|----------|
| Mr. Utpal Sengupta | 2 |
| Mr. Subir Bose | 1 |
| Mr. Shailendra Hari Singh | 2 |
| Mr. Yasuo Ikeda* | 1 |
| Mr. Paul Koek | 2 |

*refer Note 2(c).

7. Meeting of the Independent Directors

As per Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors are required to hold at least one meeting in a year to discuss the following:

- Review the performance of non-independent directors and the Board as a whole.
- Review the performance of the Chairperson of the Company taking into account the views of executive directors and non-executive directors.
- Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Nomination and Remuneration Committee in its meeting held on February 4, 2015 had adopted the performance evaluation criteria for the Independent Directors and the same had been applied by the Board in its meeting held on February 5, 2016 for evaluating the performance of the Independent Directors. All the Independent Directors attended the meeting and discussed the above points.

8. Subsidiary Company

The Company had no subsidiary during the Financial year ended December 31, 2016.

9. General Body Meetings

A) Particulars of last three Annual General Meetings :

| AGM | Year Ended | Venue | Date | Time |
|------|------------|---|------------|-----------|
| 68th | 31.12.2015 | Williamson Magor Hall Bengal Chamber of Commerce & Industry, Royal Exchange 6, Netaji Subhas Road, Kolkata - 700 001 | 22.04.2016 | 11.00 a.m |
| 67th | 31.12.2014 | – Do – | 23.03.2015 | 11.00 a.m |
| 66th | 31.12.2013 | – Do – | 27.06.2014 | 11.00 a.m |

B) Postal Ballot Exercise

There was no instances of postal ballot being conducted for the year ended December 31, 2016.

In the forthcoming Annual General Meeting, there is no special resolution on the agenda that needs approval through postal ballot.

C) Particulars of Special Resolutions passed at the last three Annual General Meetings

| AGM | Year ended | Particulars of Special Resolution | Date | Time |
|------|------------|--|------------|------------|
| 68th | 31.12.2015 | NA | 22.04.2016 | 11.00 a.m. |
| 67th | 31.12.2014 | Amendment of the Articles of Association | 23.03.2015 | 11.00 a.m. |
| 66th | 31.12.2013 | NA | 27.06.2014 | 11.00 a.m. |

D) Particulars of last three Extraordinary General Meetings

| Purpose | Venue | Date | Time |
|---|---|------------|------------|
| Sale of Adhesives Business | Williamson Magor Hall, Bengal Chamber of Commerce & Industry, Royal Exchange 6, Netaji Subhas Road, Kolkata - 700 001 | 18.12.2000 | 11.00 a.m. |
| Allotment of Shares to Coates Brothers Plc., UK on Preferential Basis; Re-appointment and revised remuneration payable to Managing and Wholtime Directors | – Do – | 02.12.1993 | 3.00 p.m. |
| Issue of Shares on Rights Basis | – Do – | 18.12.1992 | 3.00 p.m. |
| <i>Others</i> | | | |
| Court Convened Meeting for approval of merger of Rohit (Printing Inks & Paints) Industries Private Limited with the Company | – Do – | 29.06.2007 | 10.00 a.m. |

10. Disclosures

- A) The Board in its meeting held on December 5, 2014 has adopted Related Party Transaction Policy for determining the materiality of related party transactions and also on the dealings with related parties. This Policy has been placed in the Website of the Company at the weblink, <http://www.dicindia.co/policies.html>.
- B) During the year there were no transactions of material nature with related parties that had potential conflict with the interests of the Company.
- Details of all related party transactions form a part of the accounts as required under Accounting Standard 18 as notified by the Companies (Accounting Standards) Rules, 2006 and the same are given in Note 41 to the Financial Statements.
- The omnibus approval of the Audit Committee is taken for all proposed related party transactions to be entered intoduring the forthcoming year and the details of all related party transactions actually entered into in the preceding quarter is placed before them.
- C) During preparation of financial statements during the period under review, no accounting treatment which was different from that prescribed in the Accounting Standards was followed.
- D) The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures have been imposed against it in the last three years.
- E) The Company has adopted a Risk Management Policy in the meeting of the Board of Directors held on March 3, 2006. It has laid down procedures to inform the Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework. The Management reviewed the various risks and the report of the same was placed before the Board in its Meeting held on December 14, 2016.

- F) There were no material financial and commercial transactions where senior management of the Company had personal interest that may have potential conflict with the interest of the Company at large.
- G) The Company has adopted Whistle Blower Policy(Vigil Mechanism) for Directors and employees which has been placed in the website of the Company at the weblink, <http://www.dicindialtd.co/policies.html>. No personnel has been denied access to the audit committee.

11. Means of Communication

- A) Half-Yearly Report sent to each household of shareholders : No
- B) Quarterly Results
- Newspapers published in March 2016 and June 2016 : Business Standard (English daily), Ei Samay (Bengali daily)
 - September 2016 : Business Standard (English daily), Aajkal (Bengali daily)
 - Website where displayed : www.dicindialtd.co
- C) Audited Financial Results : Year ended December 31, 2016
- Newspaper published in : Business Standard (English daily), Aajkal (Bengali daily)
- D) Whether the website also displays official news releases and presentations to institutional investors/analysts : No presentation has been made to institutional investors/analysts. Audited/Unaudited Financial Reports including official news releases are displayed in the website.
- E) Whether Management Discussion & Analysis Report is a part of Annual Report : The Report of the Directors, forming part of the Annual Report, includes all aspects of the Management Discussion & Analysis Report.

12. Code of Business Conduct

The Company had formulated a Code of Business Conduct for the employees, including the Directors, for dealing with all the stakeholders of the Company and the same was first adopted by the Board in its meeting held on April 29, 2005. Pursuant to the changing economic environment, the Board in its meeting held on October 28, 2016 has adopted a revised Code of Business Conduct. The Code *inter alia* covers conduct of employees, environment, health & safety, anti-trust / competition laws, anti-bribery & anti-corruption, proper accounting and internal controls. The updated Code is also available on the Company's official website at the weblink, <http://www.dicindialtd.co/policies.html>.

Apart from the above, the Independent Directors also have to comply with the Code for Independent Directors pursuant to the Schedule IV of the Companies Act, 2013.

In terms of the resolution passed by the Board of Directors in their meeting held on February 8, 2017, the Board has authorized Mr. Shailendra Hari Singh, Managing Director and Chief Executive Officer to sign all Certificates as may be required, to comply with the statutory requirements.

Accordingly, a declaration from the Chief Executive Officer that all Board Members and Senior Management personnel have duly complied with the Code of Conduct for the financial year ended December 31, 2016 forms part of the Annual report.

13. CEO/CFO Certification

The Certificate duly signed by the Managing Director and Chief Executive Officer and the Chief Finance Officer in respect of the financial year ended December 31, 2016 has been placed before the Board at its meeting held on February 8, 2017 and forms a part of the Annual Report.

14. Familiarisation programme for Independent Directors

The Company has a structured Familiarisation programme through various reports/codes/policies and the same are placed before the Board with a view to update them on the Company's policies and procedures on a regular basis. This includes various business review presentations at the Board Meetings where Company's performance, strategy, initiatives, risk mitigation programmes are discussed.

The details of familiarization programme have been posted in the website of the Company under the weblink <http://www.dicindialtd.co/corporate-governance.html>.

II. NON-MANDATORY REQUIREMENTS

1. Office of the Chairman of the Board and re-imbursement of expenses by the Company

The Chairman of the Company is a Non-executive Director and no reimbursement of his expenses is made by the Company.

2. Shareholders' Rights

The Company's financial results are published in the newspapers and also posted on its own website (www.dicindialtd.co). Hence, the Financial Results are not sent to the shareholders. However, the Company furnishes the financial results on receipt of request from the shareholders.

3. Modified Opinion in Audit Report

The Company, at present, does not have any modification in the audit opinion pertaining to the financial statements.

4. Separate posts of Chairman and CEO

The Company has a separate post of Chairman, who is a Non- Executive Chairman and separate CEO.

5. Reporting of Internal Auditor

The Company's Internal Auditor has the access of reporting directly to the Audit Committee.

Shareholder Information

1. Annual General Meeting

The 69th Annual General Meeting will be held at 11 A.M. on Friday, March 24, 2017 at Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhas Road, Kolkata - 700 001.

2. Financial Year

The Financial Year of the Company is from January 1 to December 31. For the year ended on December 31, 2016, results were announced on:

| Approval of | Board Meeting Date |
|---|--------------------|
| Unaudited Results for 1st quarter ended 31.03.2016 | 22.04.2016 |
| Unaudited Results for 2nd quarter ended 30.06.2016 | 29.07.2016 |
| Unaudited Results for 3rd quarter ended 30.09.2016 | 28.10.2016 |
| Audited Results for financial year ended 31.12.2016 | 08.02.2017 |

3. Book Closure Date

The period of book closure is from March 16, 2017 to March 24, 2017, both days inclusive.

4. Dividend Payment Date

A dividend payment of Rs. 4/- per equity share of Rs. 10.00 each will be paid on April 3, 2017 subject to the approval of the members in the Annual General Meeting.

5. Listing on Stock Exchanges

The equity shares of the Company are listed on :

1. BSE Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
Scrip Code: 500089
2. National Stock Exchange of India Limited (NSE)
Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
Scrip Code: DICIND
3. The Calcutta Stock Exchange Limited (CSE)
7, Lyons Range, Kolkata - 700 001
Scrip Code: 13217

6. Listing Fees to Stock Exchanges

The Annual Listing Fees for the year 2015-16 and 2016-17 has been paid to all these Stock Exchanges within the stipulated time.

7. Annual Custody Fees to Depositories

The Company has paid Annual Custody Fees for the year 2015-16 and 2016-17 to both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time.

8. International Securities Identification Number (ISIN) of the Company

The International Securities Identification Number (ISIN) of the Company's shares in the dematerialized mode, as allotted by NSDL and CDSL is INE 303A01010.

9. Commodity price Risk or Foreign Exchange Risk and Hedging Activities

The Board monitors the foreign exchange exposures on a quarterly basis and the steps taken by management to limit the risks of adverse exchange rate movement. Similarly, the management monitors commodities/raw materials whose prices are volatile and suitable steps are taken accordingly to minimize risk on the same.

10. Market Price Data

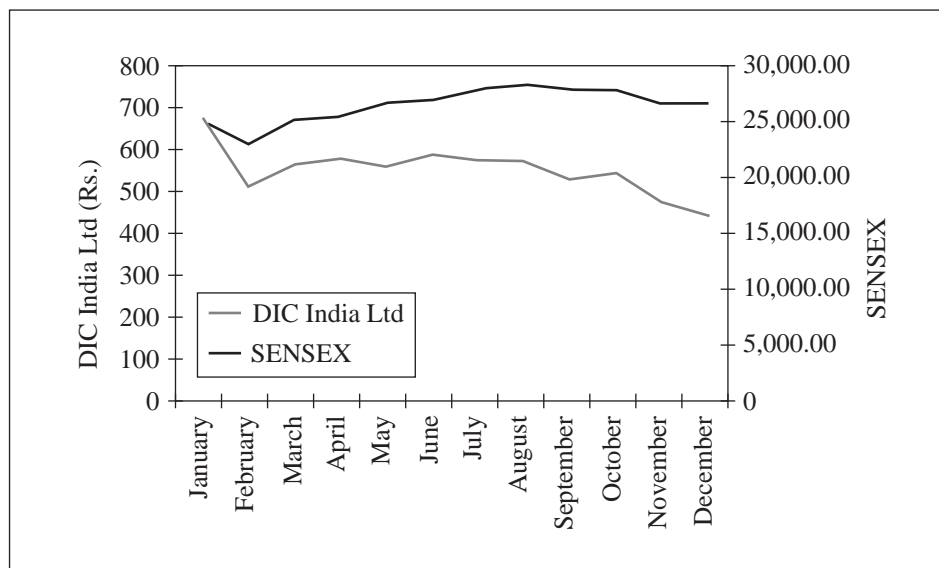
Monthly high and low price of Company's equity shares at the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the period from January 1, 2016 to December 31, 2016 are stated hereunder.

| Month | NSE | | BSE | |
|----------------|--------|--------|--------|--------|
| | High | Low | High | Low |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| January 2016 | 750.00 | 603.05 | 745.75 | 595.00 |
| February 2016 | 732.00 | 491.00 | 734.50 | 489.00 |
| March 2016 | 585.00 | 518.00 | 590.00 | 519.25 |
| April 2016 | 674.00 | 550.05 | 674.00 | 550.00 |
| May 2016 | 592.00 | 545.20 | 589.00 | 546.00 |
| June 2016 | 637.95 | 545.00 | 640.00 | 545.00 |
| July 2016 | 611.00 | 572.10 | 610.00 | 575.00 |
| August 2016 | 570.00 | 530.00 | 576.20 | 531.00 |
| September 2016 | 564.45 | 511.05 | 566.00 | 502.10 |
| October 2016 | 600.00 | 530.10 | 599.00 | 520.95 |
| November 2016 | 569.75 | 441.00 | 567.80 | 443.00 |
| December 2016 | 485.00 | 444.50 | 480.00 | 445.00 |

There were no transactions on The Calcutta Stock Exchange Limited.

11. Movement of DIC India Limited Share Price with BSE Sensex

(Based on closing prices of DIC India Limited and BSE Sensex)



12. Registrar and Share Transfer Agent

Pursuant to the directive of The Securities and Exchange Board of India (SEBI), whereby all work related to share register in terms of both physical and electronic mode for maintenance had to be carried out at a single point, the Company has appointed M/s C B Management Services (P) Limited, Kolkata, from April 1, 2003 as its Registrar & Share Transfer Agent, to handle its entire share related activities, both for physical shares and shares in demat form.

M/s C B Management Services (P) Limited

P-22, Bondel Road, Kolkata - 700 019

Phone: 033-2280 6692-94/40116700

Facsimile: 033 2287 0263

E-mail: rta@cbmsl.com

Website: www.cbmsl.com

13. Investor Grievances

The Company has designated an exclusive e-mail id viz. investors@dic.co.in to enable the investors to register their grievances, if any.

14. Share Transfer System

For expeditious transfer of shares, the Board of Directors has authorised certain officers of the Company to approve share transfers before being placed before the Board for ratification.

15. Shareholding Pattern

Pattern of shareholding by ownership as on December 31, 2016

| Category | No. of Shares | % to Share Capital |
|---|------------------|--------------------|
| (A) Promoter's Holding | | |
| Foreign Promoter | 6,586,077 | 71.75 |
| Sub Total (A) | 6,586,077 | 71.75 |
| (B) Non-Promoters Holding | | |
| Financial Institutions/ Banks | 1,362 | 0.02 |
| FII | 50 | 0.00 |
| Central/State Government/President of India | 240 | 0.00 |
| Public | 2,591,248 | 28.23 |
| Sub Total (B) | 2,592,900 | 28.25 |
| Grand Total (A+B) | 9,178,977 | 100.00 |

16. Distribution of Shareholding

Distribution of shareholding as on December 31, 2016 is as follows:

| Slab | No. of Shareholders | | No. of Shares | |
|---------------|---------------------|-------------------|------------------|--------------------|
| | Total | % of Shareholders | Total | % to Share Capital |
| 1 — 500 | 8,127 | 93.91 | 662,428 | 7.22 |
| 501 — 1000 | 245 | 2.83 | 191,394 | 2.09 |
| 1001 — 2000 | 140 | 1.62 | 209,731 | 2.28 |
| 2001 — 3000 | 50 | 0.58 | 122,002 | 1.33 |
| 3001 — 4000 | 23 | 0.27 | 76,724 | 0.84 |
| 4001 — 5000 | 17 | 0.20 | 78,425 | 0.85 |
| 5001 — 10000 | 23 | 0.27 | 180,334 | 1.96 |
| 10001 — 50000 | 23 | 0.27 | 393,456 | 4.29 |
| 50001 — above | 6 | 0.07 | 7,264,483 | 79.14 |
| Total | 8,654 | 100 | 9,178,977 | 100 |

17. Reconciliation of Share Capital Audit

As stipulated by SEBI, Mr. Tarun Chatterjee (CP No. 6935) of M/s. T Chatterjee & Associates, Practising Company Secretaries carries out an Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and to the Board of Directors. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

18. Dematerialization of Shares and Liquidity

As per notification issued by SEBI, with effect from June 26, 2000, it has become mandatory to trade in the Company's shares in the electronic form. The Company's shares are available for trading in the depository systems of both NSDL and CDSL.

As on December 31, 2016, 98.11% of the Company's total paid up capital representing 9,005,499 equity shares were held in dematerialised form and the balance 1.89% representing 173,478 equity shares were held in physical form.

19. Disclosure with respect to demat suspense account/unclaimed suspense account

As on December 31, 2016, there are no outstanding shares lying in the demat suspense account/unclaimed suspense account.

20. Address for correspondence with Depositories

National Securities Depository Limited
Trade World, 4th & 5th Floor
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai - 400 013

Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers, 17th Floor,
Dalal Street
Mumbai - 400 001

Telephone No : 022-2499 4200
Facsimile Nos : 022-2497 2993/6351
E-mail : info@nsdl.co.in
Website : www.nsdl.co.in

Telephone No : 022-2272 3333
Facsimile Nos : 022-2272 3199/2072
E-mail : investors@cdslindia.com
Website : www.cdslindia.com

21. Outstanding GDR/Warrants and Convertible Bonds, Conversion Dates and likely impact on Equity

The Company had no outstanding GDRs/ADRs/Warrants or any Convertible instruments.

