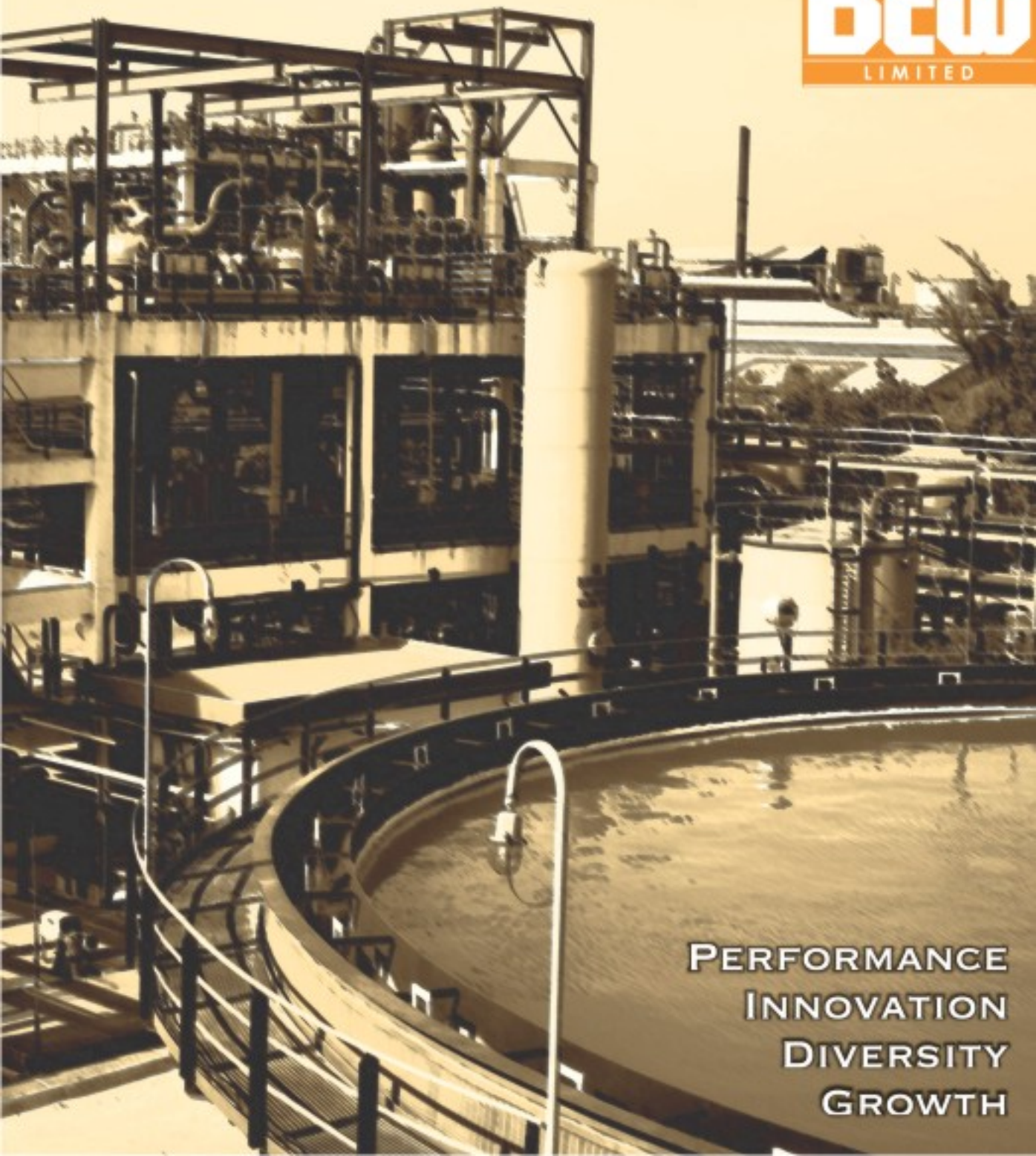


# ANNUAL REPORT 2011 - 2012



PERFORMANCE  
INNOVATION  
DIVERSITY  
GROWTH



## Notice

### SEVENTY THIRD ANNUAL GENERAL MEETING 2011-2012

NOTICE is hereby given that the 73<sup>rd</sup> Annual General Meeting of the Members of **DCW LIMITED** will be held at 10.00 a.m. on Friday, 28<sup>th</sup> September, 2012 at the Registered Office of the Company (at Guest House No. 2) at Dhrangadhra - 363 315, Gujarat State, to transact the following business:

