

Directors' Report

TO THE SHAREHOLDERS

Your Directors present the 3rd Annual Report of your Company together with the Audited Accounts for the year ended 31.03.2010.

Operations

The Company has not yet commenced its operations.

Directors

Shri. Mudit Jain, Director, retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

Conservation of energy, Technology Absorption and Foreign Exchange earnings and outgo

As the Company has not commenced any operations, there is nothing to Report on Conservation of Energy and Technology Absorption. During the year there is no Foreign Exchange Earnings and Outgo.

Particular of Employees

During the year, no employee received

remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 and the Rules made thereunder.

Directors' Responsibility Statement

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors have:

1. followed in the preparation of the annual accounts, the applicable accounting standards with proper explanation relating to material departures;
2. selected such accounting policies and applied them consistently and made judgement 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/loss of the Company for that period;
3. taken proper and sufficient care of 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 to the best of their knowledge and ability;

4. prepared the annual accounts on a going concern basis.

Auditors

M/s. Ashok Shetty & Company, Chartered Accountants, Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for reappointment.

For and on behalf of the Board

Dr. S. C. Jain
Chairman

Place : Mumbai
Date : 6th May, 2010

Registered Office:

358, Anna Salai, Thousand Lights,
Chennai – 600 006,
Tamil Nadu.

Auditors' Report

To,
The Members,
DCW Pigments Ltd.,
Mumbai.

- 1) We have audited the attached Balance Sheet of M/s. DCW Pigments Ltd. as at 31st March, 2010, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.
- 3) Since the company has not commenced operations, we do not have any comments as required by the

Companies (Auditors Report) Order 2003 issued by the Department of Company Affairs in terms of section 227 (4A) of the Companies Act, 1956 and read together with the Companies (Auditor's Report) Amendment Order, 2004

- 4) For the above:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examinations of such books.
 - (iii) The Balance Sheet dealt with by this Report is in agreement with the Company's books of account.
 - (iv) In our opinion, the Balance Sheet dealt with by this Report complies with the Accounting Standards referred to in subsection (3C) of section 211 of The Companies Act, 1956.
 - (v) On the basis of written representations, received from the Directors and taken on record by the Board of Directors, we report that none of the Directors disqualified as on

March 31st 2010, from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of The Companies Act, 1956.

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet read together, with the notes there on give information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - (ii) Since the Company has not commenced activity, Profit and Loss Account is not prepared.

For **ASHOK SHETTY & CO.**
Chartered Accountants

ASHOK R. SHETTY
M. No. 102524

Mumbai, Dated: 6th May, 2010

DCW Pigments Ltd.

Balance Sheet AS AT 31ST MARCH, 2010

Previous Year Rs.	Liabilities	As At 31.3.2010 Rs.	Previous Year Rs.	Assets	As At 31.3.2010 Rs.
1,000,000	SHARE CAPITAL Authorised 1,00,000 Equity Shares of Rs. 10/- each	1,000,000	453,258	Current A/c with Punjab National Bank	438,743
500,000	Issued and Paid-up 50,000 Equity Shares of Rs. 10/- each	500,000	57,875	Miscellaneous Expenses not written off (Preliminary and Pre-operative)	66,772
11,133	SUNDRY CREDITORS Liabilities for Expenses	5,515			
511,133	TOTAL	505,515	511,133	TOTAL	505,515

NOTES FORMING PART OF ACCOUNTS:

1. The Company is yet to commence its manufacturing operations.
2. Previous Year figures were regroup wherever necessary.
3. Pending allocation of Preliminary & Pre-operative expenses like Filing Fees, Registration charges, Stamp Duty etc., carried to Balance Sheet.

For and on behalf of the Board

For **Ashok Shetty & Co.**
Chartered Accountants

Ashok R. Shetty
Partner

Dr. Shashi Chand Jain
Chairman

Bakul Jain
Vivek Jain
Mudit Jain
Directors

Place : Mumbai
Dated : 6th May, 2010



Auditor's Report

AUDITOR'S REPORT TO THE SHARE HOLDERS OF DCW LIMITED

We have audited the attached consolidated balance sheet of DCW Limited (the "Company") and its subsidiary DCW Pigments Limited as at 31st March, 2010, consolidated profit and loss account for the year ended on that date and also the consolidated cash flow statement for the year ended on the date annexed thereto (hereinafter collectively referred to as the 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Group's management and have been prepared by the management on the basis of separate financial statements of the entities of the group. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether

the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of DCW Pigments Ltd., the subsidiary whose financial statements reflect total assets of Rs. 5 lacs as at 31st March 2010, total revenue of Rs. Nil and cash flows amounting to Rs. 5 lacs for the year then ended as considered in the consolidated financial statements. These financial statements and other financial information have been audited by the other auditors whose reports have been furnished to us and our opinion in respect thereof is based solely on the report of such other auditors.

We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard 21 issued by the Institute of Chartered Accountants of India.

Based on our audit and consideration of reports of other auditors on separate financial statements of the entity and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India; in case of:

- a) the consolidated balance sheet, of the state of affairs of the Group as at 31st March, 2010;
- b) the consolidated profit and loss account, of the profit for the year ended on that date; and
- c) the consolidated cash flow statement, of the cash flows for the year ended on that date.