22. Dividend History (last 10 years)

| Sl. No. | Financial year | Dividend % | Total Dividend (Rs. in Million) |
|---------|----------------|------------|---------------------------------|
| 1 | 2016 | 40 | 36.72 |
| 2 | 2015 | 40 | 36.72 |
| 3 | 2014 | Nil | 0.00 |
| 4 | 2013 | 40 | 36.72 |
| 5 | 2012 | 40 | 36.72 |
| 6 | 2011 | 40 | 36.72 |
| 7 | 2010 | 50 | 45.89 |
| 8 | 2009 | 40 | 36.72 |
| 9 | 2008 | 35 | 32.13 |
| 10 | 2007 | 35 | 32.13 |

23. Unclaimed Dividend

Unclaimed dividend for the following three financial years, including FY 2008 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, as per table given herein below:

| Financial year | Dividend Identification No. | Date of Declaration of Dividend | Total Dividend (Rs.) | Unclaimed Dividend as on date of Transfer (Rs.) | Transferred to IEPF on |
|----------------|-----------------------------|---------------------------------|----------------------|---|------------------------|
| 31.12.2006 | 59th | 29.05.2007 | 24,099,379.50 | 143,965.00 | 11.07.2014 |
| 31.12.2007 | 60th | 12.06.2008 | 32,126,419.50 | 154,584.00 | 05.08.2015 |
| 31.12.2008 | 61st | 12.05.2009 | 32,126,419.50 | 199,531.00 | 13.07.2016 |

Under Companies Act, 2013, no claim for unencashed dividends can lie against either the Company or the IEPF after a period of seven years from the date of disbursement. The dividend for the undernoted years, if unclaimed for seven years, will be transferred by the Company to IEPF in accordance with the schedule given below:

| Financial year | Dividend Identification No. | Date of Declaration of Dividend | Total Dividend (Rs.) | Unclaimed Dividend as on 31.12.2016 (Rs.) | Due for transfer to IEPF on |
|----------------|-----------------------------|---------------------------------|----------------------|---|-----------------------------|
| 31.12.2009 | 62nd | 02.06.2010 | 36,715,908.00 | 234,784 | 10.07.2017 |
| 31.12.2010 | 63rd | 28.04.2011 | 45,894,885.00 | 272,940 | 04.06.2018 |
| 31.12.2011 | 64th | 29.05.2012 | 36,715,908.00 | 225,836 | 05.07.2019 |
| 31.12.2012 | 65th | 12.04.2013 | 36,715,908.00 | 236,692 | 12.05.2020 |
| 31.12.2013 | 66th | 27.06.2014 | 36,715,908.00 | 248,936 | 26.07.2021 |
| 31.12.2014 | 67th | 23.03.2015 | Nil | Nil | NA |
| 31.12.2015 | 68th | 22.04.2016 | 36,715,908.00 | 291,408 | 20.05.2023 |

24. Plant Locations

| Location | Address |
|-----------------|--|
| Kolkata | Transport Depot Road, Kolkata - 700 088 |
| Noida | C - 55 A & B, Phase II, Dist. Gautam Budh Nagar, Noida - 201 305 |
| Ahmedabad | Plot No. 633 & 634, G.I.D.C. Industrial Estate, Phase IV, Vatva, Ahmedabad - 382 445 |
| Bengaluru | 66A, Bommasandra Industrial Area, Hosur Road, Anekal Taluk, Bengaluru - 560 099 |

25. Address for correspondence with the Compliance Officer / Investor Complaint Redressal Officer of the Company

Mr Banibrata DeSarkar
Company Secretary

DIC INDIA LIMITED

Transport Depot Road, Kolkata - 700 088

Phone : 033 2449 6591 to 96 (6 lines), Facsimile : 033 2449 5267

E-mail : b.desarkar@dic.co.in Website : www.dicindia ltd.co

Certificate under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

CERTIFICATION

Pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
 - 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
 - 1. significant changes in internal control over financial reporting during the year;
 - 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3. no instances of significant fraud or the involvement therein, if any, of the management or an employee having a significant role have come to our notice.

For **DIC India Limited**

Sd/-
(Shailendra Hari Singh)
Managing Director & CEO

Date: February 7, 2017
Place: Kolkata

Sd/-
(Sandip Chatterjee)
Chief Finance Officer

**CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT OF
THE COMPANY**

This is to state that the Company had duly adopted a Code of Conduct in the meeting of the Board of Directors held on April 29, 2005 and thereafter on October 28, 2016 adopted an updated Code of Conduct. After adoption of the Code of Conduct, the same was circulated to all the Board of Members and senior management personnel for compliance. The Code of Conduct has also been posted on the website of the Company. The Company has since received declaration from all the Board Members and senior management personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year December 31, 2016. The same has been duly noted by the Board in its meeting held on February 8, 2017.

For **DIC India Limited**

Sd/-
(Shailendra Hari Singh)
Managing Director & CEO

Place: Kolkata
Date: February 8, 2017

AUDITORS' CERTIFICATE
AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF
CORPORATE GOVERNANCE

To the Members of DIC India Limited

We have examined the compliance of conditions of Corporate Governance by DIC India Limited, for the year ended December 31, 2016 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata
Date : February 8, 2017

For Lovelock and Lewes
Firm Registration Number - 301056E
Chartered Accountants

Sd/-
(Pinaki Chowdhury)
Partner
Membership No. 57572

Report of the Directors & Management Discussion and Analysis Report

Your Directors have pleasure in presenting the Annual Report for the year ended December 31, 2016.

ECONOMIC ENVIRONMENT

The global economic outlook continues to be in state of uncertainty. Major Asian economies are yet to pick up the growth momentum while the economy is trying to re-balance with the changes in political front in Europe and US. The decision of the Oil economies to cut down on oil production and the consequent increase in global oil prices might have an impact in the global growth. In the global financial market, the volatility continues with growing probability of the Federal Reserve of USA tightening monetary policy which again may have impact on the emerging markets across the world. These risks led to adoption of wait-and-watch attitude by the corporates and governments world over. Nevertheless, the International Monetary Fund(IMF) has projected an upward trend in world GDP which presents a picture of optimism for the coming years.

India's economy gained steam during the first half of the year, but failed to sustain the growth. Positive impulses to consumption owing to a near normal monsoon and public pay hikes gave buoyancy to the economy. However, a sharp fall in investment and a muted performance in the overseas economy prevented growth from meeting market expectations. The economy's momentum witnessed turbulence in the second half with almost no growth in manufacturing activities which was further, hit by the government's bold demonetization program. Cash shortage led to slower business cycles. However, the effect is expected to be transient and the economy should benefit in the long run by on boarding of parallel economy into the mainstream. Amidst all this, India still managed to grow to become the sixth largest manufacturing country in the world, up from previous ninth position. The major policy reforms eg GST, Banking & Insolvency Code, relaxed FDI Rules and increase in investments in infrastructure will augur well for the Indian economy going forward. The GDP growth for the current 2016-17 which is pegged to be lower at 6.9% is expected to grow back to 7.4% next fiscal.

PERFORMANCE REVIEW

Your Company recorded a turnover of Rs.7041.51 million as against Rs.7460.62 million in the previous year registering a decrease of 6 % in terms of value and 2% in terms of volume. Adopting various strategies, the Company registered a Profit before tax of Rs 308.15 million against profit before tax of Rs 402.97 million in the previous year. Similarly, profit after tax was lower to Rs 228.42 million as against a profit after tax of Rs.297.12 million in the previous year.

| | (Rs. In Million) | |
|--|------------------|----------|
| | 2016 | 2015 |
| Sales excluding excise duty | 7041.51 | 7460.62 |
| Other Income | 30.76 | 34.77 |
| Total Revenue | 7072.27 | 7495.39 |
| Profit before Taxation | 308.15 | 402.97 |
| Provision for Taxation including deferred taxation | (79.73) | (105.85) |
| Profit after Tax | 228.42 | 297.12 |
| Profit brought forward from the previous year | 1435.04 | 1203.81 |
| Amount available for Appropriation: | 1663.46 | 1480.23 |
| Appropriation- | | |
| Proposed Dividend | 36.72 | 36.72 |
| Tax on Dividend | 7.47 | 7.47 |
| General reserve | 0.50 | 1.00 |
| Balance Carried Forward | 1618.77 | 1435.04 |

The Company operates in two segments - printing inks and lamination adhesives. While the Company registered a decrease of 5.21% in the turnover of printing inks at Rs 6538.65 million (previous year Rs 6898.49 million), it registered a decrease of 10.55% in the turnover of lamination adhesives which stood at Rs 502.86 million against in the previous year Rs 562.13 million. The profit from the printing ink segment and lamination adhesives were Rs 414.95 million (previous year Rs 536.86 million) and Rs 7.83 million (previous year Rs 27.59 million) respectively. Pursuant to the judgement of the Hon'ble Supreme Court passed on November 11, 2016 on the validity of the States to levy Entry Tax, an additional provision of Rs 52 million (PY-Rs 18 million) was made which has impacted profit.

To ensure that the Company is able to maintain its profitability, your management has taken several steps like cost effectiveness, rationalization of expenditures, improving operational efficiencies and induction of new technology. The Management is confident that the Company would be able to improve on its performances in the future years.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Your company actively seeks out opportunities available in the market and works on converting the opportunities into viable business. The primary threat comes from the fact that the opportunities are equally visible to your Company's competitors who are also trying to exploit the opportunity to their benefit. A combination of product innovations, consistent quality delivery and continuous enhancement of capability and efficiency of distribution pipeline will help your Company address the threat.

The growth of the Company is linked to the overall economic growth. Primary risk to the business will be on account of adverse changes to the economy. Volatility in raw material prices, changes in regulatory environment etc are sources of concern. The Management monitors all the risks and acts pro-actively to minimize them.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

CHANGES IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the financial year ended December 31, 2016.

OUTLOOK

The global printing ink market can be categorized on the basis of process, products, application and geography. On the basis of process, broadly the segments are gravure printing, flexographic printing and digital printing. On the basis of product, broadly, the classifications can be oil and water based and solvent based. On the basis of application, broadly the segments are packaging, commercial printing & publication and metal printing.

The packaging application segment, which globally stands at \$700 billion, is the primary growth driver in the printing ink industry. This is led by increased demand for flexible and other packaging materials and supported by growth in retail sales owing to increased importance of printed materials in packaging, labelling and advertisement. As per various surveys, India accounts for 18% of the world population whereas its packaging industry forms just 4% of the global packaging industry. Various factors like increase in middle class population, growth of young workforce, rising affluence are expected to further drive the consumption led demand for Printing Inks and will augur well for the growth in the Industry and your Company. However, the volatility in the Oil prices will have some impact on the operating margins of the Industry.

TRANSFER TO RESERVES

The Company proposes to transfer a sum of Rs. 0.5 million to Reserve during the financial year ended December 31, 2016.

DIVIDEND

Your Board recommends the rate of dividend declared to be Rs 4.00 per share (FY2015 - Rs 4.00 per share), subject to approval of shareholders at the ensuing Annual General Meeting.

DIC INDIA LIMITED

CHANGE IN SHARE CAPITAL

The paid up share capital of the Company as on December 31, 2016 was Rs 91.98 million and there has been no change in the capital structure of the Company.

PUBLIC DEPOSITS

The Company has not accepted any deposits during the year under review.

BOARD MEETINGS

The Board evaluates all the decisions on a collective consensus basis amongst the Directors. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

During the financial year ended December 31, 2016, 6 (six) Meetings of the Board of Directors of the Company were held.

The details of the Board Meetings held during the Fy2016 have been furnished under Clause I(2)(D) in the Corporate Governance Report forming a part of this Annual Report.

DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors have given declaration to the Company stating their independence pursuant to Section 149(6) of the Companies Act, 2013 and the same have been placed and noted by the Board in its meeting held on February 8, 2017.

REMUNERATION POLICY

A Nomination and Remuneration Policy formulated and adopted on December 5, 2014, pursuant to the provisions of Section 178 and other applicable provisions of the Companies Act, 2013 and Rules thereto *inter alia* define the Companies policy on Directors' appointment and remuneration by the Nomination and Remuneration Committee.

The said policy may be referred to, at the Company's official website at the weblink, <http://www.dicindia ltd.co/policies.html>.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not given any loan, guarantees or made any investments exceeding the limits prescribed in Section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

A Related Party Policy has been adopted by the Board of Directors at its meeting held on December 5, 2014 for determining the materiality of transactions with related parties and dealings with them. The said policy may be referred to, at the Company's official website at the weblink, <http://www.dicindia ltd.co/policies.html>. The Audit Committee reviews all related party transactions quarterly.

Further the members may note that the Company has not entered into the following kinds of related party transactions:

- Contracts/arrangement/transactions which are not at arm's length basis
- Any Material contracts/arrangement/transactions

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 forms part of this report and is annexed herewith and marked as Annexure D.

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

According to Regulation of 25(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of the Independent Directors was held on February 5, 2016 to inter alia, evaluate the performance of the Non-Independent Directors, including the Chairman. The Board thereafter in its meeting held on the same day evaluated the performance of the Independent Directors.

As a familiarization programme to enable the Board members to take informed decisions, the Management presents a quarterly review of the Industry outlook, company performance, operations, financial statements etc before the Board.

CAPITAL EXPENDITURE

Capital Expenditure during the year, towards tangible & intangible assets, amounted to Rs. 137.75 million, a major part of which was spent on plant & machinery and building.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

As required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings & outgo is annexed and forms a part of this Report marked as Annexure A.

SUBSIDIARY/ASSOCIATES/JOINT VENTURE COMPANIES

The Company does not have any subsidiary/associate/joint venture company for the year ended December 31, 2016.

HUMAN RESOURCES

Your Company believes that the competence and commitment of the people are the principal driver of competitive advantage that enable the enterprise to create and deliver value. The industrial relations climate of your Company continues to remain harmonious with focus on improving productivity, quality and safety. Efforts are continuously made to strengthen organizational culture in order to attract and retain the best talent in the industry. Training needs are identified in a systematic manner and regular training programmes are organized. The Board appreciates the commitment and support of the employees and looks forward to their continued support.

Information in accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rules made thereunder, forms part of this Report marked as Annexure C. As per the provisions of Section 136(1) of the Companies Act, 2013, the Annual report excluding the information on employee's particulars is being sent to the members which is, however, available for inspection at the Registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished without any fee.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, your Company has in place a Policy for Prevention of Sexual Harassment of Women at Work Place and constituted an Internal Complaints Committees (ICC). No complaint has been raised during the year ended December 31, 2016.

WEBSITE OF THE COMPANY

The Company maintains a website www.dicindia ltd.co where detailed information of the Company and its products are provided.

WHISTLE BLOWER MECHANISM

The Company has an updated Whistle Blower Policy in place. The said policy may be referred to, at the Company's official website at the weblink, <http://www.dicindia ltd.co/policies.html>.

INTERNAL CONTROL SYSTEMS

Your Company has an adequate system of internal control procedures which is commensurate with the size and nature of business. Detailed procedural manuals are in place to ensure that all the assets are safeguarded, protected against loss and all transactions are authorized, recorded and reported correctly. The internal control systems of the Company are monitored and evaluated by internal auditors and their audit reports are periodically reviewed by the Audit Committee of the Board of Directors. The observations and comments of the Audit Committee are placed before the Board.

LISTING WITH STOCK EXCHANGES

Your Company is listed with The Calcutta Stock Exchange Limited, BSE Limited and National Stock Exchange of India Limited and the Company has paid the listing fees to each of the Exchanges.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its future operations.

AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee has been furnished under Clause I(3) in the Corporate Governance Report forming a part of this Annual Report. There had been no instances where the Board has not accepted the recommendations of the Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Acknowledging its responsibility towards the society, your Company has put in place a CSR Policy, which may be referred to at the Company's official website at the weblink, <http://www.dicindia.co/corporate-social-responsibility.html>. The CSR Committee guides and monitors the activity undertaken by the Company in this sphere.

Pursuant to the provisions of Sec 135 of the Companies Act, 2013 and applicable Rules, for the year ended December 31, 2016, the Company was required to spend Rs 2.85 million in its CSR funds. Details of the project undertaken under CSR and expenses incurred during the year forms a part of the Report as Annexure B.

As informed, your Company has focussed on child education as its core CSR activity and has partnered with Child Relief and You (CRY) to fund its Vikramshila Project in Monteswar block of Burdwan district in West Bengal which is expected to benefit students in that area who due to various reasons like lack of infrastructure, have no access to proper education.

CORPORATE GOVERNANCE

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investor confidence, improving investors' protection and maximizing long-term shareholders value. The certificate of the Auditors, M/s Lovelock & Lewes, confirming compliance of conditions of Corporate Governance as stipulated under Schedule V(E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Stock Exchanges is annexed.

SAFETY AND ENVIRONMENT

Environment, Safety and Health (ESH) is the topmost priority of our organization. Your Directors, through the Company's Safety, Health and Environment Department, oversee and review the audit plans which ensure comprehensive coverage of all Company locations. In addition, the operations of the Company are also reviewed on a global scale by DIC Corporation, Japan on a periodical basis. We believe in our Policy statement which also highlights that "No job is so important that Safety and Health of everyone concerned can be compromised. All our manufacturing plants are certified for ISO 9001, 14001 and OHSAS 18001.

Year 2016 was phenomenal for Safety performance when the number of recordable cases have reduced from 15 in 2015 to 5 in 2016. With this performance our Total Recordable Incident Rate (TRIR) has come down all time record low to 2.44. The major factor contributed towards this achievement, was Safety talk initiative, which highlights proactively all unsafe conditions and acts, before leading to any incident / accident.

A lot of work has been done on the Environment front as well. Total waste/Ton of production has been reduced from 31.4 Kg/Ton to 24.2 Kg/Ton of production. To reduce Carbon footprints, steps have been initiated by converting the fuels used in Themopacks from Diesel to Gas at Ahmedabad and Bangalore plant.

INFORMATION SYSTEM

In a business where information is critical, Information Technology plays a vital role, facilitating informed decision-making to grow the business. Over the years, the Company has invested extensively in infrastructure, people and processes with the objective to capture, protect and transmit information with speed and accuracy.

To align with the DIC Group requirement, the Company has installed SAP ERP suite for a reliable, high end, comprehensive, disciplined and integrated business solution.

DIRECTORS

In the Annual General Meeting held on June 27, 2014, the members had approved the appointment of Mr Utpal Sengupta, Independent Director for a term of 3 years. As per the provision of Sec 149(6) of the Companies Act, 2013, an independent Director may be appointed for two consecutive terms of 5 years each. Accordingly, the Board in its meeting held on February 8, 2017 had approved and recommended the re-appointment of Mr Utpal Sengupta for a further tenure of 3 years with effect from June 27, 2017.

To broaden the Board of Directors of the Company, Mr. Partha Mitra was inducted into the Board with effect from February 8, 2017 as an Additional Director whose term shall be till the date of forthcoming Annual General Meeting. Mr Partha Mitra, an Independent Director, is not related to any Director in the Company and does not hold any shares in the Company. The Company has received a notice from shareholders pursuant to Section 160 of the Companies Act, 2013 proposing the re-appointment of Mr Sengupta and Mr Mitra alongwith the requisite fees. Appropriate resolution seeking their appointment are appearing in the Notice convening the Annual General Meeting of the Company.

In terms of Articles of Association of the Company, Mr. Naoyoshi Furuta retire from the Board by rotation and being eligible, offer himself for re-appointment. The appointments of Mr. Furuta, Mr. Sengupta and Mr. Mitra form part of the Notice of Annual General Meeting and the Resolutions are recommended for your approval.

The profiles of Mr Sengupta, MrMitra and Mr. Furuta are given in the Notice of the Annual General Meeting.

The following persons have been designated as Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Companies Act, 2013 read with the Rules framed thereunder.

1. Mr. Shailendra Hari Singh - Managing Director and Chief Executive Officer
2. Mr. Sandip Chatterjee - Chief Financial Officer
3. Mr. Banibrata DeSarkar- Company Secretary

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Directors state that:

- i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual accounts on a going concern basis; and
- v. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

DIC INDIA LIMITED

- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COST AUDIT

In accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company relating to the business of manufacturing printing inks. Accordingly, M/s. Sinha Chaudhuri & Associates, Cost Accountants (Firm regn No. 000057) were appointed as the Cost Auditors for auditing the Company's cost accounts for the year ended December 31, 2016.

STATUTORY AUDITORS

The Ministry of Corporate Affairs vide its Companies (Removal of Difficulties) Third Order, 2016 dated 30th June 2016 had directed that companies should comply with requirements of the provisions of Section 139(2) of the Companies Act, 2013 covering appointment of auditors within a period which shall not be later than the date of the first annual general meeting of the company held after three years from the date of commencement of this Act.

Accordingly, M/s. Lovelock & Lewes, Chartered Accountants (FRN 301056E), retiring Auditors, being eligible, offer themselves for re-appointment.

STATUTORY AUDITORS' OBSERVATIONS

The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report is an Un-modified report and does not contain any qualification, reservation, adverse remark or disclaimer.