#### ORDINARY BUSINESS:

1. To consider and adopt the Audited Accounts for the year ended March 31, 2012 and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Equity shares of the Company.
3. a. To appoint a Director in place of Dr. S. C. Jain, who retires by rotation and being eligible, offers himself for reappointment.  
b. To appoint a Director in place of Shri F. H. Tapia, who retires by rotation and being eligible, offers himself for reappointment.  
c. To appoint a Director in place of Shri Sodhsal Singh Dev of Dhrangadhra, who retires by rotation and being eligible, offers himself for reappointment.
4. **To appoint Auditors and to fix their remuneration and in this connection, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :**  
"RESOLVED THAT M/s. V. Sankar Aiyar & Co., Chartered Accountants, Mumbai, the retiring Auditors of the Company, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Meeting upto the conclusion

of the next Annual General Meeting, on a remuneration of Rs. 10,00,000/- (Rupees Ten Lakhs only) plus reimbursement of traveling and other out-of-pocket expenses; such remuneration to be exclusive of fees payable for services that may be rendered by them other than as Auditors."

#### SPECIAL BUSINESS:

5. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a "Ordinary Resolution":**  
"RESOLVED THAT Shri Mudit Jain, who was appointed as an Additional Director of the Company with effect from 6<sup>th</sup> August, 2012 and who, in terms of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Shri Mudit Jain as a candidate for the office of Director, be and is hereby appointed, as a Director of the Company liable to retire by rotation."
6. **To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a "Special Resolution":**  
"RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act,

1956, the Company hereby approves the appointment of and the remuneration payable to Shri Mudit Jain as Whole Time Director designated as Executive Director (hereinafter referred to as 'Executive Director) of the Company for a period of 3 years with effect from 6<sup>th</sup> August, 2012 on the terms and conditions set out in the draft agreement submitted to this meeting and initialed by the chairman for the purpose of identification; which agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement in such manner as may be agreed to between the Board of Directors and Shri Mudit Jain, provided they are within and in accordance with the limits specified in the Schedule XIII to the Companies Act, 1956 or any amendment thereto.

RESOLVED FURTHER THAT if in any financial year during the tenure of the Executive Director, the Company has no profits or its profits are inadequate, Shri Mudit Jain shall be entitled to receive and be paid as minimum remuneration in that year, Salary, Perquisites and other allowances not exceeding Rs. 48,00,000/- per annum or Rs. 4,00,000/- per month, but shall not be entitled to any commission.

AND RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary to give effect to this resolution".



7. **To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a "Special Resolution":**

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the Company hereby approves the appointment of Ms. Malti Jain, related to some of the Directors, as President (Public Relations) of the Company, for period of five years with effect from October 1, 2012 at a salary of Rs. 3,25,000/- per month in the grade of Rs. 3,25,000/- -25,000/- - 4,25,000/- together with perquisites and benefits as mentioned hereinbelow:

- (a) Leave Travel Allowance :  
Rs.30,000/- per annum
- (b) Reimbursement of Medical Expenses:  
Rs. 45,000/- per annum
- (c) House Rent Allowance:  
Rs. 25,000/- per annum
- (d) Free use of Company's car with chauffeur for Company's work and personal use, with all costs in respect thereof for petrol, maintenance, insurance etc., being met by the Company.
- (e) Bonus, Provident Fund, Superannuation and Gratuity, as per the Rules of the Company and applicable to other Senior Executives of the Company.
- (f) Leave/Encashment of leave as per the Rules of the Company.