For **V. SANKAR AIYAR & CO**
Chartered Accountants

S. VENKATRAMAN
Partner
Membership No 34319

Place : Mumbai
Dated : 14th May, 2010.



Consolidated Balance Sheet

AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010 Rs. in lacs	As at 31.03.2009 Rs. in lacs
SOURCES OF FUNDS:			
Shareholders' Funds:			
Capital	A	3,923.14	3,923.14
Reserves and Surplus	B	33,544.80	27,637.23
Loan Funds:			
Secured Loans	C	31,276.55	42,508.11
Unsecured Loans	D	—	3.41
Deferred tax liability (Refer Note B - 5 of Schedule - N)			
Deferred tax liability (Net)		8,344.90	7,869.90
		39,621.45	50,381.42
TOTAL		77,089.39	81,941.79
APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	E	100,407.30	1,00,643.36
Less: Depreciation		36,195.86	31,694.46
		64,211.44	68,948.90
Capital Work-in-progress		8,980.00	6,612.80
Machinery/spares for erection and replacement		—	37.42
		73,191.44	75,599.12
Investments	F	76.21	27.39
Current Assets, Loans and Advances:			
Inventories	G	14,999.40	11,847.83
Sundry Debtors	H	10,172.60	9,724.98
Cash and Bank Balances	I	178.90	162.61
Loans and Advances	J	5,712.20	5,390.03
		31,063.10	27,125.45
Less: Current Liabilities and Provisions:			
Liabilities	K	25,503.58	19,197.67
Provision	L	1,738.44	1,613.08
		27,242.02	20,810.75
Net Current Assets		3,821.08	6,314.71
Misc. Expenses not Written Off		0.67	0.58
Contingent Liabilities not provided for	M		
Significant Accounting Policies and Notes forming part of	N		
Balance Sheet and Profit and Loss Account			
TOTAL		77,089.39	81,941.79

As per our Report attached

For **V. Sankar Aiyar & Co.**
Chartered Accountants

S. Venkatraman
Partner

Place : Mumbai
Dated : 14th May, 2010

Chital V. Shah
Asstt. Company Secretary

For and on behalf of the Board

Dr. Shashi Chand Jain
Chairman & Managing Director

Pramod Kumar Jain
Bakul Jain
Managing Directors

Vimal Jain
Sr. Vice President (Finance)

Dr. V. H. Joshi

Yuvaraj Saheb of Dhrangadhra

Sushil Kumar Jalan
Directors



Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	For the year ended 31.03.2010 Rs. in lacs	For the year ended 31.03.2009 Rs. in lacs
INCOME:			
Sales	'1	109,575.61	101,192.73
Less: Excise Duty		(6,895.30)	(10,489.53)
Net Sales		102,680.31	90,703.20
Other Income	'2	234.02	3,298.82
		102,914.33	94,002.02
EXPENDITURE:			
Manufacturing and Other expenses	'3	84,705.24	84,893.75
Interest & Finance Charges (Net)	'4	3,870.09	2,983.16
		88,575.33	87,876.91
Depreciation	'5	4,892.71	4,123.28
		93,468.04	92,000.19
Profit before tax		9,446.29	2,001.83
Current Tax		1,725.00	225.00
Fringe Benefit Tax		—	52.22
MAT Credit Available for (set off) / Utilized		638.25	(225.00)
Excess Provision of Income Tax Written Back		(155.00)	—
Profit after Current Tax & Tax Adjustments		7,238.04	1,949.61
Deferred Tax (Refer Note B - 5 of Schedule N)		475.00	525.00
Profit after Deferred tax		6,763.04	1,424.61
Add: Surplus brought forward from last year		2,067.46	3,331.31
Available for appropriation		8,830.50	4,755.92
APPROPRIATION:			
Transfer to General Reserve		4,000.00	2,000.00
Proposed Dividend on Equity Shares		706.16	588.46
Tax on Dividend		120.01	100.01
		4,826.17	2,688.47
Profit Carried forward		4,004.32	2,067.45
Notes to Profit & Loss Account	'6		
Earning per share (Face Value of Rs. 2/-)			
Basic earning per share		3.45	0.73
Diluted earning per share		3.45	0.73

As per our Report attached

For **V. Sankar Aiyar & Co.**
Chartered Accountants

S. Venkatraman
Partner

Place : Mumbai
Dated : 14th May, 2010

Chital V. Shah
Asstt. Company Secretary

For and on behalf of the Board

Dr. Shashi Chand Jain
Chairman & Managing Director

Pramod Kumar Jain
Bakul Jain
Managing Directors

Vimal Jain
Sr. Vice President (Finance)