SECRETARIAL AUDITOR

The provisions of Section 204 read with Section 134(3) of the Companies Act, 2013 mandates Secretarial Audit of the Company to be done from the financial year commencing on or after April 1, 2014 by a Company Secretary in Practice. The Board in its meeting held on February 8, 2017 ratified the appointment of Mr. Tarun Chatterjee, Practising Company Secretary (Certificate of Practice No. 6935) as the Secretarial Auditor for the financial year ending December 31, 2016. The Secretarial Auditors' Report for the financial year ending December 31, 2016 is annexed to the Boards' Report.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

The Company has transferred a total sum of Rs.0.19 million during the financial year 2016 to the Investor Education & Protection Fund established by the Central Government, in compliance with Section 125 of the Companies Act, 2013.

RESEARCH & DEVELOPMENT

The Company has obtained approval for In-house R&D facilities u/s 35(2AB) of Income Tax Act, 1961 for its units at Kolkata, Bengaluru and Noida from Government of India, Ministry of Science and Technology, New Delhi. This approval is valid till March 31, 2018. The Company will make suitable applications for renewal of approval for the above facilities in due course.

RISKS & MITIGATING STEPS

As a matter of prudent management, the Board has adopted a risk management policy where it has identified various risks faced by the Company alongwith proper framework for risk mitigation. A combination of policies and procedures attempts to counter risk as and when they evolve. Even though not mandatorily required, the Company has formed a Risk Management Committee which monitors various functions and reviews structures present so that risks are inherently monitored and controlled. The risks and its mitigating factors are discussed by the Committee and subsequently placed before the Board for their opinion and advice. The current risk management report was discussed by the Board in its meeting held on December 14, 2016.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the employees, customers, shareholders, suppliers, bankers, business partners/associates, financial institutions, Securities and Exchange Board of India and Central and State Governments for their consistent support and encouragement to the Company.

On behalf of the Board

Sd/-

Dr. Prabir Kumar Dutt

Chairman

Sd/-

Shailendra Hari Singh

Managing Director & CEO

Place: Kolkata

Date: February 8, 2017

Cautionary Statement: Statement in the Directors' Report and Management Discussion & Analysis Report describing the Company's expectations may be forward-looking within the meaning of applicable securities laws & regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operation include global and domestic demands and supply conditions affecting selling prices, new capacity additions, availability of critical materials and their costs, changes in government policies and tax laws, economic development of the country and such other factors which are material to the business of the Company.

ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 134(m) of the Companies Act, 2013, read with The Companies (Accounts) Rules, 2014, forming part of the Directors' Report

Conservation of Energy

The Company's operations do not involve substantial consumption of energy in comparison to the cost of production. Energy conservation measures have been implemented in the following areas:

- 150 HP VFD Panel installed for yellow mixer has replaced star delta starter at Noida plant.
- All conventional lights have been replaced by LED lights at Noida plant.
- Cooling tower fan motor control has been calibrated / re-oriented according to the need of water temperature at Ahmedabad plant.
- Power factor improved for Noida, Kolkata & Ahmedabad plants.

Total energy consumption is as per Form-A and forms part of the Report.

FORM - A

CONSERVATION OF ENERGY FOR THE ACCOUNTING PERIOD ENDED DECEMBER 31, 2016

(A) Power and Fuel Consumption

| (a) | Fuel consumption | Units | 2015 | 2016 |
|-------|--|----------------|-------|-------|
| (I) | Electricity | | | |
| (i) | Purchased from Electricity Board | | | |
| | KWH | Million | 5.18 | 5.20 |
| | Total Amount | Rs. in Million | 41.73 | 40.53 |
| | Average Rate | Rs./Units | 8.06 | 7.79 |
| (ii) | Purchased from Others | | | |
| | KWH | Million | 6.60 | 6.80 |
| | Total Amount | Rs. in Million | 58.76 | 56.35 |
| | Average Rate | Rs./Units | 8.91 | 8.28 |
| (iii) | Own Generation - through Diesel Generator | | | |
| | KWH | Million | 0.32 | 0.35 |
| | Unit per litre of diesel | Kwh | 3.29 | 3.44 |
| | Average Rate | Rs./Units | 14.14 | 13.35 |
| 2. | HSD Used [other than I(iii) above] | | | |
| | Ltrs | Million | 0.36 | 0.37 |
| | Total Amount | Rs in million | 18.25 | 17.14 |
| | Average Rate | Rs./Units | 50.14 | 46.36 |
| 3. | Furnace Oil/ PNG | | | |
| | Ltrs (PNG)* | Million | 0.09 | 0.11 |
| | Total Amount | Rs. in Million | 3.95 | 3.64 |
| | Average Rate | Rs./Units | 45.53 | 31.87 |

(II) Steps taken for utilizing alternate sources of energy

- Introduction of CNG TFH at Ahmedabad plant in place of High Speed Diesel
- Introduction of LPG TFH & Boiler at Bangalore plant in place of High Speed Diesel

(III) Capital Investment sanctioned/incurred for energy conservation equipment

- LED light installation at Noida plant - Rs 1.1 million
- 150 HP VFD panel at Noida plant - Rs 0.5 million

(b) Consumption per Unit of Production

| | |
|-------------|--|
| Electricity | Since the Company manufactures different types of products, it |
| HSD | is not practical to give consumption per unit of production. |
| Furnace Oil | |

(B) Research & Development

1. Specific Areas in which R&D efforts have been put in by the Company

- Development of Volatile Organic Content free semi-finished colour range for Sheetfed application
- Development of Sheetfed process colours set for non-woven substrate
- Development of high-gloss Wet Offset UV varnish
- Development of Water based primer and online UV varnish for twin coater application
- Development of Gravure UV varnish for paper

2. Benefits derived as a result of R&D

The Company has successfully developed the previously mentioned technology(ies) and products listed in B1 above and the process thereof. These have resulted in:

- Opportunities to expand business in new areas
- Cost and quality advantage in highly competitive inks market.
- Develop indigenous production process
- Inks range expanded to cater high-end customers and will act as an import substitute
- Environment friendly products

3. Future Plan of Action

The Company's R&D team is working continuously in collaboration with its parent company, DIC Corporation, Japan for the development of new products, processes and improved formulations to give high quality superior performance inks for different applications to its customers.

4. Expenditure on R&D

The Company has modern R&D Centres at Kolkata, Bengaluru and Noida plant which are recognized by Dept. of Scientific and Industrial Research, Ministry of Science & Technology, Government of India. During the year, the Company has incurred the following expenditures on R&D facilities:

- (a) Capital Expenditure of Rs. 36.60 million
- (b) Recurring Expenditure of Rs. 23.82 million,
- (c) Total Expenditure Rs. 60.41 million
- (d) Total R&D Expenditure as a percentage to total Turnover was 0.85%.

C. Technology Absorption, Adoption and Innovation

1. The efforts made towards Technology Absorption, Adoption and Innovation

The Company has been successfully developing the technologies and products listed in B1 above.

2. Benefits derived as a result of above efforts

As a result of the aforesaid efforts, the Company has been able to expand its business reach apart from becoming more competitive. Some of the inks will provide import substitution.

3. Information in case of Imported Technology (Imported during the last Five years, reckoned from the beginning of the Financial Year).

The Company has executed an Agreement with its Parent Company, DIC Corporation (formerly Dainippon Ink & Chemicals Inc.) Japan on April 1, 2007 (with effect from January 1, 2007) to import technology and technical information for manufacturing poly-ester poly-urethane poly-urea resin solely for captive consumption. Poly-ester poly-urethane poly-urea resin is used to manufacture gravure inks, a finished product of the company and comes under the segment of liquid ink.

The Company had also executed a fresh Technical Collaboration Agreement with DIC Corporation, Japan with effect from July 1, 2011. This Technical Collaboration Agreement does not relate to a specific project or product but transfer of technology 'on an ongoing basis' for all the existing and future range of printing inks and lamination adhesives. The scope of Agreement covers upgradation of existing products, manufacturing techniques, quality assurance, raw materials testing, training to Indian technicians and also use of DIC's trade names, brand names, marks and symbols.

D. Foreign Exchange Earnings and Outgo

Exports during the year stood at Rs. 502.44 million (from Rs. 500.72 million in 2015), registering a marginal increase of 0.34%. Earnings in foreign exchange through exports and other earnings amounted to Rs. 519.05 (FY2015: Rs. 509.8 million). Outgo of foreign exchange on import of raw materials, spare parts, capital goods, traded goods and also in respect of royalty, dividend and other matters amounted to Rs. 2069.89 million (Rs. 1763.79 million in 2015).

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

| | | | | | | | | |
|---|---|---|----------------------|-------------------------------|---|---|--|---|
| 1 | A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes. | | | | <p>Your Company attaches great importance to the society and environment alongside its business activities. The Company understands that its activities have wider ramifications on the society as a whole and as such it gives due consideration to all stakeholders like shareholders, government, suppliers, employees, business patrons and its local communities.</p> <p>Your Company was guided by Schedule VII of the Companies Act, 2013 (as amended from time to time) in selecting its CSR activity and has decided to focus on promoting education, especially to children in rural / slum areas. Accordingly, it executed MOU with Child Relief and You (CRY) to provide support to children in the Vikramshila project in Burdwan district of West Bengal. Brief outline of the Company's CSR objectives and its projects / programmes are mentioned in the CSR section of the Board's report and Management Discussion & Analysis section of the annual report of the Company.</p> <p>The details are also provided in the CSR policy which is available on the website of the Company viz. http://www.dicindia.co/corporate-social-responsibility.html</p> | | | |
| 2 | Composition of the CSR Committee | | | | <p>Mr Utpal Sengupta - Chairman, Independent Director Mr Subir Bose- Independent Director Mr Paul Koek - Non-executive Director Mr Shailendra Hari Singh - Managing Director &CEO</p> <p>Pursuant to re-assignment of duties within the DIC Group, Mr Yasuo Ikeda, Director and member of the Committee had resigned from the Board and the Committee with effect from November 11, 2016.</p> | | | |
| 3 | Average net Profit for last 3 financial years | | | | Rs 142.49 million | | | |
| 4 | Prescribed CSR expenditure (two percent of the amount as in item 3 above) | | | | Rs 2.85 million | | | |
| 5 | Details of CSR spent during the financial year | | | | | | | |
| a) | Total amount to be spent for the financial year; | | | | Rs 2.85 million | | | |
| b) | Amount unspent, if any; | | | | Rs 0.89 million | | | |
| c) Manner in which the amount spent during the financial year is detailed below : | | | | | | | | |
| S. No | CSR project or activity identified | Sector in which the project is covered | Projects or programs | | Amount Outlay (budget)* project or programs wise | Amount spent on the project or programs | Cumulative expenditure upto the reporting period | Amount spent: direct or through Implementing agency |
| | | | Area | District | | | | |
| 1 | Improve quality of education | Promoting education {Schedule VII (ii)} | Monteswar Block | Burdwan District, West Bengal | Rs 2.85 million | Rs 1.96 million | Rs 1.96 million | Implementing Agency Child Relief & You(CRY) |

DIC INDIA LIMITED

| | | |
|---|--|--|
| 6 | <p>In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report</p> | <p>For the year under review, the Company had a corpus of Rs 2.85 million for its CSR activities of FY2016. Accordingly, your Company has partnered with CRY for improving quality of education in the areas as set out above. Pursuant to the same, the Company had spent Rs 1.96 million during year which is 68.77% of the CSR budget outlay. The lower spend vis-à-vis the plan was due to lower than anticipated project requirements and due to lack of getting appropriate project under the scope & objective of CSR framework decided by DIC India.</p> <p>The above activity is scalable which coupled with new initiatives that may be considered in future will enable the Company to utilise the entire CSR limits.</p> |
|---|--|--|

The CSR Committee confirms that the implementation and monitoring of the CSR policy will be in compliance with the CSR objectives and policy of the Company.

Place: Kolkata
Date: February 7, 2017

Sd/-
Mr Utpal Sengupta
Chairman, CSR Committee

Sd/-
Mr Shailendra Hari Singh
Managing Director & CEO

ANNEXURE - C

**Disclosure under Section 197 (12) read with Rule 5 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

(I) Ratio of the remuneration of each Director and KMP to the median remuneration of the employees of the company for the financial year

| Sl. No | Name of Director / KMP and designation | Remuneration during the financial year 2016 (Rs in million) | % increase in remuneration in the financial year 2016 (Rs in million) | Ratio of remuneration of each director to median remuneration of employees |
|--------|---|---|---|--|
| 1 | Dr P K Dutt, Chairman | 1.03 | NA | 1.11 |
| 2 | Mr Shailendra Hari Singh, Managing Director & CEO | 10.44 | 18% | 11.23 |
| 3 | Mr Yasuo Ikeda, COO [@] | 7.38 | 6% | 7.94 |
| 4 | Mr D Banerjee, Independent Director | 0.47 | NA | 0.51 |
| 5 | Mr S Bose Independent Director | 0.41 | NA | 0.44 |
| 6 | Mr U Sengupta Independent Director | 0.42 | NA | 0.45 |
| 7 | Dr R Sen Independent Director | 0.33 | NA | 0.35 |
| 8 | Mr. B N Ghosh* Independent Director | 0.06 | NA | 0.06 |
| 8 | Mr K Sakai, Non-executive Director | Nil | NA | NA |
| 9 | Mr N Furuta Non-executive Director | Nil | NA | NA |
| 10 | Mr P Koek Non-executive Director | Nil | NA | NA |
| 12 | Mr S Chatterjee, Chief Finance Officer | 7.16 | 10% | 7.7 |
| 13 | Mr B DeSarkar, Company Secretary | 1.85 | 17% | 2.0 |

@ Resigned w.e.f. 11.11.2016

* Resigned w.e.f. 31.12.2015

II. Percentage increase in the median remuneration of employees in the financial year

The percentage increase in the median remuneration of all management employees in the financial year 2016 was 9%.

The pay structure and increment of the graded staff/workers were on the basis of Union Agreement (Agreement) which was valid till December 2015. The renewal of the Agreement is under discussion.

III. Number of permanent employees on the rolls of company

The Company had 498 permanent employees on its rolls as on December 31, 2016.

IX. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Average percentile increase, other than managerial personnel was 9%.

Y. Affirmation that the remuneration is as per the remuneration policy of the company

The remuneration is as per the remuneration policy of the Company.

FORM NO. MGT 9**EXTRACT OF ANNUAL RETURN**

as on financial year ended 31.12.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

| | | |
|---|--|--|
| 1 | CIN | L24223WB1947PLC015202 |
| 2 | Registration Date | April 2, 1947 |
| 3 | Name of the Company | DIC INDIA LIMITED |
| 4 | Category/Sub-category of the Company | Indian Non-Government Company/ Public Company Limited by Shares |
| 5 | Address of the Registered office & contact details | Transport Depot Road, Kolkata - 700088, West Bengal, Tel: 033 24496591-95, Fax: 033 24495267 E-mail: investors@dic.co.in, Website: www.dicindia.co |
| 6 | Whether listed company | Yes |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | CB Management Services (P) Ltd, P-22 Bondel Road, Kolkata - 700019, Tel 033 40116700, Fax-033 22870263, email - rta@cbmsl.com |

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10% or more of the total turnover of the company :-

| Sl No | Name & Description of main products/services | NIC Code of the Product /service | % to total turnover of the company |
|-------|--|----------------------------------|------------------------------------|
| 1 | Printing Inks | 20223 | 92.95% |
| 2 | Lamination Adhesive | | 7.05% |

As per National Industrial Classification, 2008, Ministry of Statistics and Programme Implementation (Government of India).

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

| Sl No | Name & Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Section |
|-------|---|---------|--------------------------------|------------------|--------------------|
| 1 | DIC Asia Pacific Pte Ltd, 78 Shenton Way, #19-01 Singapore 079120 | N.A. | Holding | 71.75 | 2(87) |

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|--|---|------------|----------------|-------------------|---|------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total Shares | Demat | Physical | Total | % of total Shares | |
| A. PROMOTERS | | | | | | | | | |
| (1) Indian | - | - | - | - | - | - | - | - | - |
| a) Individual/HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt.or State Govt. | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporates | - | - | - | - | - | - | - | - | - |
| d) Bank/FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| SUB TOTAL:(A) (1) | - | - | - | - | - | - | - | - | - |
| (2) Foreign | | | | | | | | | |
| a) NRI- Individuals | - | - | - | - | - | - | - | - | - |
| b) Other Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | 6586077 | - | 6586077 | 71.75% | 6586077 | - | 6586077 | 71.75% | 0.00 |
| d) Banks/FI | - | - | - | - | - | - | - | - | - |
| e) Any other... | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (A) (2) | | | | | | | | | |
| Total Shareholding of Promoter (A)= (A)(1)+(A)(2) | 6586077 | - | 6586077 | 71.75% | 6586077 | - | 6586077 | 71.75% | 0.00 |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks/FI | 4114 | 100 | 4214 | 0.05% | 1262 | 100 | 1362 | 0.01% | 67.68 |
| c) Central govt | - | - | - | - | - | - | - | - | - |
| d) State Govt. | - | 240 | 240 | 0.00% | - | 240 | 240 | 0.00% | 0.00 |
| e) Venture Capital Fund | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | 50 | 50 | 0.00% | - | 50 | 50 | 0.00% | 0.00 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Any others | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (B)(1): | 4114 | 390 | 4504 | 0.05% | 1262 | 390 | 1652 | 0.02% | 63.32 |
| (2) Non Institutions | | | | | | | | | |
| a) Bodies corporates | 364425 | 6237 | 370662 | 4.04% | 349115 | 6237 | 355352 | 3.87% | 4.13 |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |

DIC INDIA LIMITED

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|--|---|---------------|----------------|-------------------|---|---------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total Shares | Demat | Physical | Total | % of total Shares | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.2 lakhs | 1235934 | 171315 | 1407249 | 15.33% | 1357663 | 164679 | 1522342 | 16.59% | -8.18 |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs | 768189 | - | 768189 | 8.37% | 669034 | - | 669034 | 7.29% | 12.91 |
| c) Any others | | | | | | | | | |
| NRI/ OCB | 27732 | 2172 | 29904 | 0.33% | 39791 | 2172 | 41963 | 0.46% | -40.33 |
| Trust | 200 | - | 200 | 0.00% | 630 | - | 630 | 0.01% | -215.00 |
| Clearing Member | 12192 | - | 12192 | 0.13% | 1927 | - | 1927 | 0.02% | 84.19 |
| SUB TOTAL (B)(2): | 2408672 | 179724 | 2588396 | 28.20% | 2418160 | 173088 | 2591248 | 28.23% | -0.11 |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 2412786 | 180114 | 2592900 | 28.25% | 2419422 | 173478 | 2592900 | 28.25% | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 8998863 | 180114 | 9178977 | 100% | 9005499 | 173478 | 9178977 | 100% | 0.00 |

(ii) Shareholding of promoters

| Sl No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|--------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|---|---|
| | | No of shares | % of total shares of the company | % of shares pledged/ encumbered to total shares | No, of shares | % of total shares of the company | % of shares pledged/ encumbered to total shares | |
| 1 | DIC Asia Pacific Pte Ltd | 6586077 | 71.75% | 0 | 6586077 | 71.75% | 0 | 0.00 |
| | Total | 6586077 | 71.75% | | 6586077 | 71.75% | | |