AND RESOLVED FURTHER THAT the terms and conditions of the appointment of Mrs. Malti Jain will be subject to such modifications and variations as the Central Government may suggest or require which the Board of Directors of the Company be and is hereby authorised to accept on behalf of the Company."

By Order of the Board

**Chital Shah**  
**Dy. Company Secretary**  
Mumbai, 13<sup>th</sup> August, 2012

**Registered Office :**  
Dhrangadhra - 363 315  
Gujarat.

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The Proxy Form should be lodged with the Company at the Registered Office at least 48 hours before the time of the Meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed

from Saturday, 22nd September, 2012 to Friday, 28th September, 2012, both days inclusive.

4. Shareholders are requested to promptly notify any changes in their address to the Company's Registrar & Share Transfer Agents, Bigshare Services Pvt. Ltd., (Unit: DCW Limited), E/2&3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400 072.
5. **In pursuance of the Green initiative taken by Ministry of Corporate Affairs regarding sending of Annual Report to the members of the Company as required under section 219 of the Companies Act, 1956 through electronic mode, members of the Company are requested to register their email addresses and changes therein from time to time with the Company or with the Depository.** However, if any member insists on physical copy of the Annual report, the same will be sent to them.
6. The unclaimed dividends upto the Company's financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have so far not claimed their dividend warrants for the said years are requested to claim the amount by submitting an application in prescribed Form No. II to the Registrar of Companies, Gujarat Housing Board Building, Opp. Rupal Park, Near Ankur Char Raste, Navrangpura, Ahmedabad 360 013.  
  
Pursuant to Sections 205A and 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or



unclaimed for a period of 7 years from the date of such transfer shall be transferred by the Company to a fund called 'Investor Education and Protection Fund' (the Fund) set up by the Central Government.

Accordingly, the Company has transferred all the unclaimed dividends to the said Fund and no claim will lie against the fund or the Company in respect of the any such Dividends transferred.

The dividend for the year ended 31<sup>st</sup> March, 2012 as recommended by the Board, if sanctioned at the meeting, will be paid on or before 3rd October, 2012 to those members whose names appear in the Company's Register of Members as on 21st September, 2012. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

Members who have not encashed their dividend warrants within the validity period may write to the Company's Registrar and Share Transfer Agents, Bigshare Services Pvt. Ltd., E/2&3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072 for obtaining payment in lieu of such warrants.

7. Payment of Dividend through ECS:

(a) Members holding shares in physical form are advised to submit particulars of their Bank Account viz. Name and address of the branch

of the Bank, 9 digit MICR Code of the Branch, type of account and account number latest by 21st September, 2012 to the Company's Registrar and Share Transfer Agents, Bigshare Services Pvt. Ltd., E/2&3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072.

(b) Members holding shares in demat form are advised to inform their particulars to their respective Depository Participant.

8. Members are requested to bring their copy of Annual Report to the Meeting.

9. Members desirous of obtaining any information concerning accounts of the Company are requested to address their questions to the Company Secretary, so as to reach at least 7 days before the date of meeting, to enable the information required to be made available at the Meeting, to the extent possible.

10. **Re-appointment of Directors:**

At the ensuing Annual General Meeting, Dr. S.C. Jain, Shri F. H. Tapia and Shri Sodhsal Singh Dev of Dhrangadhra, Directors, retire by rotation and being eligible, offer themselves for reappointment.

**Pursuant to Clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of Directors retiring by rotation / appointment of new Director in the ensuing Annual General Meeting are given below: -**

**Profile of the Directors retiring by rotation and being eligible for re-appointment / proposed new Director**

**DR. S. C. JAIN :-**

Dr. S. C. Jain holds a Doctorate in Economics and has 56 years experience in the Industry. He was first appointed on the Board in the year 1955 and is currently the Chairman and Managing Director of the Company and is responsible for the overall management and affairs of the Company.