Dr. V. H. Joshi

Yuvaraj Saheb of Dhrangadhra

Sushil Kumar Jalan
Directors



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10 Rs. in Lacs	2008-09 Rs. in Lacs
A. Cash flow from operating Activities		
Net profit before tax and extraordinary items	9,446.32	2,001.83
Adjustments for :		
Non-cash items	169.50	58.27
Depreciation	4,892.71	4,123.28
Unrealised foreign exchange loss/ (gain)	(246.89)	(1,135.46)
Interest (net)	3,870.09	2,709.78
Dividend income	(22.89)	(30.76)
	<u>8,662.52</u>	<u>5,725.11</u>
Operating profit before working capital changes	18,108.84	7,726.94
Adjustments for :		
Trade and other receivable	(1,535.24)	(812.55)
Inventories	(3,151.57)	618.91
Current liabilities and provisions	6,704.63	(1,328.06)
	<u>2,017.82</u>	<u>(1,521.70)</u>
Cash generation from operations	20,126.66	6,205.24
Direct taxes paid	(1,692.04)	(320.05)
	<u>18,434.62</u>	<u>5,885.19</u>
Cash flow before Extraordinary items	18,434.62	5,885.19
Extraordinary items	—	—
Net cash flow from operating Activities	18,434.62	5,885.19
B. Cash flow from Investing Activities		
Purchase of fixed Assets	(3,874.33)	(6,612.32)
Sale of Fixed Assets	26.45	64.61
Purchase / Sales of Investments	(48.81)	1,245.93
Preliminary Expenses incurred	(0.08)	(0.16)
Dividend Income	22.89	30.76
Interest income	28.61	346.89
	<u>(3,845.27)</u>	<u>(4,924.29)</u>
Net cash used in investing Activities	(3,845.27)	(4,924.29)
C. Cash from financing activities		
Proceeds from issue of share capital	—	—
Repayment of loans	(10,623.89)	(4,238.62)
Repayment of Other borrowings	(21.24)	(202.57)
Proceeds from Long Term Borrowings	164.16	827.17
Proceeds from Short Term Borrowings	410.00	6,261.49
Interest paid	(3,813.62)	(3,236.57)
Dividend paid	(588.46)	(588.46)
Tax on dividend	(100.01)	(100.01)
	<u>(14,573.06)</u>	<u>(1,277.57)</u>
Net cash used in financing Activities	(14,573.06)	(1,277.57)
Net increase in Cash and Cash equivalents	16.29	(316.56)
Cash & Cash Equivalents as at 1st April 2009	162.61	(474.28)
Cash & Cash Equivalents as at 31st March 2010	178.90	162.61
	<u>16.29</u>	<u>(316.67)</u>

Previous year figures have been regrouped to match with current year figures

As per our Report attached

For **V. Sankar Aiyar & Co.**
Chartered Accountants

S. Venkatraman
Partner

Place : Mumbai
Dated : 14th May, 2010

Chital V. Shah
Asstt. Company Secretary

For and on behalf of the Board

Dr. Shashi Chand Jain
Chairman & Managing Director

Pramod Kumar Jain
Bakul Jain
Managing Directors

Vimal Jain
Sr. Vice President (Finance)

Dr. V. H. Joshi

Yuvaraj Saheb of Dhrangadhra

Sushil Kumar Jalan
Directors



Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE "A"

SHARE CAPITAL:

Authorised Capital:

32,50,00,000 Equity Shares of Rs. 2/- each
(Previous Year 32,50,00,000 Equity Shares @ Rs. 2/- each)

TOTAL

Issued, Subscribed and Paid-up Capital:

19,61,54,590 Equity Shares of Rs. 2/- each of DCW Ltd. &
500 Equity Shares of Rs. 10/- each of DCW Pigments Ltd.
(Previous Year 19,61,54,590 shares @ Rs. 2/- each of DCW Limited
and 500 Equity Shares of Rs. 10/- each of DCW Pigments Limited)

TOTAL

SCHEDULE "B"

RESERVES AND SURPLUS:

CAPITAL RESERVE:

As per last balance sheet

Add: Transfer from Contribution for Capital Expenditure

CAPITAL REDEMPTION RESERVE:

As per last Balance sheet

SHARE PREMIUM:

As per last balance sheet

REVALUATION RESERVE:

As per last balance sheet

Less: Transferred to Profit and Loss Account

GENERAL RESERVE:

As per last balance sheet

Add: Transfer from P&L account

Profit and loss Account

TOTAL

As at 31.03.2010 Rs. in lacs	As at 31.03.2009 Rs. in lacs
6,500.00	6,500.00
6,500.00	6,500.00
3,923.14	3,923.14
3,923.14	3,923.14
406.88	355.83
—	51.05
406.88	406.88
5.30	5.30
9,440.70	9,440.70
9,440.70	9,440.70
915.86	932.65
29.31	16.79
886.55	915.86
14,801.04	12,801.04
4,000.00	2,000.00
18,801.04	14,801.04
4,004.33	2,067.45
33,544.80	27,637.23



Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE "C"

SECURED LOANS:

Banks:

Term loans	15,810.39	19,659.43
Foreign Currency Term Loan	8,979.98	10,143.98
Short Term Loan- Bank Line of Credit	—	3,694.52
Working Capital Loans	1,363.06	2,405.18

Other Loans:

Financial Institutions	5,123.12	5,855.00
Term Loans From NBFC	—	750.00

TOTAL	31,276.55	42,508.11
--------------	------------------	-----------

SCHEDULE "D"

OTHERS:

Deferred Sales Tax Credit	—	3.41
---------------------------	---	------

TOTAL	—	3.41
--------------	---	------

Due within one year Rs. NIL (Previous Year Rs. 3.41 lacs)