(iii) Change in Promoters' Shareholding

| Sl. No. | | Share holding at the beginning of the year | | Cumulative Share holding during the year | |
|---------|--|--|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of total shares of the company | No of shares | % of total shares of the company |
| | At the beginning of the year | 6586077 | 71.75% | 6586077 | 71.75 |
| | Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc) | There is no change in the promoter shareholding between January 1, 2016 and December 31, 2016. | | | |
| | At the end of the year | - | - | 6586077 | 71.75% |

(iv) **Shareholding Pattern of top ten Shareholders (other than Director, Promoters & Holders of GDRs & ADRs)**

| Sl. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Hitesh Ramji Jhaveri | 250000 | 2.72% | 250000 | 2.72% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | Nil | Nil | Nil | Nil |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 250000 | 2.72% |
| 2 | Harsha Hitesh Jhaveri | 208000 | 2.27% | 208000 | 2.27% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | Nil | Nil | Nil | Nil |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 208000 | 2.27% |
| 3 | Globe Capital Market Ltd | 75703 | 0.82 | 75703 | 0.82 |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | | | | |
| | 29.04.2016 | 4089 | 0.04% | 79792 | 0.87% |
| | 06.05.2016 | 2393 | 0.03% | 82185 | 0.90% |
| | 14.10.2016 | 726 | 0.01% | 82911 | 0.91% |
| | 21.10.2016 | 2032 | 0.02% | 84943 | 0.93% |
| | 04.11.2016 | 8473 | 0.09% | 93416 | 1.02% |
| | 25.11.2016 | 1524 | 0.02% | 94940 | 1.03% |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 94940 | 1.03% |
| 4 | Chetan Gopaldas Cholera | 40000 | 0.44% | 40000 | 0.44% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | Nil | Nil | Nil | Nil |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 40000 | 0.44% |
| 5 | Ashok J Thawani | 23554 | 0.26% | 23554 | 0.26% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | | | | |
| | 09.09.2016 | -7000 | 0.08% | 16554 | 0.18% |
| | 16.09.2016 | -589 | 0.01% | 15965 | 0.18% |
| | 30.09.2016 | -174 | 0.00% | 15791 | 0.17% |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 15791 | 0.17% |

DIC INDIA LIMITED

| Sl. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 6 | Lincoln P Coelho | 21932 | 0.24% | 21932 | 0.24% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | | | | |
| | 20.05.2016 | 68 | 0.00% | 22000 | 0.24% |
| | 30.06.2016 | 68 | 0.00% | 22068 | 0.24% |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 22068 | 0.24% |
| 7 | Pragya Equities (P) Ltd | 48872 | 0.53% | 48872 | 0.53% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | Nil | Nil | Nil | Nil |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 48872 | 0.53% |
| 8 | PressB Services Ltd | 26978 | 0.29% | 26978 | 0.29% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | | | | |
| | 05.02.2016 | -1021 | 0.01% | 25957 | 0.28% |
| | 22.04.2016 | -4637 | 0.05% | 21320 | 0.23% |
| | 06.05.2016 | -2645 | 0.03% | 20472 | 0.22% |
| | 13.05.2016 | -472 | 0.00% | 20000 | 0.22% |
| | 02.12.2016 | -1538 | 0.02% | 18462 | 0.20% |
| | 09.12.2016 | -104 | 0.00% | 18358 | 0.20% |
| | 16.12.2016 | -35 | 0.00% | 18323 | 0.20% |
| | 23.12.2016 | -4632 | 0.05% | 13691 | 0.15% |
| | 30.12.2016 | -2094 | 0.02% | 11597 | 0.13% |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 11597 | 0.13% |
| 9 | Ashok Kumar Lodha | 20000 | 0.22% | 20000 | 0.22% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | | | | |
| | 08.07.2016 | -6000 | 0.07% | 14000 | 0.15% |
| | 15.07.2016 | -4000 | 0.04% | 10000 | 0.11% |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 10000 | 0.11% |

| Sl. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 10 | Bishwanath Prasad Agarwal | 8000 | 0.09% | 8000 | 0.09% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | | | | |
| | 08.01.2016 | 13000 | 0.14% | 21000 | 0.23% |
| | 15.01.2016 | 2500 | 0.03% | 23500 | 0.26% |
| | 12.02.2016 | 2260 | 0.02% | 25760 | 0.28% |
| | 26.02.2016 | 4740 | 0.05% | 30500 | 0.33% |
| | 04.03.2016 | 2500 | 0.03% | 33000 | 0.36% |
| | 11.03.2016 | 700 | 0.01% | 33700 | 0.37% |
| | 18.03.2016 | 300 | 0.00% | 34000 | 0.37% |
| | 15.04.2016 | 500 | 0.01% | 34500 | 0.38% |
| | 22.04.2016 | 1845 | 0.02% | 36345 | 0.40% |
| | 29.04.2016 | 977 | 0.01% | 37322 | 0.41% |
| | 06.05.2016 | 2115 | 0.02% | 39437 | 0.43% |
| | 13.05.2016 | 6563 | 0.07% | 46000 | 0.50% |
| | 20.05.2016 | 2500 | 0.03% | 48500 | 0.53% |
| | 15.07.2016 | 7000 | 0.08% | 55500 | 0.60% |
| | 22.07.2016 | 6406 | 0.07% | 61906 | 0.67% |
| | 29.07.2016 | 94 | 0.00% | 62000 | 0.68% |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 62000 | 0.68% |
| 11 | Kanishka Jain | 63682 | 0.69% | 63682 | 0.69% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | | | | |
| | 08.01.2016 | -216 | 0.00% | 63466 | 0.69% |
| | 30.09.2016 | -15000 | 0.16% | 48466 | 0.53% |
| | 21.10.2016 | 15000 | 0.16% | 63466 | 0.69% |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 63466 | 0.69% |

DIC INDIA LIMITED

| Sl. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 12 | Suvarna Kumari Agrawal | 0 | 0.00% | 0 | 0.00% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | | | | |
| | 15.01.2016 | 3500 | 0.04% | 3500 | 0.04% |
| | 12.02.2016 | 340 | 0.00% | 3840 | 0.04% |
| | 19.02.2016 | 760 | 0.01% | 4600 | 0.05% |
| | 08.04.2016 | 1315 | 0.01% | 5915 | 0.06% |
| | 15.04.2016 | 985 | 0.01% | 6900 | 0.07% |
| | 22.04.2016 | 100 | 0.00% | 7000 | 0.07% |
| | 29.04.2016 | 2600 | 0.03% | 9600 | 0.10% |
| | 06.05.2016 | 400 | 0.01% | 10000 | 0.11% |
| | 13.05.2016 | 6241 | 0.07% | 16241 | 0.18% |
| | 20.05.2016 | 759 | 0.01% | 17000 | 0.19% |
| | 15.07.2016 | 346 | 0.00% | 17346 | 0.19% |
| | 22.07.2016 | 2994 | 0.03% | 20340 | 0.22% |
| | 29.07.2016 | 3160 | 0.03% | 23500 | 0.25% |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 23500 | 0.25% |
| 13 | Tara Chand Jain | 10007 | 0.11% | 10007 | 0.11% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | | | | |
| | 30.09.2016 | 15000 | 0.16% | 25007 | 0.27% |
| | 21.10.2016 | -15000 | 0.16% | 10007 | 0.11% |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 10007 | 0.11% |
| 14 | Ram Krishan Khandelwal | 10915 | 0.12% | 10915 | 0.12% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | | | | |
| | 21.10.2016 | 7865 | 0.08% | 18783 | 0.20% |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 18783 | 0.20% |

| Sl. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 15 | G. Shankar | 0 | 0.0% | 0 | 0.0% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | | | | |
| | 13.05.2016 | 800 | 0.01% | 800 | 0.01% |
| | 20.05.2016 | -472 | 0.01% | 328 | 0.00% |
| | 10.06.2016 | 730 | 0.01% | 1058 | 0.01% |
| | 17.06.2016 | 910 | 0.01% | 1968 | 0.02% |
| | 12.08.2016 | -1003 | 0.01% | 965 | 0.01% |
| | 19.08.2016 | 900 | 0.01% | 1865 | 0.02% |
| | 26.08.2016 | 2120 | 0.02% | 3985 | 0.04% |
| | 02.09.2016 | 224 | 0.00% | 4209 | 0.05% |
| | 09.09.2016 | 3550 | 0.04% | 7759 | 0.08% |
| | 16.09.2016 | 1600 | 0.02% | 9359 | 0.10% |
| | 23.09.2016 | 893 | 0.01% | 10252 | 0.11% |
| | 30.09.2016 | 2559 | 0.03% | 12811 | 0.14% |
| | 07.10.2016 | 500 | 0.01% | 13311 | 0.15% |
| | 11.11.2016 | 3022 | 0.03% | 16333 | 0.18% |
| | 18.11.2016 | 1000 | 0.01% | 17333 | 0.19% |
| | 25.11.2016 | 400 | 0.00% | 17733 | 0.19% |
| | 02.12.2016 | 1000 | 0.01% | 18733 | 0.21% |
| | 16.12.2016 | 400 | 0.00% | 19133 | 0.21% |
| | 23.12.2016 | 91 | 0.00% | 19224 | 0.21% |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 19224 | 0.21% |

Note : All movements in the shareholding pattern of the Top 10 Shareholders was on account of transfers.

(v) **Shareholding of Directors & Key Managerial Personnel**

| Sl. No | Director | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No of shares | % of total shares of the company |
| 1 | Dr Prabir Kumar Dutt | 133 | 0.00% | 133 | 0.00% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | No movement during the financial year from January 1, 2016 to December 31, 2016 | | | |
| | At the end of the year | 133 | 0.00% | 133 | 0.00% |
| | Key Managerial Personnel | No. of shares | % of total shares of the company | No of shares | % of total shares of the company |
| 2 | Sandip Chatterjee | 1 | 0.00% | 1 | 0.00% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | No movement during the financial year from January 1, 2016 to December 31, 2016 | | | |
| | At the end of the year | 1 | 0.00% | 1 | 0.00% |
| 3 | Banibrata DeSarkar | 1 | 0.00% | 1 | 0.00% |
| | Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | No movement during the financial year from January 1, 2016 to December 31, 2016 | | | |
| | At the end of the year | 1 | 0.00% | 1 | 0.00% |

No other Director of the Company hold any shares in the Company

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-------------------|----------|--------------------|
| Indebtness at the beginning of the financial year | | | | |
| i) Principal Amount | 606,568 | 24,219,413 | - | 24,825,981 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 606,568 | 24,219,413 | - | 24,825,981 |
| Change in Indebtedness during the financial year | | | | |
| Additions | - | - | - | - |
| Reduction | 606,568 | 24,219,413 | - | 24,825,981 |
| Net Change | 606,568 | 24,219,413 | - | 24,825,981 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

| Sl. No | Particulars of Remuneration | Name of the MD/WTD/Manager | | Total Amount |
|--------|--|----------------------------|------------------|-------------------|
| 1 | Gross salary | Mr Shailendra Hari Singh | Mr. Yasuo Ikeda* | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. | 2,616,000 | 2,081,077 | 4,697,077 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | 2,583,959 | 2,942,619 | 5,526,578 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - |
| 2 | Stock option | | - | - |
| 3 | Sweat Equity | | - | - |
| 4 | Commission | | - | - |
| | as % of profit | | | |
| | others (specify) | | | |
| 5 | Others, please specify | | - | - |
| | Performance Bonus | 2,000,000 | - | 2,000,000 |
| | Management Allowance | 2,438,010 | 2,108,077 | 4,546,087 |
| | Retirals | 805,786 | 249,729 | 1,055,515 |
| | Total (A) | 10,443,755 | 7,381,502 | 17,825,257 |
| | Ceiling as per the Act | | | 30,805,669 |

* Mr Yasuo Ikeda resigned from the Board wef November 11, 2016.

B. Remuneration to other Directors:

| Sl. No | Particulars of Remuneration | Name of the Directors | | | | | Total Amount |
|--------|---|-----------------------|---------------|-------------|-----------|--------------|-------------------|
| 1 | Independent Directors | Mr D K Banerjee | Mr U Sengupta | Mr S Bose | Mrs R Sen | Mr B N Ghosh | |
| | (a) Fee for attending board/ committee meetings | 225,000 | 195,000 | 195,000 | 105,000 | - | 720,000 |
| | (b) Commission | 240,000 | 225,000 | 217,500 | 225,000 | 60,000 | 967,500 |
| | (c) Others, please specify Director Remuneration | - | - | - | - | - | - |
| | Total (1) | | | | | | 1,687,500 |
| 2 | Other Non Executive Directors | Dr P K Dutt | Mr K Sakai | Mr N Furuta | Mr P Koek | | |
| | (a) Fee for attending board committee meetings | 123,000 | - | - | - | | 123,000 |
| | (b) Commission | 902,500 | - | - | - | | 902,500 |
| | (c) Others, please specify Director Remuneration | - | - | - | - | | - |
| | Total (2) | | | | | | 1,025,500 |
| | Total (B)=(1+2) | | | | | | 2,713,000 |
| | Total Managerial Remuneration | | | | | | 20,538,257 |
| | Overall Ceiling as per the Act. | | | | | | 33,886,236 |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | Total |
|---------|--|---|--|------------------|
| | | Chief Finance Officer Mr Sandip Chatterjee | Company Secretary Mr Banibrata Desarkar | |
| 1 | Gross Salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | 4,797,243 | 1,068,034 | 5,865,277 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 923,626 | 441,467 | 1,365,093 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | as % of profit | | | |
| | others, specify | | | |
| 5 | Others, (Contribution to PF, Gratuity and Pension) and Performance Bonus | 1,439,393 | 312,034 | 1,751,427 |
| | Total | 7,160,262 | 1,821,535 | 8,981,797 |

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority (RD/NCLT/ Court) | Appeals made if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | NIL | | |
| Compounding | | | NIL | | |
| B. DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | NIL | | |
| Compounding | | | NIL | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | NIL | | |
| Compounding | | | NIL | | |

Secretarial Audit Report

FORM MR-3

(For the period 01-01-2016 to 31-12-2016)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members of
DIC India Ltd.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DIC India Ltd. (hereinafter called the company)**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period ended on **31st December, 2016**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the audit period ended on 31st December, 2016 according to the provisions of:
 - I. The Companies Act, 2013 (**the Act**) and the rules made thereunder;
 - II. The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') and the rules made thereunder;
 - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - V. Secretarial Standards as prescribed by Institute of Company Secretaries of India.
 - VI. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**') to the extent applicable to the company :-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - g. The Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015;

The major laws together with Rules thereto and respective state Rules thereof which are specifically applicable to the industry to which the Company belongs, as identified and represented by the management that are duly complied:

- i. Environment (Protection) Act, 1986.
- ii. Factories Act, 1948.
- iii. Explosives Act, 1884.
- iv. Food Safety and Standards Act, 2006.
- v. Industrial Disputes Act, 1947.
- vi. Fire Prevention and Life Safety Measures Act, 2013.
- vii. Public Liability Insurance Act, 1991.
- viii. Plastic Waste Management Rules, 2016.
- ix. Solid Waste Management Rules, 2016.
- x. Petroleum Act, 1934.
- xi. Water (Prevention and Control of Pollution) Act, 1974.
- xii. Air (Prevention and Control of Pollution) Act, 1981.
- xiii. Child Labour (Prohibition and Regulation) Act, 1986.
- xiv. Electricity Act, 2003.
- xv. Customs Act, 1962.
- xvi. Emigration Act, 1983.
- xvii. Employee State Insurance Act, 1948.
- xviii. Employee's Compensation Act, 1923.
- xix. Employee's Provident Funds and Miscellaneous Provisions Act, 1952.
- xx. Employee's Pension Scheme, 1995.
- xxi. Employee's Provident Fund Scheme, 1952.
- xxii. Employee's Deposit-linked Insurance Scheme, 1976.
- xxiii. Employment Exchanges (compulsory notification of vacancies) Act, 1959.
- xxiv. Equal Remuneration Rules, 1976.
- xxv. Minimum Wages Act, 1948.
- xxvi. Industrial Employment (Standing Orders) Act, 1946.
- xxvii. Industrial Employment (Standing Orders) Central Rules, 1946.
- xxviii. Industries (Development and Regulation) Act, 1951.
- xxix. Registration and Licensing of Industrial Undertakings Rules, 1952.
- xxx. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
- xxxi. Manufacture, Storage, and Import of Hazardous Chemical Rules, 1989.
- xxxii. Maternity Benefit Act, 1961.

During the period under review the Company has complied with the provisions of the SEBI Act, Rules, Regulations, Secretarial Standards and SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 etc mentioned above.

2. We further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - c. The Company has complied Secretarial Standard, SS-1 and SS-2 as applicable to it with respect to Board Meeting, General Meeting and meetings of the Committee of the Board.
 - d. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
 - e. The Company has obtained all necessary approvals under the various provisions of the Act; and
 - f. There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement, Rules, Regulations and Guidelines framed under these Acts against/ on the Company, its Directors and Officers.
 - g. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
3. We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For T. Chatterjee & Associates

Sd/-

Tarun Chatterjee

Membership No: 17195

COPNo. : 6935

Place: Kolkata

Date: 8th February 2017

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

To,
The Members of
DIC India Ltd.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company.
Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For T. Chatterjee & Associates

Sd/-

CS Tarun Chatterjee

Membership No.: 17195

Certificate of Practice No: 6935

Date: 8th February 2017

Place: Kolkata

Independent Auditors' Report

To the Members of DIC India Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of DIC India Limited (“the Company”), which comprise the Balance Sheet as at December 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the back-up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on December 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 10(b) above that the back-up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at December 31, 2016 on its financial position in its financial statements - Refer Note 26(b) to the financial statements;
 - ii. The Company has long-term contracts including derivative contracts as at December 31, 2016 for which there were no material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended December 31, 2016.