Dr. S. C. Jain is the Director of Doubledot Finance Limited, Bhagwan Ram Investments and Leasing Pvt. Ltd., Crescent Finstock Limited, Express Newspaper Private Limited-Chennai, Sahu Brothers Pvt. Ltd, Sahu Foods Ltd., Jain Sahu Brothers Properties Pvt. Ltd. and DCW Pigments Limited. He is a member of the Audit Committee of Crescent Finstock Limited.

**SHRI F. H. TAPIA :-**

Shri F. H. Tapia is an eminent Solicitor and is the Director of the Company since 1989.

Shri F. H. Tapia is the Proprietor of the Solicitor Firm – Jamshedji Rustomji & Devidas & Jani & Merchant. He is a member of the Audit committee, Remuneration Committee and Share Transfer Committee of the Board of Directors of the Company.

Shri F.H. Tapia is holding 5000 shares of the Company and he is not related to any other Director of the Company.



#### **SHRI SODHSAL SINGH DEV OF DHRANGADHRA :-**

Shri Sodhsal Singh Dev of Dhrangadhra is the son of Late Shri HHM Sriraj of Dhrangadhra, former Maharaja of Dhrangadhra. He is the Director of the Company since 1990. He is M. A. in Chemistry from the Oxford University and has a very good knowledge about the industry. He is Director of Jaycee Chemicals Pvt. Ltd. and Umbria Chemicals Pvt. Ltd.

He is member of the Audit Committee and Remuneration Committee of the Board of Directors of the Company. Shri Sodhsal Singh Dev of Dhrangadhra is holding 55000 Equity shares of the Company. He is not related to any other Director of the Company.

#### **SHRI MUDIT JAIN**

Shri Mudit Jain is B.Com, M.B.A. (Wharton Business School, U.S.A.) He is with the company since 1989. Prior to

his appointment as Director he was President (Caustic Soda Division). He is in charge of the Caustic Soda Division and oversees the marketing operation of Beneficiated Ilmenite.

Shri Mudit Jain is a Director of Sahu Brothers Pvt. Ltd., Jain Sahu Brothers Properties Pvt. Ltd., Sahu Cylinders and Udyog Pvt. Ltd. and DCW Pigments Limited.

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### **Annexure to the Notice**

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

##### **Item No. 5**

Mr. Mudit Jain was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 6<sup>th</sup> August, 2012. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Mudit Jain holds office upto the date of this Annual General Meeting. Shri Mudit Jain was President of the Company and is in charge of the Caustic Soda Division and also looked after the marketing operation of the Beneficiated Ilmenite unit of the Company. He is B. Com., M.B.A. (Wharton Business School, U.S.A.). Considering his qualifications and experience it will be in the interest of the Company to appoint him as a Director of the Company.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Mudit Jain as Director at the

forthcoming Annual General Meeting.

Mr. Mudit Jain is concerned or interested in the resolution since it pertains to his appointment.

Dr. S. C. Jain, Shri Pramod Kumar Jain and Shri Bakul Jain, Directors of the Company and related to Shri Mudit Jain are deemed to be concerned or interested in the said Resolution.

##### **Item No. 6**

The Board at their meeting held on August 6, 2012 has also appointed Shri Mudit Jain as Whole time Director designated as Executive Director of the Company for a period of three years with effect from August 6, 2012 subject to the approval of shareholders of the Company. The Remuneration committee of the Board at their meeting held on 6<sup>th</sup> August, 2012 has approved the payment of the remuneration to Shri Mudit Jain by passing a Resolution.

The terms and conditions of his appointment as Executive Director are as follows:

##### **1. Period:**

3 years with effect from August 6, 2012

##### **2. Remuneration**

###### **a. Salary:**

Rs. 3,00,000 per month

###### **b. Perquisites :**

In addition to Salary, the Executive Director shall also be entitled to perquisites like Accommodation (Furnished or otherwise) or House Rent Allowance in lieu thereof; House Maintenance Allowance together with utilities thereof such as gas, electricity, water, furnishings and repairs; Medical Reimbursement and Leave Travel Concession for himself and family; Club Fees, Medical Insurance, etc. in accordance with the Rules of the Company or as may be agreed to between the Board and the Executive Director; the amount of such perquisites to be restricted to Rs. 12,00,000 per annum.