Schedules

FORMING PART OF THE Consolidated BALANCE SHEET

SCHEDULE "E"

FIXED ASSETS

Rs in Lacs

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION		NET BLOCK		
	At cost or Revalued Book Value as at 1/4/2009	Additions and other transfers	Adjustments (refer Note)	Sales and other deductions	At cost or Revalued Book Value as at 31/3/2010	Depreciation For The Year	Depreciation As at 31/3/2010	As at 31/3/2010	As at 31/3/2009
Land	466.25	34.74	—	—	500.99	—	—	500.99	466.25
Buildings	7,660.84	655.72	84.81	344.09	7,887.66	(71.39)	2,055.08	5,832.57	4,852.29
Plant and Machinery	90,600.85	493.90	1,079.20	126.63	89,888.92	4,503.16	33,027.91	56,861.01	62,751.45
Furniture & Fittings	751.83	82.09	—	19.42	814.51	27.65	574.27	240.24	206.72
Vehicles	1,163.57	278.08	—	126.42	1,315.23	52.02	538.59	776.63	672.17
TOTAL	100,643.34	1,544.52	1,164.00	616.57	100,407.30	4,511.44	36,195.86	64,211.44	68,948.90
Previous Year	83,983.15	17,309.66	—	649.47	100,643.36	3,724.20	31,694.46	68,948.90	55,962.21

Notes:

- See Note "B-2 & 10" of Schedule "N".
- Buildings include Rs.523.06lacs being cost of ownership flats and office accommodation in Co-operative Societies and a Limited Company against which the Company holds shares of the face value of Rs. 0.77 lacs in Co-operative Societies and the Limited Company.
- Assignment deeds in respect of 9.13 acres of Land at Caustic Soda Division, transferred by Central Government to the State Government, are yet to be executed by the State Government in favour of the Company.
- Land, Building and Plant and Machinery located at Sahupuram Works (other than PVC Division) were revalued on 31.03.1993.
- The Company exercised the option to purchase 793.39 acres of land leased by the State Government at Sahupuram works. Assignment deeds in respect of the said land are yet to be executed by the State Government in favour of the Company.





Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE "F"

INVESTMENTS (AT COST)

1. LONG TERM

In Government & Trust Securities (Unquoted)

7 years National Savings Certificates

1000 10 0.10

1,000 10 0.10

In other Companies - Non-Trade (Unquoted)

25 10 *250

25 10 *250

The Dhrangadhra Peoples Co-op Bank Ltd

In other Companies - Non-Trade (Quoted)

Fully paid Equity Shares

Global Trust Bank Ltd

10 19,000 1.90

10 19,000 1.90

LIC Housing Finance Ltd

10 17,400 10.44

10 17,400 10.44

12.34

12.34

Less : Deminution of value in shares of Global Trust Bank

19,000 1.90

19,000 1.90

10.44

10.44

II. CURRENT INVESTMENTS :

Fully paid Equity Shares

Tata Consultancy Services Ltd.,

1 6 0.03

1 6 0.03

Reliance Industries td.,

(Previous year Reliance Petroleum Ltd.,)

10 3,504 16.82

10 28,040 16.82

16.85

16.85

MUTUAL FUNDS

Principal Mutual Fund - Monthly Income Plan - Dividend Pay out monthly

10 500,000 50.00

— — —

Less : Deminution of value in Principal Mutual Fund

1.18

— — —

48.82

— — —

TOTAL

76.21

27.39

* Figures Denote Amount in Rupees

Aggregate value of long term quoted investments

151.73

39.07

Aggregate value of current quoted investments

36.57

26.71

TOTAL

188.30

65.78

Aggregate value of unquoted investments

5.05

5.05

Market value of quoted investments

189.48

65.79

Schedules

FORMING PART OF THE Consolidated BALANCE SHEET

SCHEDULE "F" (Contd.)

Investments Purchased and Redeemed / Sold during the year:

1. MUTUAL FUND UNITS

MUTUAL FUND UNITS		
321 SD ICICI Prudential Flexible Income Plan Premium - Daily Dividend	10	6,900,542.37
28Q SD ICICI Prudential Flexible Income Plan Premium - Daily Dividend	10	7,379,706.83
1564 SD ICICI Prudential Flexible Income Plan Premium - Daily Dividend	100	8,467,512.12
1524 SD ICICI Prudential Flexible Income Plan Premium - Daily Dividend	100	2,871,488.07
Principal Floating Rate Fund FMP - Institutional Option - Dividend reinvestment Daily	10	29,985,350.93
Principal Cash Management Fund - Liquid Option Institutional Prem. Plan-Dividend reinvestment.	10	203,065,936.10
S258 SBNPP Ultra ST Fund Retail Dividend Daily (Sundaram Paribus MF)	10	1,594,655.83
S130 BNPP Money Fund Institutional - Daily Dividend Plan (Sundaram BNP Paribus)	10	1,981,598.80

SCHEDULE "G"

INVENTORIES

(As Certified by the Management)

(Refer Note A-10 of Schedule 'N')

Stores, Spare Parts, Fuel (Including in Transit)