Kolkata
February 8, 2017

For **Lovelock & Lewes**
Firm Registration Number 301056E
Chartered Accountants
Pinaki Chowdhury
Partner
Membership Number 57572

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10(g) of the Independent Auditors' Report of even date to the members of DIC India Limited on the financial statements for the year ended December 31, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of DIC India Limited ("the Company") as of December 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Kolkata
February 8, 2017

For **Lovelock & Lewes**
Firm Registration Number 301056E
Chartered Accountants
Pinaki Chowdhury
Partner
Membership Number 57572

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of DIC India Limited on the financial statements as of and for the year ended December 31, 2016

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 8 on tangible assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of sales tax, value added tax, works contract tax, professional tax and income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, service tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax as at December 31, 2016 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs. in Million) | Period to which the amount relates | Forum where the dispute is pending |
|---------------------|----------------|----------------------------|---------------------------------------|---|
| Income-tax Act 1961 | Income Tax | 9.94 | 2009-10 and 2010-11 | Commissioner of Income Tax (Appeals) |

| Name of the statute | Nature of dues | Amount (Rs. in Million) | Period to which the amount relates | Forum where the dispute is pending |
|---|-----------------------|------------------------------------|---|--|
| Central Sales Tax Act, 1956 | Central Sales Tax | 7.03 | 2005-06 and 2010-11 | Appellate and Revisional Board |
| | | 0.60 | 2008-09 | Commercial Taxes Tribunal |
| | | 5.10 | 2013-14 | Additional Commissioner (Appeals) |
| | | 1.00 | 2010-11 to 2012-13 | Joint Commissioner of Sales Tax (Appeals) |
| | | 0.14 | 2013-14 | Senior Joint Commissioner of Sales Tax |
| | | 0.05 | 2003-04 | Deputy Commissioner |
| West Bengal Value Added Tax Act, 2003 | Value Added Tax | 3.03 | 2005-06 | Appellate and Revisional Board |
| | | 4.37 | 2013-14 | Senior Joint Commissioner of Sales Tax |
| Uttar Pradesh Value Added Tax Act, 2008 | Value Added Tax | 1.81 | 2009-10, 2011-12 and 2012-13 | Commercial Taxes Tribunal |
| | | 1.58 | 2013-14 and 2014-15 | Additional Commissioner (Appeals) |
| Central Excise Act, 1944 | Excise Duty | 18.86 | 1994-95 to 1996-97, 2000-01 to 2005-06 | Customs, Excise & Service Tax Appellate Tribunal |
| | | 13.60 | 1994-95, 1997-98, 2005-06 to 2010-11 | Commissioner (Appeals) |
| Finance Act, 1994 | Service Tax | 7.14 | 2004-05 to 2012-13 | Customs, Excise & Service Tax Appellate Tribunal |
| | | 33.58 | 2001-02 to 2011-12 | Commissioner (Appeals) |
| Customs Act, 1962 | Customs Duty | 3.43 | 1999-2000 | Hon'ble High Court at Calcutta |
| | | 25.01 | 2005-06, 2009-10 to 2010-11 | Customs, Excise & Service Tax Appellate Tribunal |

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. In our opinion, and according to the information and explanations given to us, the monies raised by way of term loans and commercial paper have been applied, on an overall basis, for the purposes for which they were obtained. The Company has not raised any monies by way of initial public offer and any other further public offer (including debt instruments).
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

Kolkata
February 8, 2017

For **Lovelock & Lewes**
Firm Registration Number 301056E
Chartered Accountants
Pinaki Chowdhury
Partner
Membership Number 57572

Balance Sheet

As at 31st December 2016

(Rs. in Million)

| | Note | As at 31st December 2016 | As at 31st December 2015 |
|--|------|--------------------------------|--------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 91.79 | 91.79 |
| Reserves and Surplus | 2 | 2,929.53 | 2,745.30 |
| | | 3,021.32 | 2,837.09 |
| Non-current Liabilities | | | |
| Long-term Provisions | 3 | 34.70 | 29.00 |
| Current Liabilities | | | |
| Short-term Borrowings | 4 | — | 24.83 |
| Trade Payables | 5 | — | — |
| Total outstanding dues of Micro Enterprises and Small Enterprises | | 37.30 | 38.93 |
| Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | | 873.32 | 780.41 |
| Other Current Liabilities | 6 | 436.24 | 326.78 |
| Short-term Provisions | 7 | 46.77 | 46.31 |
| | | 1,393.63 | 1,217.26 |
| TOTAL | | 4,449.65 | 4,083.35 |
| ASSETS | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 8 | 684.45 | 697.80 |
| Intangible Assets | 9 | 4.85 | 9.38 |
| Capital Work- in- progress | | 36.00 | 23.90 |
| | | 725.30 | 731.08 |
| Non-current Investments | | | |
| | 10 | — | — |
| Deferred Tax Assets (Net) | | | |
| | 11 | 33.31 | 19.54 |
| Long-term Loans and Advances | | | |
| | 12 | 41.30 | 39.01 |
| Current Assets | | | |
| Inventories | 13 | 1,162.16 | 1,014.35 |
| Trade Receivables | 14 | 1,961.69 | 2,059.72 |
| Cash and Bank Balances | 15 | 217.24 | 7.10 |
| Short-term Loans and Advances | 16 | 305.40 | 208.07 |
| Other Current Assets | 17 | 3.25 | 4.48 |
| | | 3,649.74 | 3,293.72 |
| TOTAL | | 4,449.65 | 4,083.35 |

The accompanying notes are an integral part of these Financial Statements.

This is the Balance Sheet referred to in our Report of even date.

On behalf of the Board

For Lovelock and Lewes
Firm Registration Number - 301056E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number: 57572
Kolkata, 8th February 2017

Shailendra Hari Singh
Managing Director & CEO

Sandip Chatterjee
Chief Finance Officer

Kolkata, 8th February 2017

Utpal Sengupta
Director

B. DeSarkar
Company Secretary

Statement of Profit & Loss

For the year ended 31st December 2016

(Rs. in Million)

| | Note | Year ended 31st December 2016 | Year ended 31st December 2015 |
|--|------|-------------------------------------|-------------------------------------|
| REVENUE | | | |
| Revenue from Sale of Products (Gross) | | 7,846.42 | 8,319.80 |
| Less: Excise Duty | | 804.91 | 859.18 |
| | | 7,041.51 | 7,460.62 |
| Other Operating Revenues | 18 | 30.76 | 34.77 |
| Revenue from Operations (Net) | | 7,072.27 | 7,495.39 |
| Other Income | 19 | 66.87 | 49.43 |
| TOTAL REVENUE | | 7,139.14 | 7,544.82 |
| EXPENSES | | | |
| Cost of Materials Consumed | 20 | 4,641.31 | 4,936.47 |
| Purchases of Stock-in-Trade | | 276.00 | 316.32 |
| Changes in Inventories of Finished Goods, | 21 | (59.33) | 11.34 |
| Work-in-Progress and Stock-in-Trade | | | |
| Employee Benefits Expense | 22 | 580.41 | 490.12 |
| Finance Costs | 23 | 21.69 | 48.81 |
| Depreciation and Amortisation Expense | 24 | 153.14 | 173.92 |
| Other Expenses | 25 | 1,217.77 | 1,164.87 |
| TOTAL EXPENSES | | 6,830.99 | 7,141.85 |
| Profit before Tax | | 308.15 | 402.97 |
| Tax Expense | | | |
| Current Tax (Note 29) | | 93.50 | 140.00 |
| Deferred Tax - (Credit) | | (13.77) | (34.15) |
| Profit for the Year | | 228.42 | 297.12 |
| Earnings Per Equity Share [Nominal Value per Share Rs. 10.00 (2015: Rs. 10.00) (Note 44)] | | | |
| - Basic and Diluted (Rs.) | | 24.89 | 32.37 |

The accompanying notes are an integral part of these Financial Statements.

This is the Statement of Profit & Loss referred to in our Report of even date.

On behalf of the Board

For Lovelock and Lewes
Firm Registration Number - 301056E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number: 57572
Kolkata, 8th February 2017

Shailendra Hari Singh
Managing Director & CEO

Sandip Chatterjee
Chief Finance Officer

Kolkata, 8th February 2017

Utpal Sengupta
Director

B. DeSarkar
Company Secretary

Notes to the Financial Statements

| | As at 31st December 2016 (No. of Shares) | As at 31st December 2016 (Rs. in Million) | As at 31st December 2015 (No. of Shares) | As at 31st December 2015 (Rs. in Million) |
|---|---|--|---|--|
| Note 1 | | | | |
| SHARE CAPITAL | | | | |
| Authorised | | | | |
| Equity Shares of Rs.10.00 each | 15,000,000 | 150.00 | 15,000,000 | 150.00 |
| Issued, Subscribed and Paid up | | | | |
| Equity Shares of Rs 10.00 each fully paid | 9,178,977 | 91.79 | 9,178,977 | 91.79 |
| | 9,178,977 | 91.79 | 9,178,977 | 91.79 |

- (a) Rights, preferences and restrictions attached to Equity Shares:

The Company has one class of Equity Shares having a par value of Rs.10 per Equity Share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

| | As at 31st December 2016 (No. of Shares) | As at 31st December 2016 (% of holding) | As at 31st December 2015 (No. of Shares) | As at 31st December 2015 (% of holding) |
|---|---|--|---|--|
| (b) Shares held by the Holding Company | | | | |
| DIC Asia Pacific Pte. Limited | 6,586,077 | 71.75 | 6,586,077 | 71.75 |
| (c) Shareholders holding more than 5% of the Shares in the Company | | | | |
| DIC Asia Pacific Pte. Limited | 6,586,077 | 71.75 | 6,586,077 | 71.75 |

- (d) There were no shares issued pursuant to contracts without payment being received in cash, by way of bonus issue and no shares were bought back in the period of five years immediately preceding the date as at which the Balance Sheet is prepared.

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Million)

| | As at 31st December 2016 | As at 31st December 2015 |
|---|--------------------------------|--------------------------------|
| Note 2 | | |
| RESERVES AND SURPLUS | | |
| Capital Reserve | | |
| At the beginning and at the end of the year | 0.05 | 0.05 |
| Securities Premium Account | | |
| At the beginning and at the end of the year | 654.81 | 654.81 |
| General Reserve | | |
| At the beginning of the year | 655.40 | 654.40 |
| Add: Transfer from Surplus in Statement of Profit and Loss | 0.50 | 1.00 |
| At the end of the year | 655.90 | 655.40 |
| Surplus in Statement of Profit and Loss | | |
| At the beginning of the year | 1,435.04 | 1,203.81 |
| Less: Adjustment consequent upon revision in useful lives of certain tangible assets (Net of deferred tax impact) (Refer Note 45) | — | 20.70 |
| Add: Profit for the year | 228.42 | 297.12 |
| Amount available for Appropriation | 1,663.46 | 1,480.23 |
| Less: Appropriation: | | |
| Transfer to General Reserve | 0.50 | 1.00 |
| Proposed Dividend on Equity Shares [Rs.4.00 (2015: Rs. 4.00) per share] | 36.72 | 36.72 |
| Dividend Distribution Tax on Proposed Dividend | 7.47 | 7.47 |
| At the end of the year | 1,618.77 | 1,435.04 |
| | 2,929.53 | 2,745.30 |
| Note 3 | | |
| LONG TERM PROVISIONS | | |
| Provision for Employee Benefits | 34.70 | 29.00 |
| | 34.70 | 29.00 |

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Million)

| | As at 31st December 2016 | As at 31st December 2015 |
|--|--------------------------------|--------------------------------|
| Note 4 | | |
| SHORT TERM BORROWINGS | | |
| Secured Loans | | |
| Loans repayable on demand: | | |
| From Banks* | | |
| Cash Credit / Overdraft / Working Capital facilities | — | 0.61 |
| Unsecured Loans | | |
| Loan repayable on demand: | | |
| From a Bank | | |
| Working Capital Demand Loan/ Overdraft | — | 24.22 |
| | — | 24.83 |
| | | |
| * The Company's borrowings from the Consortium of Banks are secured by first pari pasu charge on Current Assets of the Company, both present and future. | | |
| Note 5 | | |
| TRADE PAYABLES | | |
| Total outstanding dues of Micro Enterprises and Small Enterprises (Note 30) | 37.30 | 38.93 |
| Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 873.32 | 780.41 |
| | 910.62 | 819.34 |
| Note 6 | | |
| OTHER CURRENT LIABILITIES | | |
| Unpaid Dividend | 1.51 | 1.43 |
| Other Payables | | |
| Payable for purchase of Fixed Assets | 0.33 | 0.04 |
| Payable to Government Authorities | 128.80 | 58.08 |
| Advance from customers | 4.30 | 3.03 |
| Employee related Liabilities | 92.91 | 49.43 |
| Royalty liability to a Related Party | 41.54 | 45.81 |
| Security Deposits | 43.47 | 37.86 |
| Interest payable | 15.48 | 23.88 |
| Directors' Commission payable | 1.57 | 1.73 |
| Sales Commission and Discount Liabilities | 106.33 | 105.49 |
| | 436.24 | 326.78 |
| Note 7 | | |
| SHORT TERM PROVISIONS | | |
| Provision for Employee Benefits | 2.20 | 1.81 |
| Others | | |
| Provision for Mark-to-Market Losses on Derivatives | 0.38 | 0.31 |
| Proposed Dividend on Equity Shares | 36.72 | 36.72 |
| Dividend Distribution Tax on Proposed Dividend | 7.47 | 7.47 |
| | 46.77 | 46.31 |

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Million)

Note 8

TANGIBLE ASSETS

| Particulars | Gross Block | | | | Depreciation/ Amortisation | | | | Net Block | | |
|------------------------|-----------------------|---------------------------|------------------------------|-----------------------|----------------------------|---------------|---|------------------------------|------------------|------------------|------------------|
| | Cost as at 01.01.2016 | Additions during the year | On Disposals during the year | Cost as at 31.12.2016 | As at 01.01.2016 | For the year | Adjusted with Retained Earnings (Refer Note 45) | On Disposals during the year | As at 31.12.2016 | As at 31.12.2016 | As at 31.12.2015 |
| Land-Freehold | 9.72 | — | — | 9.72 | — | — | — | — | — | 9.72 | 9.72 |
| Land-Leasehold | 17.47 | — | — | 17.47 | 6.00 | 0.45 | — | — | 6.45 | 11.02 | 11.47 |
| Buildings | 266.95 | 22.17 | 2.97 | 286.15 | 129.63 | 14.37 | — | 1.67 | 142.33 | 143.82 | 137.32 |
| Plant and Equipments | 1,432.12 | 99.17 | 24.15 | 1,507.14 | 905.33 | 124.38 | — | 21.59 | 1,008.12 | 499.02 | 526.79 |
| Furniture and Fixtures | 29.50 | 8.11 | 3.58 | 34.03 | 23.07 | 3.69 | — | 3.37 | 23.39 | 10.64 | 6.43 |
| Vehicles | 1.94 | 0.17 | 0.66 | 1.45 | 1.44 | 0.15 | — | 0.55 | 1.04 | 0.41 | 0.50 |
| Office Equipments | 7.58 | 0.14 | — | 7.72 | 7.00 | 0.16 | — | — | 7.16 | 0.56 | 0.58 |
| Computers | 40.72 | 7.99 | 1.51 | 47.20 | 35.73 | 3.70 | — | 1.49 | 37.94 | 9.26 | 4.99 |
| Total | 1,806.00 | 137.75 | 32.87 | 1,910.88 | 1,108.20 | 146.90 | — | 28.67 | 1,226.43 | 684.45 | 697.80 |
| Previous Year | 1,804.06 | 56.77 | 54.83 | 1,806.00 | 959.77 | 159.90 | 31.37 | 42.84 | 1,108.20 | 697.80 | |

a) Title deeds of the above immovable properties are held in the name of the Company.

Note 9

INTANGIBLE ASSETS

| Particulars | Gross Block | | | | Amortisation | | | | Net Block | |
|---------------------------------|--------------------------|--------------------------------|---------------------------------------|--------------------------|---------------------|-----------------|---------------------------------------|---------------------|---------------------|--------------------|
| | Cost as at 01.01.2016 | Addition during the year | On Disposals during the year | Cost as at 31.12.2016 | As at 01.01.2016 | For the year | On Disposals during the year | As at 31.12.2016 | As at 31.12.2016 | As a 31.12.2015 |
| Computer Software - Acquired | 56.08 | 1.83 | 1.40 | 56.51 | 46.70 | 6.24 | 1.28 | 51.66 | 4.85 | 9.38 |
| Total | 56.08 | 1.83 | 1.40 | 56.51 | 46.70 | 6.24 | 1.28 | 51.66 | 4.85 | 9.38 |
| Previous Year | 56.08 | — | — | 56.08 | 32.68 | 14.02 | — | 46.70 | 9.38 | |

As at
31st December
2016

As at
31st December
2015

Note 10

NON CURRENT INVESTMENTS (At Cost)

Long-Term Investments - Unquoted

Other than Trade - Investment in Equity Instruments

Magnum Tower Co-operative Housing Society Ltd.,
10 Equity shares of Rs. 50.00 each fully paid (Rs.500.00)*

—#

—#

Sheffield Towers Co-operative Housing Society Ltd.,
5 Equity shares of Rs. 50.00 each fully paid (Rs.250.00)*

—#

—#

Mani Towers Flat Owners Association,
20 Equity shares of Rs 10.00 each fully paid (Rs.200.00)*

—#

—#

—#

—#

—#

—#

Aggregate Amount of Unquoted Investments

* These investments relate to ownership flats included in fixed assets

Figures are below the rounding off norm adopted by the Company

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Million)

| | As at 31st December 2016 | As at 31st December 2015 |
|---|--------------------------------|--------------------------------|
| Note 11 | | |
| DEFERRED TAX ASSETS (NET) | | |
| Deferred Tax Assets | | |
| Employees' Separation Costs | 26.48 | 42.37 |
| Provision for Doubtful Debts | 12.06 | 14.20 |
| Expenses allowable for tax purpose on payment | 38.72 | 19.17 |
| | 77.26 | 75.74 |
| Deferred Tax Liabilities | | |
| Depreciation [@] | 43.95 | 56.20 |
| Deferred Tax Assets (Net) | 33.31 | 19.54 |
| [@] After considering Rs. Nil (2015: Rs. 10.67 Million) being adjustment against Surplus in Statement of Profit and Loss pursuant to revision of estimated useful lives of certain tangible assets (Refer Note 45) | | |
| Note 12 | | |
| LONG TERM LOANS AND ADVANCES | | |
| Unsecured, Considered good | | |
| Capital Advances | 6.62 | 3.90 |
| Security Deposits | 34.02 | 33.48 |
| Employee Loans | 0.66 | 1.63 |
| | 41.30 | 39.01 |
| Note 13 | | |
| INVENTORIES (At lower of Cost and Net Realizable Value) | | |
| Raw Materials (includes in transit Rs.68.30 Million; 2015: Rs. 48.43 Million) | 519.70 | 434.66 |
| Work-in-Progress (includes in transit Rs. 4.40 Million; 2015: Rs. 3.92 Million) | 149.06 | 127.29 |
| Finished Goods (includes in transit Rs. 70.17 Million; 2015: Rs. 64.75 Million) | 433.15 | 374.67 |
| Stock-in-Trade (includes in transit Rs. 10.33 Million; 2015: Rs. 26.62 Million) | 30.63 | 44.31 |
| Stores and Spares (includes in transit Rs. 0.11 Million; 2015: Rs. Nil) | 17.08 | 18.59 |
| Containers (includes in transit Rs. 0.01 Million; 2015: Rs. 0.02 Million) | 12.54 | 14.83 |
| | 1,162.16 | 1,014.35 |
| Note 14 | | |
| TRADE RECEIVABLES | | |
| Debts outstanding for a period exceeding six months from the date they are due for payment | | |
| Considered Good - Secured | 0.50 | 0.49 |
| Considered Good - Unsecured | 0.85 | 0.82 |
| Considered Doubtful | 18.52 | 27.35 |
| | 19.87 | 28.66 |
| Less : Provision for Doubtful Debts | 18.52 | 27.35 |
| | 1.35 | 1.31 |
| Other Debts | | |
| Considered Good - Secured | 39.28 | 31.82 |
| Considered Good - Unsecured | 1,921.06 | 2,026.59 |
| Considered Doubtful | 16.32 | 13.68 |
| | 1,976.66 | 2,072.09 |
| Less : Provision for Doubtful Debts | 16.32 | 13.68 |
| | 1,960.34 | 2,058.41 |
| | 1,961.69 | 2,059.72 |