The Company shall provide the Executive Director a Car with a driver and Telephone facility at his residence. Provision of Car for use on Company's business and Telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the Car for private purpose shall be billed by the Company to the Executive Director.

Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity payable at a rate not exceeding half-a-month's salary for each completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of ceiling on perquisites.

**2. Commission :**

Commission shall be paid in addition to the above Salary and Perquisites and shall be calculated with reference to the net profits of the Company in the relevant Financial Year as determined on approval of the accounts subsequent to the year ending. The amount of such Commission shall be subject to the overall ceilings stipulated in Sections 198 and 309 of the Act and shall be twenty five percent of the difference between ten percent of the net profits in that Financial Year and the aggregate of the salary and perquisites and benefits paid to the Managing

Directors and the Whole- time Directors in that year.

3. If in any Financial Year during the tenure of the Executive Director, the Company has no profits or its profits are inadequate, he shall be entitled to receive and be paid as minimum remuneration in that year; Salary and Perquisites not exceeding Rs. 48.00 lacs per annum or Rs. 4,00,000 per month, but shall not be entitled to any Commission.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such Rules, Perquisites shall be evaluated at actual cost.

4. The terms and conditions of appointment of Shri Mudit Jain may be altered and varied from time to time during his tenure of appointment in such manner as may be agreed to between the Board of Directors and Shri Mudit Jain provided such terms are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956, or any amendment thereto.
5. The Executive Director shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission. He shall also not become interested or other wise concerned directly or through his wife in any selling agency of the Company, without the prior permission of the Central Government.
6. The Executive Director shall not be entitled to any Sitting Fee for attending the Meetings of the Board or any Committee thereof.

Shri Mudit Jain was President of the Company and is in Charge of Caustic Soda Division and also looked after the marketing operation of the Beneficiated Ilmenite unit of the company. He is with the company since 1989. He is B.com, MBA (where to Business School, USA). The Board therefore recommends his appointment and payment of remuneration as mentined above.

The Draft of the Agreement between the Company and Shri Mudit Jain is open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 a.m. and 1.00 p.m.

The above may also be treated as an abstract under Section 302 of the Companies Act, 1956.

Shri Mudit Jain is concerned or interested in the Resolutions since it relates to his appointment and payment of remuneration.

Dr. Shashi Chand Jain, Shri Pramod Kumar Jain and Shri Bakul Jain, Directors of the Company, are related to Shri Mudit Jain and are deemed to be concerned or interested in the said Resolution.

None of the other Directors is in any way concerned or interested in the Resolution.

**STATEMENT OF DISCLOSURE UNDER SCHEDULE XIII TO THE COMPANIES ACT, 1956:**

**I. GENERAL INFORMATION :**

**(1) Nature of Industry :**

The Company is engaged in the manufacture and sale of chemicals such as Soda Ash,



Caustic Soda, Synthetic Rutile, PVC etc.

**(2) Date or expected date of commencement of commercial production.**

The Company commenced its business in the year 1939 i.e. the year in which it was incorporated.

**(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :**

Not applicable

**(4) Financial performance based on given indicators :**

Financial Parameters	2009-2010	2010-2011	2011-2012
Total Revenue (Net)	1,02,914.33	1,07,364.63	1,18,991.99
Total Expenses	88,575.33	1,03,775.79	1,14,426.11
Profit /Loss After Tax	6,763.04	2,891.02	3,066.88
Dividend Rate	18%	18%	18%

**(5) Export performance and net foreign exchange collaborations:**

The Company earned foreign exchange of Rs. 255.81 crores during the year ended 31/3/2012 against Rs. 153.19 crores earned during the year ended 31/3/2011. The foreign exchange outgo during the year ended 31/3/2012 was Rs. 646.15 crores against Rs. 526.11 crores in the year ended 31/3/2011.