Packing Materials (at or below cost)

STOCK-IN-TRADE

Raw materials on hand & in transit

Finished Goods

Stock in process

Packing Drums &

Coke dust, Gypsum

Shares (Refer Statem

TOTAL

TOTAL

As at 31.03.2010 Rs. in lacs	As at 31.03.2009 Rs. in lacs
5,867.88	3,418.87
72.86	54.06
6,036.45	5,038.07
2,819.14	3,120.60
107.00	117.62
44.95	45.96
42.54	44.07
8.58	8.58
14,999.40	11,847.83

Investments in shares (Stock in Trade)

Particulars

Investments in shares (Stock in Trade)				31 st March, 2010		31 st March, 2009	
Particulars	Face Value per Share Rs.	No. of Shares	Amount Rs. in Lacs	No. of Shares	Amount Rs. in Lacs		
Quoted							
Reliance Industries Ltd	10	1,122	0.44	561	0.44		
Reliance Communication Ltd.,	5	553	—	553	—		
Reliance Infrastructure Ltd., (Previous year Reliance Energy Ltd.,)	10	41	—	41	—		
Reliance Natural Resources Ltd.,	5	553	—	553	—		
Reliance Capital Ltd.,	10	27	—	27	—		
Grasim Industries Ltd	10	700	2.01	700	2.01		
Ranbaxy Laboratories Ltd	5	5,426	5.60	5,426	5.60		
Reliance Industrial Infrastructure Ltd.,	10	1,900	0.19	1,900	0.19		
Indian Telephone Industries Ltd.,	10	3,400	0.34	3,400	0.34		
TOTAL			8.58		8.58		



Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at 31.03.2010 Rs. in lacs	As at 31.03.2009 Rs. in lacs
SCHEDULE "H"		
SUNDRY DEBTORS (UNSECURED UNLESS OTHERWISE STATED)		
a) Over 6 Months		
Considered good (Secured)	30.00	30.00
Considered good	699.31	230.38
Considered doubtful	276.47	276.47
b) Other Debts (considered good)	9,349.60	9,059.90
c) Claims against Insurance, Railways, Custom etc.	93.69	404.70
	10,449.07	10,001.45
Less: Provision for doubtful debts	276.47	276.47
TOTAL	10,172.60	9,724.98
SCHEDULE "I"		
CASH AND BANK BALANCES		
1. Cash on hand	3.78	1.33
2. Cheques, Stamps, Hundi papers on hand	0.06	0.05
3. Balance with Scheduled Banks:		
a. in Current Account	172.27	154.54
b. in Fixed Deposits (Pledged with Bank as Margin Money)	2.76	6.66
4. Post office Savings Deposit (Pass Book Pledged with Central Excise Department)	0.01	0.01
5. Balance with Dhrangadhra People's Co-op. Bank Ltd. (Maximum amount outstanding Rs. 0.02 lacs)	0.02	0.02
TOTAL	178.90	162.61
SCHEDULE "J"		
LOANS AND ADVANCES (Unsecured, Considered Good)		
Advances recoverable in cash or kind or for value to be received (Including advance for capital items)	1,218.90	1,350.34
Inter Corporate Deposits – Considered Good	0.10	0.10
Staff loans	60.18	47.29
Interest accrued on Inter Corporate Deposits	0.31	0.23
Electricity and other Deposits	290.98	149.87
Balance with Customs, Central Excise etc.	4,082.73	3,144.95
Mat Credit Entitlement	59.00	697.25
TOTAL	5,712.20	5,390.03



Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at 31.03.2010 Rs. in lacs	As at 31.03.2009 Rs. in lacs
SCHEDULE "K"		
LIABILITIES		
Acceptances against Letters of Credit	13,926.66	9,741.08
Dues of Micro & Small Enterprises	29.42	18.31
Sundry Creditors other than dues of Micro & Small Enterprises (Includes Liabilities for capital items Rs. 627.52 Lacs)	8,312.58	7,164.13
Advances from customers and consignees	1,929.39	1,006.65
Trade and Other Deposits	502.17	477.16
Unclaimed Dividend #	47.13	36.55
Unclaimed Interest Public Deposit Monies #	0.04	0.04
Other Liabilities	583.67	666.31
Interest accrued but not due on Loans	172.52	87.44
TOTAL	25,503.58	19,197.67
# These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.		
SCHEDULE "L"		
PROVISIONS		
Proposed Dividend - Equity	706.16	588.46
Tax on Dividend	120.01	100.01
Provision for Tax (net off Advance Tax and Tax Deducted at Source)	95.22	185.26
Provision for fringe benefit tax	—	32.00
Provision for Retirement & Other Emp. Benefits	817.05	707.35
TOTAL	1,738.44	1,613.08
SCHEDULE "M"		
A. CONTINGENT LIABILITIES NOT PROVIDED FOR:		
1. Disputed Sales Tax Demands	1,387.02	1,104.01
2. Disputed Excise Demands	326.01	297.25
3. Disputed Customs Demands	159.61	31.26
4. Disputed Income tax Demand (Paid Rs. 80 lacs against the demand & appeals pending before the appellate authority)	190.85	270.02
5. Company's contribution to ESI not made pursuant to petitions for exemption pending before High Court	87.18	86.04
6. Lease Rent, Local Cess, Interest on Octroi, Surcharge, Stamp Duty, Octroi & Water and Electricity charges	2,238.95	2,237.24
7. Disputed Industrial relations matters	417.09	359.78
TOTAL	4,806.71	4,385.60
B. GUARANTEE AS A MEMBER OF THE ALKALI MFRS. ASSN. (A Company Limited by Guarantee)	Rs. 500	Rs. 500



Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE "N"

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIALS FOR THE YEAR ENDED 31ST MARCH, 2010

A. SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS:

DCW Limited ["Parent Company"], a public limited company, together with its subsidiary, operates as an integrated Chemical Manufacturing organization.