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Million)

| | As at 31st December 2016 | As at 31st December 2015 |
|---|--------------------------------|--------------------------------|
| Note 15 | | |
| CASH AND BANK BALANCES | | |
| Cash and Cash Equivalents | | |
| Cash on hand | 0.18 | 0.18 |
| Balances with Banks in Current Accounts | 215.47 | 5.37 |
| | 215.65 | 5.55 |
| Other Bank Balances | | |
| Fixed Deposit Accounts (original maturity of more than twelve months) | 0.08 | 0.12 |
| Balances with Banks in Unpaid Dividend Accounts | 1.51 | 1.43 |
| | 217.24 | 7.10 |
| Note 16 | | |
| SHORT TERM LOANS AND ADVANCES | | |
| Unsecured, Considered good | | |
| Loans and Advances to Related Parties [Note 41 (ii)] | 55.15 | 39.06 |
| Others | | |
| Advances/Deposits with Government Authorities | 133.37 | 100.72 |
| Supplier Advances | 52.38 | 37.87 |
| Prepaid Expenses | 8.94 | 8.20 |
| Loans/Advances to Employees | 8.62 | 4.75 |
| Advance Payment of Current Tax [Net of Provision Rs. 689.86 Million (2015: Rs. 596.36 Million)] | 46.94 | 17.47 |
| | 250.25 | 169.01 |
| | 305.40 | 208.07 |
| Note 17 | | |
| OTHER CURRENT ASSETS | | |
| Unsecured, Considered Good | | |
| Duty Drawback Receivable | 1.70 | 2.30 |
| Insurance Claim Receivable | 0.99 | 1.74 |
| Interest Receivable | 0.44 | 0.44 |
| Other Receivable | 0.12 | — |
| | 3.25 | 4.48 |

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Million)

| | Year ended 31st December 2016 | | Year ended 31st December 2015 |
|--|-------------------------------------|---------|-------------------------------------|
| Note 18 | | | |
| OTHER OPERATING REVENUES | | | |
| Sale of Containers | 16.42 | | 19.85 |
| Commission Income | 3.91 | | 0.73 |
| Duty Drawback | 7.35 | | 9.33 |
| Insurance Claim | 3.08 | | 4.66 |
| Bad Debts Recovered | — | | 0.20 |
| | <u>30.76</u> | | <u>34.77</u> |
| Note 19 | | | |
| OTHER INCOME | | | |
| Interest Income on Loans and Deposits | 1.79 | | 0.68 |
| Management / Service Fees | 13.51 | | 8.35 |
| Provision for Doubtful Debts written back | 28.14 | | 4.89 |
| Liabilities no longer required written back | 22.94 | | 35.45 |
| Miscellaneous Receipts | 0.49 | | 0.06 |
| | <u>66.87</u> | | <u>49.43</u> |
| Note 20 | | | |
| COST OF MATERIALS CONSUMED | | | |
| Raw materials consumed | | | |
| Opening Inventory | 434.66 | | 524.97 |
| Add : Purchases | 4401.05 | | 4,515.86 |
| Less : Closing Inventory | <u>519.70</u> | | <u>434.66</u> |
| Cost of Raw Materials Consumed | 4,316.01 | | 4,606.17 |
| Containers consumption | | | |
| Opening Inventory | 14.83 | | 15.25 |
| Add : Purchases | 323.01 | | 329.88 |
| Less : Closing Inventory | <u>12.54</u> | | <u>14.83</u> |
| Cost of Containers Consumed | 325.30 | | 330.30 |
| | <u>4,641.31</u> | | <u>4,936.47</u> |
| Note 21 | | | |
| CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | | | |
| Finished Goods | | | |
| Opening Inventory | 374.67 | | 396.64 |
| Closing Inventory | <u>433.15</u> | (58.48) | <u>374.67</u> |
| | | | 21.97 |
| Work-in-Progress | | | |
| Opening Inventory | 127.29 | | 129.18 |
| Closing Inventory | <u>149.06</u> | (21.77) | <u>127.29</u> |
| | | | 1.89 |
| Stock-in-Trade | | | |
| Opening Inventory | 44.31 | | 29.64 |
| Closing Inventory | <u>30.63</u> | 13.68 | <u>44.31</u> |
| | | | (14.67) |
| Excise Duties on Increase/ (Decrease) of Finished Goods | 7.24 | | 2.15 |
| | <u>(59.33)</u> | | <u>11.34</u> |

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Million)

| | Year ended 31st December 2016 | Year ended 31st December 2015 |
|--|-------------------------------------|-------------------------------------|
| Note 22 | | |
| EMPLOYEE BENEFITS EXPENSE | | |
| Salaries and Wages | 486.87 | 401.03 |
| Contribution to Provident and Other Funds (Refer Note 43) | 46.25 | 41.48 |
| Staff Welfare Expenses | 47.29 | 47.61 |
| | 580.41 | 490.12 |
| Note 23 | | |
| FINANCE COSTS | | |
| Interest Expenses | 20.84 | 48.11 |
| Other Borrowing Costs | 0.85 | 0.70 |
| | 21.69 | 48.81 |
| Note 24 | | |
| DEPRECIATION AND AMORTISATION EXPENSE | | |
| Depreciation on Tangible Assets | 146.45 | 159.45 |
| Amortisation on Leasehold Land | 0.45 | 0.45 |
| Amortisation on Intangible Assets | 6.24 | 14.02 |
| | 153.14 | 173.92 |
| Note 25 | | |
| OTHER EXPENSES | | |
| Consumption of Stores and Spare Parts (Note 33) | 88.75 | 84.67 |
| Power and Fuel | 139.59 | 151.79 |
| Rent (Note 28) | 38.96 | 32.91 |
| Repairs to Buildings | 11.65 | 9.57 |
| Repairs to Machinery | 45.04 | 43.65 |
| Other Repairs | 6.42 | 7.99 |
| Insurance | 17.08 | 19.63 |
| Rates and Taxes, excluding taxes on Income | 102.00 | 60.86 |
| Selling Agents' Commission | 75.07 | 82.01 |
| Travelling Expenses | 44.85 | 38.34 |
| Despatching Expenses | 263.97 | 259.81 |
| Processing Charges | 50.81 | 47.49 |
| Royalty | 93.08 | 101.31 |
| Net Loss on Foreign Currency Transaction and Translation | 8.47 | 9.11 |
| Provision for Doubtful Debts | 21.94 | 25.29 |
| Bad Debts written off | 18.11 | 8.93 |
| Auditors' Remuneration (Note 34) | 4.34 | 4.39 |
| Loss on disposal of Tangible Fixed Assets | 3.45 | 11.76 |
| Expenditure towards Corporate Social Responsibility Activities (Note 25.1) | 1.96 | — |
| Miscellaneous Expenses | 182.23 | 165.36 |
| | 1217.77 | 1,164.87 |
| Note 25.1 | | |
| Corporate Social Responsibility (CSR) Expenditure: | | |
| (a) Gross amount required to be spent by the Company during the year | 2.53 | 1.79 |
| (b) Amount spent during the year on: | | |
| – Construction/ Acquisition of any Asset | — | — |
| – On Other Purposes (Paid) | 1.96 | — |

NOTES TO THE FINANCIAL STATEMENTS

26. (a) Commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs. 10.05 Million (2015- Rs. 5.72 Million)

(b) Contingent Liabilities

Claims against the Company not acknowledged as debt :

- i) Income Tax matters Rs. 84.38 Million (2015 - Rs. 46.40 Million) pending in appeals.
- ii) Disputed Indirect Tax matters for which appeals before the relevant authorities are pending disposal are as follows :
 - a) Custom Duty matters Rs.20.16 Million (2015 - Rs.20.16 Million)
 - b) Excise Duty matters Rs.44.49 Million (2015 - Rs.45.22 Million)
 - c) Service Tax matters Rs. 41.05 Million (2015 - Rs.42.09 Million)
 - d) Sales Tax / VAT / Entry Tax matters Rs. 26.30 Million (2015 - Rs.18.66 Million)
- iii) Rent under dispute Rs. Nil (2015 - Rs.3.72 Million) pending in appeals.

In respect of above, it is not practicable for the Company to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above contingent liabilities.

27. Derivative Instruments and Unhedged Foreign Currency Exposure

- (a) Foreign currency exposures that have been hedged by a Derivative Instrument (Forward Contracts) as at year end are as under:

(in Million)

| Currency | As at 31st December 2016 | | | As at 31st December 2015 | | |
|----------|--------------------------|-------|---------|--------------------------|-------|---------|
| | Sell | Buy | Net | Sell | Buy | Net |
| USD | — | 0.60 | (0.60) | 0.52 | 0.50 | 0.02 |
| EURO | — | 0.27 | (0.27) | — | 0.05 | (0.05) |
| JPY | — | 40.00 | (40.00) | — | 42.00 | (42.00) |
| GBP | — | — | — | — | 0.02 | (0.02) |

- (b) Foreign currency exposures that have not been hedged by a Derivative Instrument as at year end are as under:

(in Million)

| Currency | As at 31st December 2016 | | | As at 31st December 2015 | | |
|----------|--------------------------|-------|---------|--------------------------|-------|---------|
| | Sell | Buy | Net | Sell | Buy | Net |
| USD | 1.46 | 2.39 | (0.93) | 0.60 | 1.72 | (1.12) |
| EURO | 0.07 | 0.24 | (0.17) | 0.23 | 0.26 | (0.03) |
| JPY | 17.84 | 95.88 | (78.04) | 2.50 | 53.91 | (51.41) |
| GBP | - | 0.03 | (0.03) | - | - | - |
| AUD | - | 0.01 | (0.01) | - | - | - |
| SGD | - | - | - | - | 0.03 | (0.03) |
| CHF | 0.03 | 0.03 | * | * | - | * |

* Figures are below the rounding off norm adopted by the Company

- (c) Mark-to-market losses provided for as at the year end Rs.0.38 Million (2015 - Rs. 0.31 Million)

28. Assets acquired under Operating Lease

- (a) The Company's significant leasing arrangements are in respect of operating leases for premises (like residential property, office premises, godowns, etc). These leasing arrangements, which are cancellable, range between 11 months to 4 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals in this regard amounting to Rs.34.56 Million (2015 - Rs.29.65 Million) are charged as Rent under Note 25.

NOTES TO THE FINANCIAL STATEMENTS

- (b) The Company acquired certain assets under Operating lease, which are non-cancellable for a period of 4 years with an option to renew the same for a further period at a minimum rent. Details of Lease payments outstanding as at 31st December 2016 are given below:

| | Minimum lease payments due | |
|---|----------------------------|--------------------------|
| | 2016 (Rs. in Million) | 2015 (Rs. in Million) |
| Not later than one year | 2.92 | 3.03 |
| Later than one year and not later than five years | 5.22 | 3.38 |
| Lease Payment recognised in the Statement of Profit and Loss (Note 25) | 4.40 | 3.26 |

29. Provision for Taxation

Provision for taxation made in these accounts is based on the results for the current financial period including the results for the period from 1st January 2016 to 31st March 2016 forming part of the assessment year 2016-2017. Ultimate liability for taxation for the assessment year 2017-2018 will be determined on the basis of the results for the last nine months of the current financial period together with that of subsequent three months upto 31st March 2017 as one composite income.

30. Disclosure pursuant to Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006" is as follows :

| | 2016 (Rs. in Million) | 2015 (Rs. in Million) |
|---|--------------------------|--------------------------|
| (i) The Principal amount and Interest due thereon remaining unpaid to any supplier | | |
| Principal | 37.30 | 38.93 |
| Interest | — | 0.19 |
| (ii) The amount of interest paid by the buyer in terms of Section 16 of The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed day during the year | | |
| Principal | — | — |
| Interest | 4.59 | — |
| (iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under MSMED Act, 2006 | | |
| Principal | 35.37 | 110.97 |
| Interest | 0.56 | 2.20 |
| (iv) The amount of interest accrued and remaining unpaid at the end of the accounting year [including Rs.2.36 Million (2015 : Rs.4.56 Million) being interest outstanding as at the beginning of the accounting year] | 2.92 | 6.95 |
| (v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due on above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006 | 0.56 | 2.39 |

Note :

The above particulars, as applicable, have been given in respect of Micro and Small Enterprises to the extent they could be identified on the basis of the information available with the Company.

NOTES TO THE FINANCIAL STATEMENTS**31. (a) Raw Materials Consumed**

| Class of Goods | 2016 (Rs. in Million) | 2015 (Rs. in Million) |
|-------------------------|----------------------------------|----------------------------------|
| Pigments | 1,392.93 | 1,428.68 |
| Resins | 1,142.88 | 1,205.68 |
| Oil | 433.98 | 533.73 |
| Solvents | 846.34 | 971.21 |
| Miscellaneous Chemicals | 499.88 | 455.78 |
| Rubber Blanket | * | 11.09 |
| TOTAL | 4,316.01 | 4,606.17 |

* Amount is below the rounding off norm adopted by the Company

(b) Details relating to Closing Stock of Raw Materials

| Class of Goods | 2016 (Rs. in Million) | 2015 (Rs. in Million) |
|-------------------------|----------------------------------|----------------------------------|
| Pigments | 146.05 | 155.72 |
| Resins | 178.38 | 167.95 |
| Oil | 14.62 | 12.86 |
| Solvents | 47.03 | 36.73 |
| Miscellaneous Chemicals | 133.62 | 61.39 |
| Rubber Blanket | - | 0.01 |
| TOTAL | 519.70 | 434.66 |

32. (i) Details relating to Opening Stock, Closing Stock and Turnover of Manufactured Items:

(Rs. in Million)

| | Opening Stock | Closing Stock | Sales |
|----------------------|---------------------------|---------------------------|-------------------------------|
| Printing Inks | 338.69 (348.20) | 405.93 (338.69) | 6,917.50 (7,353.39) |
| Press Room Chemicals | * (0.26) | * * | * (1.55) |
| Rubber Blankets | 0.69 (0.49) | 0.04 (0.69) | 1.31 (22.64) |
| Lamination Adhesive | 35.29 (47.69) | 27.18 (35.29) | 547.04 (569.04) |
| TOTAL | 374.67 (396.64) | 433.15 (374.67) | 7,465.85 (7,946.62) |

* Figures are below the rounding off norm adopted by the Company

Figures within brackets relate to previous year.

(ii) Stock, Purchases and Sale of Goods traded in

(Rs. in Million)

| Class of Goods | Opening Stock | Purchases | Sales | Closing Stock |
|-----------------------|-------------------------|---------------------------|---------------------------|-------------------------|
| Press Aid | 0.78 (9.30) | 0.58 (20.20) | 0.83 (34.29) | 0.54 (0.78) |
| Printing Inks | 15.20 (7.49) | 16.65 (64.17) | 27.63 (61.16) | 16.59 (15.20) |
| Chemicals | 28.33 (12.85) | 244.77 (199.91) | 334.62 (242.51) | 13.50 (28.33) |
| Others | - - | 14.00 (32.04) | 17.49 (35.22) | - - |
| TOTAL | 44.31 (29.64) | 276.00 (316.32) | 380.57 (373.18) | 30.63 (44.31) |

Figures within brackets relate to previous year.

NOTES TO THE FINANCIAL STATEMENTS

| | 2016 (Rs. in Million) | 2015 (Rs. in Million) |
|---|--------------------------|--------------------------|
| (iii) Details of Work-in-Progress | | |
| Printing Inks | 144.66 | 125.13 |
| Lamination Adhesive | 4.40 | 2.16 |
| | 149.06 | 127.29 |
| 33. Consumption of Stores and Spare Parts | | |
| Consumption of Stores and Spare parts debited to various heads included in Note 25 are as follows: | | |
| (i) Repairs to Machinery | 4.80 | 5.20 |
| (ii) Consumption of Stores and Spare Parts | 88.75 | 84.67 |
| (iii) Power and Fuel | 40.84 | 43.28 |
| | 134.39 | 133.15 |
| 34. Aggregate amount paid/ payable to the Auditors | | |
| As Auditor | | |
| (i) Audit Fees* | 2.40 | 1.90 |
| (ii) Tax Audit | 1.00 | 1.10 |
| (iii) Other Matters | 0.80 | 1.28 |
| (iv) Out of Pocket Expenses | 0.11 | 0.10 |
| (v) Service Tax and Education Cess (net of cenvat credit) | 0.03 | 0.01 |
| | 4.34 | 4.39 |
| * Including Rs. 0.50 Million (2015 - Rs. Nil) relating to internal financial controls over financial reporting. | | |
| 35. CIF Value of Imports | | |
| Raw Materials | 1,587.84 | 1,475.70 |
| Containers | 0.09 | 1.03 |
| Spare Parts | 22.86 | 5.75 |
| Capital Goods | 37.77 | 12.43 |
| Goods Traded-in | 253.04 | 123.82 |
| 36. Expenditure in Foreign Currency on Account of | | |
| Royalty | 93.08 | 101.31 |
| Others (includes bank charges, commission and travelling) | 48.15 | 43.75 |

37. Details relating to Consumption

| | 2016 | | 2015 | |
|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Value (Rs. in Million) | % of Total Consumption | Value (Rs. in Million) | % of Total Consumption |
| (i) Raw Material | | | | |
| Imported | 1,695.51 | 39.28 | 1,687.39 | 36.63 |
| Indigenous | 2,620.50 | 60.72 | 2,918.78 | 63.37 |
| Total | 4,316.01 | 100.00 | 4,606.17 | 100.00 |
| (ii) Containers | | | | |
| Imported | 1.70 | 0.52 | 2.15 | 0.65 |
| Indigenous | 323.60 | 99.48 | 328.15 | 99.35 |
| Total | 325.30 | 100.00 | 330.30 | 100.00 |
| (iii) Stores and Spare Parts | | | | |
| Imported | 12.06 | 8.97 | 8.88 | 6.67 |
| Indigenous | 122.33 | 91.03 | 124.27 | 93.33 |
| Total | 134.39 | 100.00 | 133.15 | 100.00 |

NOTES TO THE FINANCIAL STATEMENTS

| | 2016 (Rs. in Million) | 2015 (Rs. in Million) |
|---|--|--|
| 38. Amount remitted during the year in Foreign Currency on account of Dividend | | |
| Amount Remitted - (INR) | 26.34 | - |
| USD Value 0.40 (2015- USD Nil) | | |
| Year to which Dividend related | 2015 | N.A. |
| Number of Non-resident Shareholder(s) | One | N.A. |
| Number of shares held by Non-resident Shareholder(s) on which the dividends were due | 6,586,077 | N.A. |

| | 2016 (Rs. in Million) | 2015 (Rs. in Million) |
|---|--|--|
| 39. Earnings in Foreign Exchange | | |
| Export of goods on FOB basis | 502.44 | 500.72 |
| Management Fees | 12.70 | 8.35 |
| Commission | 3.91 | 0.73 |

| 40. Expenditure on Research and Development | | | |
|---|--|--|--|
| | 2016 (Rs. in Million) | 2015 (Rs. in Million) | 2014 (Rs. in Million) |
| Revenue Expenditure includes on account of Research and Development | 33.15 | 27.79 | 19.56 |
| Capital Expenditure includes on account of Research and Development | 32.51 | 4.55 | 1.02 |
| | 65.66 | 32.34 | 20.58 |

41. Related Parties Disclosures (in accordance with Accounting Standard 18 specified under the Act)**(i) Related Parties****Names of Related Parties****Relationship****(A) Where control exists**

| | |
|--------------------------------------|--------------------------|
| DIC Corporation, Japan | Ultimate Holding Company |
| DIC Asia Pacific Pte Ltd., Singapore | Holding Company |