The Parent Company's shares are listed for trading on the National Stock Exchange and the Bombay Stock Exchange in India and its Global Depository Receipts [covering equity shares of Parent Company] are listed on the Luxembourg Stock Exchange.

2. BASIS OF PRESENTATION:

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule, 2006 issued by the Central Government in exercise of the power conferred under subsection [1](a) of section 642 and the relevant provisions of the Companies Act, 1956 [the 'Act']. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Group unless otherwise stated.

3. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary, DCW Pigments Ltd., incorporated in India with effective group shareholding of 99%.

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and un-realised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the reserves of the consolidated entities.

The consolidated financial statements are presented, to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements.

4. SYSTEM OF ACCOUNTING:

- A. The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.
- B. The financial statements have been prepared in all material respects with accounting standards as notified in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.
- C. Financial statements are prepared on historical cost basis and as a going concern, adjusted for revaluation / diminution in value of certain fixed assets.

5. USE OF ESTIMATES:

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

6. FIXED ASSETS AND DEPRECIATION:

A) Fixed Assets:

Fixed Assets are stated at their original cost net of Cenvat Credit where applicable (including expenses related to acquisition and installation) except certain Fixed Assets which are adjusted for revaluation.

B) Depreciation and Amortisation:

Depreciation is charged in the Accounts on straight line method as under:

- a) On assets revalued at Sahapuram Unit on 31-3-93 @ 3% on the revalued cost based on revision in useful life estimated by the valuer (Refer Note B2).



Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

- b) On balance fixed assets of the company at rates specified in Schedule XIV to the Companies Act, 1956 on the original cost.
- c) On fixed assets added / disposed off during the year, on prorata basis with reference to the month of addition /disposal.
- d) On Technical Know-how fees at 33.33%.

7. REVENUE RECOGNITION:

Revenue is recognized to the extent that it can be reliably measured and is probable that the economic benefit will follow to the company.

- a. Sales: Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty, sales returns and sales tax.
- b. Interest: Revenue is recognized on time proportion basis taking into account the outstanding amount and the applicable rate of interest.
- c. Dividends: Revenue is recognized when the right to receive payment is established.

8. EXPENDITURE DURING CONSTRUCTION AND ON NEW PROJECTS:

In the case of new projects and in the case of modernisation / expansion of existing units, interest on borrowings for the same and all pre-operative expenditure, incurred during implementation upto the date of installation are included under Capital Work in Progress and capitalised by adding pro-rata to the cost of the assets.

9. INVESTMENTS:

The Company's investments comprise long term and current investments. Long Term investments are stated at cost less permanent diminution, if any, in value. Current investments are stated at lower of cost or market value.

10. INVENTORIES:

Inventories are valued at lower of cost and net realisable value except stores, spares and stock in process and fuel which are valued at cost, packing materials which are valued at or below cost and scrap and by products which are valued at net realisable value. Cost is computed on weighted average basis and includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

11. ACOUNTING FOR CENVAT AND SERVICE TAX CREDITS:

Cenvat credit available on Raw Materials, Fuel and Packing materials, stores, spares and Capital goods and Service Tax Credit on services availed are accounted for by reducing purchase cost of the related material or the expenses respectively and Cenvat Credit available on fixed assets is accounted by reducing the same from the cost of respective fixed assets.

12. FOREIGN CURRENCY TRANSACTIONS:

- a) Transactions in Foreign Currency are recorded at the exchange rates prevailing on the date of Transactions.
- b) Monetary items denominated in foreign currencies (such as cash receivables, payables, etc.) outstanding at the year end, are translated at exchange rate appilicable as of that date.
- c) Non-monetary items denominated in foreign currency (such as investments, fixed assets, etc.) are valued at the exchange rate prevailing on the date of transaction.
- d) Any gains or losses arising due to exchange differences at the time of translation or settlement are accounted in the Profit & Loss Account.
- e) Premium / discounts on forward exchange contracts are amortised over the life of the contract and recognised in the Profit and Loss account, exchange differences on such contracts are recognized in the profit and loss account in the reporting period in which the exchange rates change.



Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

13. RESEARCH & DEVELOPMENT EXPENDITURE:

Revenue Expenditure on Research & Development is charged against the Profit of the year in which it is incurred. Capital expenditure on Research & Development is shown as an addition to fixed assets.

14. BORROWING COSTS:

Borrowing costs attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

15. EMPLOYEE BENEFITS:

- a) Contributions to Provident and Superannuation Funds are made to recognised funds and are charged to Profit & Loss Account. The interest rate payable by recognized Provident Fund shall not be lower than the statutory rate of interest declared by Central Government and shortfall, if any, shall be made good by the company.
- b) The company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Premium charged by the Life Insurance Corporation of India, based on actuarial valuation is debited to the Profit and Loss Account.
- c) Liabilities towards Leave Encashment Benefit is provided for based on actuarial valuation done at the year end.
- d) Contribution to Employee Pension Scheme 1995, are accounted on accrual basis with corresponding remittance made to Government Provident Fund authority.

16. PROVISIONS & CONTINGENCIES:

- A. A provision arising out of a present obligation is recognized when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
- B. Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability.
- C. Show Cause Notices are not considered as Contingent Liabilities unless converted into demand.

17. TAXES ON INCOME:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognised for all timing differences, subject to consideration of prudence, applying the tax rates that have been substantially enacted by the Balance Sheet date.

18. IMPAIRMENT OF ASSET:

The carrying amount of assets are reviewed at each balance sheet date for indication of any impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the profit and loss account. A previously recognized impairment loss is reversed where it no longer exists and the asset is restated to that effect.

B. NOTES FORMING PART OF ACCOUNTS:

As per standalone accounts of DCW Limited and DCW Pigments Ltd.

As per our Report attached

For **V. Sankar Aiyar & Co.**
Chartered Accountants

S. Venkatraman
Partner

Place : Mumbai
Dated : 14th May, 2010

Chital V. Shah
Asstt. Company Secretary

For and on behalf of the Board

Dr. Shashi Chand Jain
Chairman & Managing Director

Pramod Kumar Jain
Bakul Jain
Managing Directors

Vimal Jain
Sr. Vice President (Finance)

Dr. V. H. Joshi

Yuvaraj Saheb of Dhrangadhra

Sushil Kumar Jalan
Directors



Schedules

FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE "1"

SALES (less Rebates and Trade Discount but including excise duty)

	For the year ended 31.03.2010 Rs. in lacs	For the year ended 31.03.2009 Rs. in lacs
Direct Sale *	73,949.80	56,527.57
Consignment Sales	25,468.44	33,476.40
Export Sales #	9,691.78	10,211.97
Other Sales *	465.59	976.79
TOTAL	109,575.61	101,192.73

* Includes Sale of Traded Goods Rs. 16.59 Lacs
(Previous Year Rs. 1203.66 lacs)

Includes exchange fluctuation (Loss) / Gain of
Rs. 285.53 Lacs. Previous Year (Rs. 643.15) Lacs

SCHEDULE "2"

OTHER INCOME:

Towards Shortfall in performance of equipments	—	1,447.00
Profit on Sale of Fixed Assets	0.40	8.31
Unclaimed balance written back	12.16	15.37
Dividend received on current Investments	20.28	28.34
Dividend received on Long Term Investments	2.61	2.42
Gain on Foreign Exchange Transactions (Net)	—	1,161.07
Miscellaneous Income	198.57	636.31
TOTAL	234.02	3,298.82



Schedules

FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE "3"

MANUFACTURING AND OTHER EXPENSES

1. Consumption of Materials: Raw Materials

Stock in hand and in process as at opening

Add: Purchases *

Less: Closing stock in hand & in process (including taxes duties etc.)

TOTAL

* Includes Exchange fluctuation (Loss) gain of
Rs. 1238.19 Lacs previous year (5291.84) Lacs

2a. Increase / Decrease in Stock:

Closing Stock:

Manufactured Products

Stock in process

Packing Drums and Scrap

Coke Dust & Gypsum

Stock of Traded Shares

Opening Stock:

Manufactured Products

Stock in process

Packing Drums and Scrap

Coke Dust & Gypsum

Stock of Traded Shares

Opening Stock – Closing Stock

Closing Stock Excise Duty

Opening Stock in Excise Duty

2c. Purchases for resale (Net of stock of traded goods capitalised/written off)

TOTAL

3. SALARIES, WAGES & BENEFITS TO EMPLOYEES

Salaries Wages

Contribution to Provident and other Funds

Employees' Welfare

TOTAL

4. Power and Fuel

For the year ended 31.03.2010 Rs. in lacs	For the year ended 31.03.2009 Rs. in lacs
5,038.07	2,485.58
55,300.15	59,234.06
6,036.45	5,038.07
54,301.77	56,681.57
2,602.47	2,787.53
107.00	117.62
44.95	45.96
42.54	44.07
8.58	8.58
2,805.54	3,003.76
2,787.53	3,632.96
117.62	87.79
45.96	269.90
44.07	40.29
8.58	8.58
3,003.76	4,039.52
198.22	1,035.76
(216.67)	(333.06)
333.06	502.97
116.39	169.91
16.59	1,203.66
331.20	2,409.33
4,128.19	3,761.13
486.97	450.42
424.77	386.96
5,039.93	4,598.51
12,096.81	11,196.17



Schedules

FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE "3" (Contd.)