(B) Others with whom transactions have taken place during the year

| | |
|--------------------------------------|-------------------|
| Benda-Lutz Werke GmbH | Fellow Subsidiary |
| DIC (Malaysia) Sdn. Bhd. | Fellow Subsidiary |
| DIC (Shanghai) Co., Ltd. | Fellow Subsidiary |
| DIC Alkylphenol Singapore Pte., Ltd. | Fellow Subsidiary |
| DIC Australia Pty Ltd | Fellow Subsidiary |
| DIC Compounds (Malaysia) Sdn. Bhd. | Fellow Subsidiary |
| DIC Europe GmbH | Fellow Subsidiary |
| DIC Fine Chemicals Private Limited | Fellow Subsidiary |
| DIC Graphics (Guangzhou) Ltd. | Fellow Subsidiary |
| DIC Graphics Corporation | Fellow Subsidiary |
| DIC Performance Resins GmbH | Fellow Subsidiary |
| DIC Lanka (Private) Ltd. | Fellow Subsidiary |

NOTES TO THE FINANCIAL STATEMENTS

| | |
|---|--------------------------|
| DIC New Zealand Ltd | Fellow Subsidiary |
| Hartmann Druckfarben GmbH | Fellow Subsidiary |
| Nantong DIC Color Co., Ltd. | Fellow Subsidiary |
| PT. DIC Graphics | Fellow Subsidiary |
| Siam Chemical Industry Co. Ltd. | Fellow Subsidiary |
| Sun Chemical AG | Fellow Subsidiary |
| Sun Chemical B.V. | Fellow Subsidiary |
| Sun Chemical Group S.P.A. | Fellow Subsidiary |
| Sun Chemical N.V./S.A. | Fellow Subsidiary |
| Sun Chemical ZAO | Fellow Subsidiary |
| Sun Chemical (South Africa) (Pty.) Ltd. | Fellow Subsidiary |
| Sun Chemical Limited | Fellow Subsidiary |
| Sun Chemical S.A.S | Fellow Subsidiary |
| Sun Chemical Corp. | Fellow Subsidiary |
| Sun Chemical (Chile) S.A. | Fellow Subsidiary |
| Sun Chemical Sp (z.o.o) | Fellow Subsidiary |
| DIC (Taiwan) Ltd. | Fellow Subsidiary |
| Sun Chemical Matbaa Murekkepleri Ve Gerecleri Sanayii Ve Ticaret A.S. | Fellow Subsidiary |
| Sun Chemical S.A. | Fellow Subsidiary |
| Tintas S.A.S. | Fellow Subsidiary |
| Mr. Yasuo Ikeda (up to 11th November, 2016) | Key Management Personnel |
| Mr. Shailendra Hari Singh (w.e.f. 23rd March, 2015) | Key Management Personnel |

NOTES TO THE FINANCIAL STATEMENTS

(ii) Disclosure of transactions with related parties during the year and outstanding balances

(Rs. in Million)

| Particulars | Ultimate Holding Company | Holding Company | Fellow Subsidiaries | Key Management Personnel | Total |
|---|--------------------------|--------------------|-----------------------------------|---------------------------------|--------------------|
| Transactions during the year | | | | | |
| Purchases of Goods | 184.66 (185.58) | 135.60 (124.50) | 318.51 ⁽¹⁾ (211.87) | - (-) | 638.77 (521.95) |
| Maintenance Charges / IT Cost incurred | - (-) | 36.45 (38.76) | - (-) | - (-) | 36.45 (38.76) |
| Royalty Expense | 93.08 (101.31) | - (-) | - (-) | - (-) | 93.08 (101.31) |
| Sale of Products | - (-) | - (-) | 135.74 ⁽²⁾ (178.52) | - (-) | 135.74 (178.52) |
| Commission Income | 3.82 (-) | - (0.18) | 0.09 ⁽³⁾ (0.55) | - (-) | 3.91 (0.73) |
| Management Fee Income | 12.53 (7.01) | 0.99 (1.34) | - (-) | - (-) | 13.52 (8.35) |
| Dividend Paid | - (-) | 26.34 (-) | - (-) | - (-) | 26.34 - |
| Remuneration | - (-) | - (-) | - (-) | 23.05 ⁽⁸⁾ (20.10) | 23.05 (20.10) |
| Reimbursement of Expenses | 50.11 (38.58) | 39.13 (14.90) | 3.31 ⁽⁴⁾ (1.55) | - (-) | 92.55 (55.03) |
| Outstanding as at the year end : | | | | | |
| Trade Payables | 42.11 (33.20) | 79.00 (67.43) | 76.03 ⁽⁵⁾ (43.69) | - (-) | 197.14 (144.32) |
| Employee Related Liabilities | - (-) | - (-) | - (-) | 9.10 ⁽⁹⁾ (6.91) | 9.10 (6.91) |
| Royalty Liability | 41.54 (45.81) | - (-) | - (-) | - (-) | 41.54 (45.81) |
| Trade Receivables | - (-) | - (-) | 27.72 ⁽⁶⁾ (41.11) | - (-) | 27.72 (41.11) |
| Short-term Loans and Advances | 43.90 (24.62) | 10.86 (13.82) | 0.39 ⁽⁷⁾ (0.62) | - (-) | 55.15 (39.06) |

Figures within brackets relate to previous year.

- (1) Purchases of Goods from Fellow Subsidiaries include purchases from DIC Fine Chemicals Private Limited Rs.115.28 Million (2015 - Rs.93.61 Million) and DIC Compounds (Malaysia) Sdn. Bhd. Rs.58.04 Million (2015 - Rs.29.71 Million).
- (2) Sale of Products to Fellow Subsidiaries include sales to DIC Australia Pty Ltd. Rs. 104.96 Million (2015- Rs.78.27 Million) and DIC Lanka (Private) Ltd. Rs. 14.28 Million (2015 - Rs.18.48 Million).
- (3) Commission Income from Fellow Subsidiaries include income from Sun Chemical N.V./S.A. Rs.0.09 Million (2015 - Rs. 0.33 Million).
- (4) Reimbursement of Expenses from Fellow Subsidiaries include reimbursement from DIC Fine Chemicals Pvt. Limited Rs. 3.31 Million (2015- Rs. Nil).
- (5) Trade Payables to Fellow Subsidiaries include payable to DIC Fine Chemicals Private Limited Rs. 32.39 Million (2015 - Rs.17.89 Million), DIC Graphics Corporation Rs. 13.85 Million (2015 - Rs. Nil) and DIC Compounds (Malaysia) Sdn. Bhd. Rs. 18.31 Million (2015 - Rs. 5.25 Million).
- (6) Trade Receivables from Fellow Subsidiaries include receivable from DIC Australia Pty Ltd. Rs. 20.02 Million (2015 - Rs.33.52 Million),
- (7) Short-term Loans and Advances to Fellow Subsidiaries include receivable from Sun Chemical N.V./S.A. Rs. 0.31 Million (2015 - Rs.0.31 Million) and Hartman Druckfarben GmbH Rs.0.08 Million (2015- Rs. Nil).
- (8) Remuneration includes remuneration to Mr. Shailendra Hari Singh Rs. 12.59 Million (2015 : Rs. 8.82 Million) and Mr. Yasuo Ikeda Rs. 10.46 Million (2015: Rs. 11.28 Million).
- (9) Employee Related Liabilities include payable to Mr. Shailendra Hari Singh Rs. 5.13 Million (2015 : Rs. 3.28 Million) and Mr. Yasuo Ikeda Rs. 3.97 Million (2015: Rs. 3.63 Million).

NOTES TO THE FINANCIAL STATEMENTS

42. Segment Information

Information about Primary Business Segments

(Rs. in Million)

| | Printing Ink | | Adhesive | | Total | |
|---|-----------------|-----------------|---------------|---------------|-----------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| REVENUE | | | | | | |
| External Sales | 6,538.65 | 6,898.49 | 502.86 | 562.13 | 7,041.52 | 7,460.62 |
| Total Revenue | 6,538.66 | 6,898.49 | 502.86 | 562.13 | 7,041.52 | 7,460.62 |
| RESULTS | | | | | | |
| Segment Results | 414.95 | 536.86 | 7.83 | 27.59 | 422.78 | 564.45 |
| Unallocable Expenses | | | | | (111.81) | (126.36) |
| Unallocable Income | | | | | 18.87 | 13.69 |
| Interest Expenses (including other borrowing cost) | | | | | (21.69) | (48.81) |
| Tax Expense | | | | | (79.73) | (105.85) |
| Profit for the Year | 414.95 | 536.86 | 7.83 | 27.59 | 228.42 | 297.12 |
| OTHER INFORMATION | | | | | | |
| Segment Assets | 3,501.58 | 3,461.77 | 407.38 | 389.48 | 3,908.96 | 3,851.25 |
| Unallocable Assets | | | | | 540.69 | 232.10 |
| Total Assets | 3,501.58 | 3,461.77 | 407.38 | 389.48 | 4,449.65 | 4,083.35 |
| Segment Liabilities | 1,022.38 | 953.74 | 81.60 | 55.70 | 1,103.98 | 1,009.44 |
| Unallocable Liabilities | | | | | 324.35 | 236.82 |
| Total Liabilities | 1,022.38 | 953.74 | 81.60 | 55.70 | 1,428.33 | 1,246.26 |
| Depreciation and Amortisation | 133.38 | 147.45 | 9.22 | 9.14 | 142.60 | 156.59 |
| Capital Expenditure | 126.02 | 46.14 | 8.53 | 5.70 | 134.55 | 51.84 |
| Non-Cash Expenditure other than Depreciation and Amortisation | 38.57 | 45.98 | 4.93 | - | 43.50 | 45.98 |

Notes:

- 1 The Company has considered business segment as the primary segment for disclosure. The components of this business segment is Printing Inks (including allied products) and Adhesives.
- 2 The Segment wise revenue, results, assets and liabilities relate to the respective amounts directly identifiable to each of the segments. Unallocable income/ expenses refer to income/ expenses which relate to the Company as a whole and are not allocable to segments on a reasonable basis.
- 3 The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

NOTES TO THE FINANCIAL STATEMENTS

43. Post Employment Defined Benefit Plans

(a) The following table sets forth the particulars in respect of Pension (Funded), Gratuity (Funded) and Retirement Benefit (Unfunded) Plans of the Company :

(i) Amount recognised in the Balance Sheet are as follows:

(Rs. in Million)

| | | Pension | Gratuity | Retirement Benefit |
|---|-------------|---------------|---------------|--------------------|
| Present value of Defined Benefit Obligation | 2016 | 27.71 | 90.14 | 6.17 |
| | 2015 | 27.23 | 79.56 | 5.35 |
| | 2014 | 37.13 | 82.28 | 5.34 |
| | 2013 | 43.18 | 88.30 | 5.46 |
| | 2012 | 50.18 | 84.99 | 5.81 |
| Fair Value of Plan Assets | 2016 | 27.62 | 89.88 | - |
| | 2015 | 27.13 | 84.32 | - |
| | 2014 | 42.95 | 80.46 | - |
| | 2013 | 55.32 | 89.59 | - |
| | 2012 | 68.62 | 88.96 | - |
| Net Asset / (Liability) | 2016 | (0.09) | (0.26) | (6.17) |
| | 2015 | (0.10) | * | (5.35) |
| | 2014 | - | (1.82) | (5.34) |
| | 2013 | 12.14 | 1.29 | (5.46) |
| | 2012 | 18.44 | 3.97 | (5.81) |
| Experience Adjustments on Plan Assets [Gain/ (Loss) during the year] | 2016 | 1.88 | 1.88 | - |
| | 2015 | (0.54) | 0.07 | - |
| | 2014 | 0.41 | 0.13 | - |
| | 2013 | 0.99 | 1.24 | - |
| | 2012 | (2.35) | 0.18 | - |
| Experience Adjustments on Obligations [(Gain)/ Loss during the year] | 2016 | 1.30 | 1.13 | 0.27 |
| | 2015 | 0.52 | 1.89 | 0.03 |
| | 2014 | 3.05 | 14.58 | 6.89 |
| | 2013 | (1.15) | 5.09 | 0.32 |
| | 2012 | 1.87 | 1.78 | 0.15 |

* Restricted to lower of the amount per computation above and present value of any economic benefits available in the form of refunds from the Plan or reductions in future contributions to the Plan.

(ii) Amount recognised in the Statement of Profit and Loss are as follows:

(Rs. in Million)

| | | Pension | Gratuity | Retirement Benefit |
|--------------------------------|-------------|---------------|---------------|--------------------|
| Current Service Cost | 2016 | - | 6.24 | 0.21 |
| | 2015 | - | 5.02 | 0.18 |
| Interest Cost | 2016 | 2.05 | 5.99 | 0.40 |
| | 2015 | 2.42 | 5.91 | 0.40 |
| Expected Return on Plan Assets | 2016 | (2.02) | (6.56) | - |
| | 2015 | (2.69) | (6.28) | - |
| Actuarial Loss/(Gain) | 2016 | (0.67) | 4.35 | 0.71 |
| | 2015 | 1.07 | 1.85 | 0.03 |
| Total* | 2016 | (0.64) | 10.02 | 1.32 |
| | 2015 | 0.80 | 6.50 | 0.61 |

* Recognised under "Contribution to Provident and Other Funds" in Note 22 for Pension and Gratuity and under "Staff Welfare Expenses" in Note 22 for Retirement Benefit

NOTES TO THE FINANCIAL STATEMENTS

(iii) Reconciliation of Opening and Closing Balances of the Present Value of Defined Benefit Obligation

(Rs. in Million)

| | | Pension | Gratuity | Retirement Benefit |
|--|-------------|---------------|---------------|--------------------|
| Opening Present Value of Defined Benefit Obligation | 2016 | 27.23 | 79.56 | 5.35 |
| | 2015 | 37.13 | 82.28 | 5.34 |
| Current Service Cost | 2016 | - | 6.24 | 0.21 |
| | 2015 | - | 5.02 | 0.18 |
| Interest Cost | 2016 | 2.05 | 5.99 | 0.40 |
| | 2015 | 2.42 | 5.91 | 0.40 |
| Actuarial Loss/(Gain) | 2016 | 1.21 | 6.23 | 0.71 |
| | 2015 | 0.53 | 1.92 | 0.03 |
| Benefits Paid | 2016 | (2.78) | (7.88) | (0.50) |
| | 2015 | (12.85) | (15.57) | (0.60) |
| Closing Present Value of Defined Benefit Obligation | 2016 | 27.71 | 90.14 | 6.17 |
| | 2015 | 27.23 | 79.56 | 5.35 |

(iv) Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets (Rs. in Million)

| | | Pension | Gratuity |
|-----------------------------------|-------------|---------------|---------------|
| Opening Fair Value of Plan Assets | 2016 | 27.13 | 84.32 |
| | 2015 | 42.95 | 80.46 |
| Expected Return on Plan Assets | 2016 | 2.02 | 6.56 |
| | 2015 | 2.69 | 6.28 |
| Actuarial Gain/ (Loss) | 2016 | 1.88 | 1.88 |
| | 2015 | (0.54) | 0.07 |
| Contributions by Employer | 2016 | (0.63) | 5.00 |
| | 2015 | (5.12) | 13.08 |
| Benefits Paid | 2016 | (2.78) | (7.88) |
| | 2015 | (12.85) | (15.57) |
| Closing Fair Value of Plan Assets | 2016 | 27.62 | 89.88 |
| | 2015 | 27.13 | 84.33 |

(v) Major Categories of Plan Assets as a percentage of Fair Value of the total Plan Assets:

| | | Pension | Gratuity |
|------------------------------------|-------------|-------------|-------------|
| Govt. of India Securities/Deposits | 2016 | 67% | 10% |
| | 2015 | 65% | 10% |
| PSU Bonds / State Securities | 2016 | 19% | - |
| | 2015 | 23% | - |
| Corporate Bonds | 2016 | 4% | 12% |
| | 2015 | 0% | 13% |
| Insurance Managed Funds | 2016 | 5% | 77% |
| | 2015 | 9% | 75% |
| Bank Balances | 2016 | 5% | 1% |
| | 2015 | 3% | 2% |
| Total | 2016 | 100% | 100% |
| | 2015 | 100% | 100% |

NOTES TO THE FINANCIAL STATEMENTS

(vi) Actual Return on Plan Assets :

| | 2016 | 2015 |
|----------|------|------|
| Pension | 3.90 | 2.15 |
| Gratuity | 8.44 | 6.35 |

(vii) Principal Actuarial assumptions used:

| | | 2016 | 2015 |
|--|----------------------|---|---|
| Discount rates | | 6.93% | 7.92% |
| Expected rate of return on plan assets | | 7.92% | 7.93% |
| Expected salary increase rates | For Management Staff | 5% and NIL for pension | 5% and NIL for pension |
| | For Unionised Staff | 4% and NIL for pension | 4% and NIL for pension |
| Mortality rates | | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

The estimate of future salary increases considered in the actuarial valuation takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Company's policy for plan asset management and other relevant factors.

- (b) In terms of Guidance on implementing Accounting Standard 15 (Revised 2005) on Employee Benefits issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (ICAI), a provident fund set up by the Company is treated as a defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest.

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the Balance Sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the Balance Sheet date. Further during the year, the Company's contribution of Rs.16.45 Million (2015 - Rs.14.84 Million) to the Provident Fund Trust has been expensed under the 'Contribution to Provident and Other Funds' in Note 22. Disclosures given hereunder are restricted to the information available as per the Actuary's Report -

| | 2016 | 2015 |
|-------------------------------|-------|--------|
| Discount rates | 6.93% | 7.84% |
| Expected yield on plan assets | 9.50% | 9.491% |
| Guaranteed Interest Rate | 8.65% | 8.75% |

- (c) During the year the Company has recognised an amount of Rs. 20.42 Million (2015 - Rs.19.34 Million) as expenditure towards defined contribution plans of the Company.

NOTES TO THE FINANCIAL STATEMENTS

44. Computation of Earnings / (Loss) per Equity Share (Basic and Diluted)

| Particulars | 2016 | 2015 |
|---|------------------|-----------|
| (I) Basic | | |
| (a) (i) Number of Equity Shares at the beginning of the year | 9,178,977 | 9,178,977 |
| (ii) Number of Equity Shares at the end of the year | 9,178,977 | 9,178,977 |
| (iii) Weighted average number of Equity Shares outstanding during the year | 9,178,977 | 9,178,977 |
| (iv) Face Value of each Equity Share (in Rs.) | 10 | 10 |
| (b) Amount of Profit / (Loss) after tax attributable to Equity Shareholders | | |
| Profit / (Loss) for the Year (Rs. in Million) | 228.42 | 297.12 |
| (c) Basic Earnings / (Loss) per Equity Share Rs. [(b)/(a)(iii)] | 24.89 | 32.37 |
| (II) Diluted | | |
| (a) Dilutive Potential Equity Shares | — | — |
| (b) Diluted Earning / (Loss) per Equity Share (Rs.) [Same as (I)(c) above] | 24.89 | 32.37 |

45 Effective 1st January, 2015, the Company had revised the useful lives of certain tangible Fixed Assets in keeping with the provisions of Schedule II to the Companies Act, 2013. As a result, net book value aggregating Rs.20.70 Million (Net of Deferred Tax Rs.10.67 Million) relating to assets, where the revised useful lives had expired by 31st December, 2014 had been adjusted against opening balance of Retained Earnings (Note 2) as on 1st January, 2015.

46 Previous year's figures have been re-grouped / re-arranged, wherever necessary to conform to current year's classification.

NOTES TO THE FINANCIAL STATEMENTS

Note 47

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply, in all material aspects, with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013 (the 'Act').