5. OPERATION AND MAINTENANCE:

Repairs and Maintenance – Buildings	395.39	370.53
Repairs and Maintenance – Plant & Machinery	3,383.71	2,348.91
Repairs and Maintenance – Other Assets	253.12	243.14
Packing Charges	1,738.52	1,946.42
Other Operation & Maintenance Expenses	1,962.29	929.27

7,733.03

5,838.27

6. ASSETS SOLD OR WRITTEN OFF:

Fixed Assets discarded, obsolete, written off	120.72	34.35
Loss on Sale of Fixed Assets (Unserviceable etc. written off)	49.18	32.23

169.90

66.58

7. ADMINISTRATION EXPENSES:

Rent	47.17	36.46
Rates, Taxes and licence fees	168.47	86.93
Insurance	277.09	228.47
Investments Written off	1.19	—
Wealth tax paid	4.55	3.45
Donation	42.46	4.37
Other expenses	1,247.22	1,047.53

1,788.15

1,407.21

8. SELLING AND DISTRIBUTION:

Freight, Transportation, Loading and Other Charges (Net)	1,320.39	1,880.17
Commission to wholesalers/others	602.80	575.35
Cash discount	381.16	80.08
Octroi - Consignment Sale	2.13	2.94

2,306.48

2,538.54

9. a. PAYMENT TO AUDITORS:

i. Audit Fees	6.00	6.00
ii. Tax Audit	1.50	1.50
iii. Representation in tax matters	0.40	0.40
iv. Retainer fees	3.60	3.60
v. Other Services	1.80	1.75
vi. Reimbursement of Expenses	3.43	2.36

16.73

15.61



Schedules

FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE "3" (Contd.)

b. Details of Directors' Remuneration under Section 198

i. Managing Director's and Whole time Directors' Remuneration:

	For the year ended 31.03.2010 Rs. in lacs	For the year ended 31.03.2009 Rs. in lacs
Salary	144.00	96.00
Perquisites on House	9.60	9.60
Gas, Electricity expenses	10.05	14.04
Company's Contribution to PF	12.96	8.64
Leave Travel Concession	6.20	1.88
Medical Expenses	8.93	10.45
Company's Contribution to Superannuation	16.20	10.80
Commission	711.72	28.30
ii. Directors Sitting Fees	1.58	1.73

Less: Amount Capitalised

TOTAL

SCHEDULE "4"

INTEREST AND FINANCE CHARGES

Interest Fixed loans	3,198.24	2,547.24
Interest Others	109.93	144.98
Bank Charges	384.53	364.45
Exchange Loss on Forward Cover	206.00	273.38

Less: Interest from banks & others (TDS Rs. 6.34 Lacs
(Previous Year Rs. 79.33 lacs)

TOTAL

SCHEDULE "5"

DEPRECIATION

Depreciation on Fixed Assets for the year

Less: Drawn from Revaluation Reserve

TOTAL

As per our Report attached

For **V. Sankar Aiyar & Co.**
Chartered Accountants

S. Venkatraman
Partner

Place : Mumbai
Dated : 14th May, 2010

Chital V. Shah
Asstt. Company Secretary

For and on behalf of the Board

Dr. Shashi Chand Jain
Chairman & Managing Director

Pramod Kumar Jain
Bakul Jain
Managing Directors

Vimal Jain
Sr. Vice President (Finance)

Dr. V. H. Joshi

Yuvaraj Saheb of Dhrangadhra

Sushil Kumar Jalan
Directors

THIS PAGE IS INTENTIONALLY KEPT BLANK

THIS PAGE IS INTENTIONALLY KEPT BLANK



Registered Office: Dhrangadhra - 363 315, Gujarat State

ATTENTANCE SLIP

71st Annual General Meeting at 10.00 A.M. on Thursday, 12th August 2010.

I certify that I am a Member / Proxy for the Member of the Company.

I hereby record my presence at the Seventyfirst Annual General Meeting of the Company held at the Registered Office of the Company (at Guest House No. 2) at Dhrangadhra - 363 315, Gujarat State at 10.00 A.M. on Thursday, 12th August, 2010.

Proxy's Name

Member's / Proxy's Signature

(To be filled if the Proxy attends instead of the Member)

Note: Please fill in this attendance slip and hand it over at the Entrance of the Venue.



Registered Office: Dhrangadhra - 363 315, Gujarat State

PROXY FORM

I/We _____
of _____ being a Member/Members of
DCW Ltd., hereby appoint Shri. / Smt. _____
of _____ or failing him / her Shri. / Smt. _____
of _____ or failing him / her Shri. / Smt. _____
of _____ as my/our proxy in my / our absence, to attend and vote for me / us and on my/our behalf at
the Annual General Meeting of the Company to be held at 10.00 A.M. on Thursday, 12th August, 2010 at the Registered Office of the
Company at Dhrangadhra - 363 315, Gujarat State and at any adjournment thereof.

Signed this _____ day of _____ 2010.

DP Id* _____

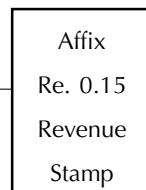
Client Id.* _____

Regd. Folio No. _____

No. of Shares held _____

* Applicable if shares are held in electronic form.

Signature _____



Note: The proxy form must be deposited at the Registered Office of the Company at Dhrangadhra not less than 48 hours before the time for holding the meeting.