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

FIXED ASSETS

Fixed Assets are stated at cost of acquisition less accumulated depreciation/amortisation and accumulated impairment losses, if any.

Cost comprises cost of acquisition including non-refundable taxes/duties, freight and other incidental expenses related to acquisition and installation. Cost of software includes license fees and cost of implementation / system integration services, where applicable.

Subsequent expenditures related to an item of fixed asset (tangible or intangible) are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

DEPRECIATION AND AMORTISATION

Depreciation on tangible fixed assets is provided over the estimated useful lives of the assets in keeping with the requirements of Schedule II to the Act which is in line with the technical evaluation carried out by the Company's expert as under:

- (i) On Silos and Rollers included in Plant and Equipments on Straight Line Method @ 20%.
- (ii) On Research Equipment included in Plant and Equipments on Straight Line Method @ 25%.
- (iii) On Computers, on Straight Line Method @ 33.33%.
- (iv) For assets set out in (i) to (iii) above, estimated useful lives are different from those specified in Schedule II to the Act. On Plant and Equipments other than (i) and (ii) above, depreciation is provided on Straight Line Method over the useful lives specified in Schedule II to the Act. On all other tangible assets, depreciation is provided on Written Down Value Method over the useful lives specified in Schedule II to the Act.
- (v) All assets costing Rs 5,000 or less are fully depreciated in the year of additions.
- (vi) In respect of assets acquired, sold or discarded during the period, prorated depreciation, for the period during which each such asset was in use, after rounding off part of the month to the whole month.

Leasehold land is amortised on a straight-line basis over the lease period. Intangible assets (Computer Software) are amortised on a straight-line basis over a period of four years.

IMPAIRMENT

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired.

An impairment loss, if any, is recognised wherever the carrying amount of the fixed assets exceeds the recoverable amount i.e. the higher of the assets' net selling price and value in use.

Notes to the Financial Statements

After impairment, depreciation is provided on the revised carrying amount of the fixed asset over its remaining useful life.

INVESTMENTS

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost less write down for any diminution, other than temporary, in carrying value.

INVENTORIES

Inventories are valued at lower of cost and net realisable value.

Cost is determined on first-in-first-out formula for all categories of inventories except stores and spare parts for which it is determined under weighted average formula.

Cost includes expenditure incurred in the normal course of business in bringing inventories to its present location, condition, direct labour and related production overheads, where applicable.

Inventories are written down for obsolete / slow-moving/ non-moving items, wherever necessary.

FOREIGN CURRENCY TRANSACTIONS AS APPLICABLE UNDER ACCOUNTING STANDARD 11 ON 'THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES'

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The resultant exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in the Statement of Profit and Loss.

Premium or discount arising at the inception of a forward exchange contract entered into to hedge an existing asset / liability is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates changed. Profit or loss arising on cancellation or renewal of forward contract is recognised as income or expense of the period.

DERIVATIVE CONTRACTS

In respect of derivative contracts (other than forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'), gains/losses on settlement and mark-to-market loss, if any, on outstanding contracts as at the Balance Sheet date are recognised in the Statement of Profit and Loss and mark-to-market gain, if any, on outstanding contracts as at the Balance Sheet date is ignored.

Refer Note on Foreign Currency Transactions above for forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'.

REVENUE

Revenue from sale of goods are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract. It includes excise duty but excludes value added tax/sales tax, trade discounts, rebates, returns, as applicable.

BORROWING COSTS

Borrowing costs, if any, attributable to the acquisition and construction of qualifying assets (i.e., the assets that necessarily take a substantial period of time to get ready for their intended use) are added to the cost up to the date when such assets are substantially ready for their intended use. Other borrowing costs are recognised as expense in the period in which these are incurred.

RESEARCH & DEVELOPMENT EXPENDITURE

Revenue expenditure on Research is expensed in the period in which it is incurred. Expenditure on Development is expensed / capitalised in compliance with the provisions of the Accounting Standard 26 on 'Intangible Assets'.

Notes to the Financial Statements

EMPLOYEE BENEFITS

(a) Short-term Employee Benefits

Short term Employee Benefits (i.e. benefits falling due within one year after the end of the period in which employees render the related service) are recognised as expense in the period in which employee services are rendered as per the Company's scheme based on expected obligations on undiscounted basis.

(b) Post-Employment Benefit Plans

Post-employment benefits comprise Provident Fund, Superannuation Fund, Gratuity, Pension and Retirement Benefits which are accounted for as follows:

- i. **Provident Fund** - Certain employees of the Company receive provident fund benefits, which are administered by the Provident Fund Trust set up by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall, this is a defined benefit plan. Actuarial valuation of the Company's liability under such scheme is carried out under the Projected Unit Credit (PUC) Method at the year end and the charge, if any, is recognised in the Statement of Profit and Loss. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income/expense.
- ii. **Superannuation Fund** - This is a defined contribution plan. The Company contributes a certain percentage of the eligible salary for employees covered under the scheme towards superannuation fund administered by the Trustees. The Company has no further obligations for future superannuation benefits other than its contributions and recognises such contributions as expense in the period in which the related employee services are rendered.
- iii. **Gratuity** - This is a defined benefit plan covering eligible employees. As per the scheme, the Gratuity Fund Trust administered by Trustees, makes payment to vested employees at retirement, death, incapacitation, or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The liability is determined based on year-end actuarial valuation using PUC Method. Actuarial gains/losses are recognised immediately in the Statement of Profit and Loss as income/expense.
- iv. **Pension** - The Company has discontinued the Defined Pension Benefit scheme with effect from 1st May 2009 and all the employees who were members of the erstwhile Defined Pension Benefit scheme has been brought under the Defined Contribution scheme for benefit provisions under the Pension plan. The present value of benefit obligation is actuarially determined at the end of each year by discounting the present value of crystallised pension as at 30th April 2009. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income/expense.
- v. **Retirement Benefit** - Liability accrued during the year in respect of retirement benefit payable to certain employees governed by agreement with the Union representing them are treated as a defined benefit plan. As per the scheme, a lumpsum benefit is paid to the eligible employees on cessation of service with the Company. The Company's liability is actuarially determined using the PUC method at the end of each year. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income/expense.

(c) Other Long-term Employee Benefits (unfunded)

The cost of providing other long-term employee benefits (Leave Encashment) is determined using Projected Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Statement of Profit and Loss for the period in which they occur. Other long-term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

(d) Terminal benefits are recognised as expense as and when incurred.

Notes to the Financial Statements

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation as at the Balance Sheet date and are not discounted to its present value.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

TAXATION

Current tax is provided as the amount of tax payable in respect of taxable income for the year, measured using the applicable tax rates and tax laws.

Deferred tax is provided on timing differences between taxable income and accounting income measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is a virtual / reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

Also refer Note 29.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of lease.

Signatures to Notes 1 to 47

On behalf of the Board

For Lovelock and Lewes
Firm Registration Number - 301056E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number: 57572
Kolkata, 8th February 2017

Shailendra Hari Singh
Managing Director & CEO

Sandip Chatterjee
Chief Finance Officer

Utpal Sengupta
Director

B. DeSarkar
Company Secretary

Kolkata, 8th February 2017

Cash Flow Statement

For the year ended 31st December 2016

(Rs. in Million)

| | Year ended 31st December 2016 | Year ended 31st December 2015 |
|--|-------------------------------------|-------------------------------------|
| A. Cash Flows from Operating Activities: | | |
| Profit before Tax | 308.15 | 402.97 |
| Adjustments for: | | |
| Depreciation and Amortisation Expense | 153.14 | 173.92 |
| Loss on Disposal of Tangible Fixed Assets | 3.45 | 11.76 |
| Bad Debts Written Off | 18.11 | 8.93 |
| Provision for Doubtful Debts | 21.94 | 25.29 |
| Interest Income on Loans and Deposits | (1.79) | (0.68) |
| Finance Costs | 21.69 | 48.81 |
| Provision for Doubtful Debts Written Back | (28.14) | (4.89) |
| Provision for Mark-to-Market Losses on Derivatives | 0.07 | 0.31 |
| Liabilities no Longer Required Written Back | (22.94) | (35.45) |
| Operating Profit before Working Capital Changes | 473.68 | 630.97 |
| Changes in Working Capital: | | |
| Increase / (Decrease) in Trade and Other Payables | 237.80 | (163.93) |
| (Increase) / Decrease in Trade and Other Receivables | 19.88 | (55.23) |
| (Increase) / Decrease in Inventories | (147.81) | 105.50 |
| Cash Generated from Operations | 583.55 | 517.31 |
| Income Taxes Paid (Net Of Refunds) | (122.97) | (96.12) |
| NET CASH FROM OPERATING ACTIVITIES | 460.58 | 421.19 |
| B. Cash Flows from Investing Activities: | | |
| Purchase of Tangible/ Intangible Fixed Assets | (154.11) | (54.03) |
| Proceeds on Disposal of Tangible Fixed Assets | 0.87 | 0.23 |
| Interest Received | 1.79 | 0.84 |
| NET CASH USED IN INVESTING ACTIVITIES | (151.45) | (52.96) |

Cash Flow Statement (Contd.)

(Rs. in Million)

| | Year ended 31st December 2016 | Year ended 31st December 2015 |
|--|-------------------------------------|-------------------------------------|
| C. Cash Flows from Financing Activities: | | |
| Dividends Paid | (36.64) | (0.19) |
| Dividend Distribution Tax Paid | (7.47) | - |
| Finance Costs Paid | (30.09) | (38.32) |
| Decrease in Cash Credit / Working Capital Facilities | (24.83) | (326.96) |
| NET CASH USED IN FINANCING ACTIVITIES | (99.03) | (365.47) |
| Net Cash Inflow | 210.10 | 2.76 |
| Cash and Cash Equivalents- Opening | 5.55 | 2.79 |
| Cash and Cash Equivalents- Closing | 215.65 | 5.55 |
| | 210.10 | 2.76 |
| Cash and Cash Equivalents comprise : | | |
| Cash on hand | 0.18 | 0.18 |
| Balances with Banks in Current Accounts | 215.47 | 5.37 |
| Total | 215.65 | 5.55 |

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement.
2. Previous Year's figures have been rearranged / regrouped , wherever necessary, to conform to current year's classification.

This is the Cash Flow Statement referred to in our report of even date.

On behalf of the Board

For Lovelock and Lewes
Firm Registration Number - 301056E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number: 57572
Kolkata, 8th February 2017

Shailendra Hari Singh
Managing Director & CEO

Sandip Chatterjee
Chief Finance Officer

Kolkata, 8th February 2017

Utpal Sengupta
Director

B. DeSarkar
Company Secretary

NOTES

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MEMBERS UPDATION FORM

Date :

CB Management Services (P) Ltd.

Unit : DIC India Ltd.

P-22, Bondel Road, Kolkata 700 019

Dear Sirs,

I/We furnish hereunder the following details for necessary updation in the register of members of the Company in respect of the shares of your company registered in my/our name/s under registered Folio No. _____ :-

| PARTICULARS | 1ST / SOLE HOLDER | 1ST JOINT HOLDER | 2ND JOINT HOLDER |
|---|---|------------------|---|
| NAME | | | |
| FATHER's/MOTHER's SPOUSE NAME | | | |
| PAN (self attested photocopy/ ies enclosed) | | | |
| UIN (Aadhaar Card) (self attested photocopy/ ies enclosed) | | | |
| OCCUPATION | | | |
| MOBILE NO. | | | |
| e-mail ID (only 1st Holder): | | | |
| BANK ACCOUNT DETAILS (*) (only 1st Holder) (*) Please enclose a cancelled cheque or photocopy thereof | Account No Account Type Name of the Bank Branch Name Address MICR Code IFS Code | : | Savings/Current/NRO/NRE (please tick appropriately) |

(Signature of 1st Holder)

(Signature of 2nd Holder)

(Signature of 3rd Holder)

ATTESTATION PARTICULARS : Signature(s) of the above named persons, holders of S.B./C.A. Account No. _____ maintained with us, verified as per our records.

| | | |
|---|---|--|
| Name of the Bank | : | |
| Full Address of the Bank (with Branch Name) | : | |
| Phone No./ e-mail ID | : | |
| Signature of the Attesting Officer under Official Seal with Name and Employee Code | : | |



DIC INDIA LIMITED

Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

DIC India Limited

CIN: L24223WB1947PLC015202

Transport Depot Road, Kolkata – 700088

Name of the member (s) : _____
Registered address : _____
E-mail ID : _____
Folio No/ Client Id/ DP ID : _____

I/We, being the member (s) of shares of the above named Company, hereby appoint:

| | |
|----------------|--|
| 1. Name : | |
| 2. E-mail Id : | |
| 3. Address : | |
| 4. Signature : | |

or failing him,

| | |
|---------------|--|
| 1. Name | |
| 2. E-mail Id: | |
| 3. Address | |
| 4. Signature | |

or failing him

| | |
|---------------|--|
| 1. Name | |
| 2. E-mail Id: | |
| 3. Address | |
| 4. Signature | |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 69th Annual General Meeting of the Company, to be held on 27th March 2017 at 11.00 a.m. in the premises of The Bengal Chamber of Commerce & Industry, Royal Exchange, No. 6, Netaji Subhas Road, Kolkata - 700001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

| | |
|----|--|
| 1. | To receive and consider the Statement of Profit & Loss for the financial year ended 31st December 2016, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon. |
| 2. | To declare final dividend of Rs 4.00 per equity share, to be paid for the financial year ended 31st December 2016. |
| 3. | To appoint a Director in place of Mr. Naoyoshi Furuta(DIN: 01689951), who retires by rotation and being eligible, seeks re-appointment. |
| 4. | To appoint M/s. Lovelock & Lewes, Chartered Accountants (FRN301056E) as the statutory auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting and to authorize the Board to fix their remuneration |
| 5. | Re-appointment of MrUtpalSengupta(DIN:02577237)as an Independent Director for a term of 3 years |
| 6. | Appointment of MrParthaMitra(DIN: 00335205) as an Independent Director for a term of 3 years |
| 7. | Ratification of the remuneration paid to M/s Sinha Chaudhuri & Associates, Cost Accountants (FRN 000057) as Cost Auditors of the Company |

Signed this day of 2017

Affix
Revenue
Stamp

Signature of shareholder : _____

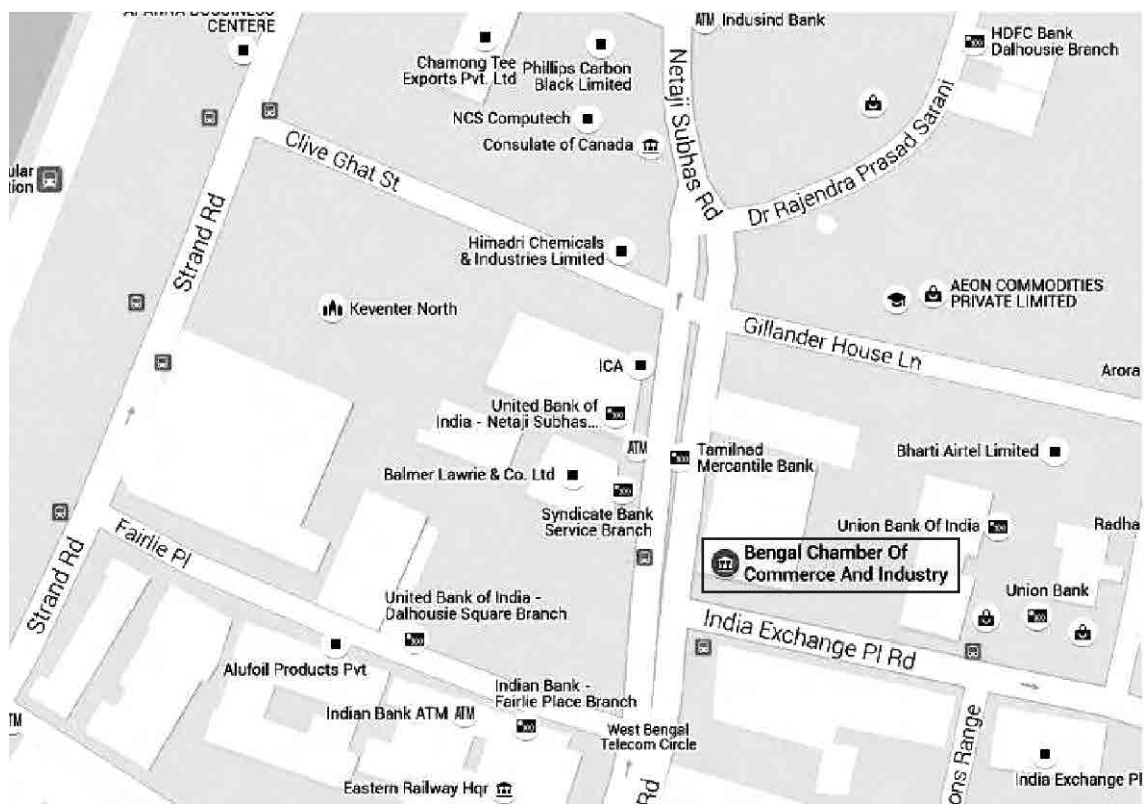
Signature of Proxy holder(s) : _____

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

NOTES

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AGM Venue Map



DIC INDIA LIMITED

CIN - L24223WB1947PLC015202

Registered Office

Transport Depot Road, Kolkata - 700 088, West Bengal
Telephone : (033) 2449 6591-95, 2449 3984-85, Fax : (033) 2449 7033, 2448 9039

FACTORIES

KOLKATA

Transport Depot Road
Kolkata - 700 088, West Bengal
Telephone : (033) 2449 6591-95/2449 3984-85
Fax : (033) 2449 7033, 2448 9039
E-mail : coi@dic.co.in

NOIDA

C-55A & B, Phase II
Dist. Gautam Buddh Nagar
Noida - 201 305, Uttar Pradesh
Telephone : (0120) 465 5100/110
Fax : (0120) 465 5150

AHMEDABAD

Plot No. 633 & 634
G.I.D.C. Industrial Estate, Phase IV, Vatva
Ahmedabad - 382 445, Gujarat
Telephone : (079) 2589 0861/0865
Fax : (079) 2583 5706

BENGALURU

66A, Bommasandra Industrial Area
Hosur Road, Anekal Taluk
Bengaluru - 560 099,
Karnataka
Telefax : (080) 2783 1874

SALES DEPOTS & OFFICES

MUMBAI

Unit No. B2-408, 4th Floor, Wing "B2",
"BOOMERANG",
Near Chandivali Studio,
Chandivali Farm Road,
Andheri (East), Mumbai - 400 072

HYDERABAD

Plot No. B-7, IDA,
Uppal,
Hyderabad- 500 039,
Telangana
Telephone : (040) 2720 6821/ 6281

KANPUR

301, Urvashi Apartment, 3rd Floor
Plot No.7/29, Tilak Nagar
Kanpur - 208 002, Uttar Pradesh
Telephone : (0522) 2557 7001
Mobile : 091612 90488

DELHI

A-122 & 123, Okhla Industrial Area
Phase II
New Delhi - 110 020
E-mail : delhi@dic.co.in

MADURAI

Gladways Green City
A2 - First Avenue
Avaniapuram
Madurai - 625 012
Telephone : 099948 27764

CHENNAI

Eastern Side Shed (Godown-1),
198/2, Nageshwar II Road,
Athipet, Ambattur
Chennai - 600 110

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