**(6) Foreign Investments or collaborators, if any.**

The foreign holding in the Company as on 30/6/2012 is 17.07% of the equity capital of the Company. The Company has two foreign collaborations, namely,

Technical License and Support Agreement with Rockwood Italia SpA Socio Unico, Divisione Silo, Italy and Technical License Agreement with Arkema France, France.

**II. INFORMATION ABOUT THE APPOINTEE :**

**(1) Background details –**

Mr. Mudit Jain is B.Com, M.B.A. (Wharton Business School, U.S.A.). Before his appointment as Executive Director, Mr. Mudit Jain was President of the company and is in charge of the Caustic Soda Division and also oversees the marketing operation of the Beneficiated Ilmenite unit of the Company.

**(2) Past remuneration –**

- a) Salary : Rs. 3,00,000/- per month.
- b) Perquisites :
  - (i) Leave Travel Allowance: Rs. 30,000/- per annum
  - (ii) Reimbursement of Medical Expenses: Rs. 45,000/- per annum.
  - (iii) House Rent Allowance : Rs. 25,000/- per annum
  - (iv) Free use of Company's car with chauffeur for Company's work and personal use, with all costs in respect thereof for petrol, maintenance, insurance, etc. being met by the Company.

(v) Bonus Provident Fund, Superannuation and Gratuity, as per the Rules of the Company and applicable to other Senior Executives of the Company.

(vi) Leave/Encashment of leave as per the Rules of the Company.

**3. Recognition / awards**

He is B.Com, M.B.A. (Wharton Business School, U.S.A.). He is the President of Alkali Manufacturers Association of India.

**4. Job profile and his suitability**

Mr. Mudit Jain is in charge of the Caustic Soda Division and also oversees the marketing operation of the Beneficiated Ilmenite unit of the Company. He is with the Company since 1989 and has been President (Caustic Soda division) of the Company prior to his appointment as Executive Director. He was instrumental in converting the Caustic Soda Unit from Mercury Cell Technology to Membrane Cell Technology which resulted an increase in the installed capacity of the Caustic Soda Unit from 60,000 TPA to 1,00,000 TPA. This also resulted in substantial reduction in the consumption of power. He was also instrumental in the increase of installed capacity of the Synthetic Rutile Plant from 25000 TPA to 48000 TPA and also entering into long term contracts with overseas parties for the supply of synthetic Rutile. Considering the qualification, experience and the contribution made to the Company, his continued service as Executive Director will enable the Company to progress further.





## 5. Remuneration proposed:

### a. Salary:

Rs. 3,00,000 per month

### b. Perquisites:

In addition to Salary, the Executive Director shall also be entitled to perquisites like Accommodation (Furnished or otherwise) or House Rent Allowance in lieu thereof; House Maintenance Allowance together with utilities thereof such as gas, electricity, water, furnishings and repairs; Medical Reimbursement and Leave Travel Concession for himself and family; Club Fees, Medical Insurance, etc. in accordance with the Rules of the Company or as may be agreed to between the Board and the Executive Director; the amount of such perquisites to be restricted to Rs. 12,00,000 per annum.

The Company shall provide the Executive Director a Car with a driver and Telephone facility at his residence. Provision of Car for use on Company's business and Telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the Car for private purpose shall be billed by the Company to the Executive Director.

Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity payable at a rate not exceeding half-a-month's

salary for each completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of ceiling on perquisites.

### Commission :

Commission shall be paid in addition to the above Salary and Perquisites and shall be calculated with reference to the net profits of the Company in the relevant Financial Year as determined on approval of the accounts subsequent to the year ending. The amount of such Commission shall be subject to the overall ceilings stipulated in Sections 198 and 309 of the Act and shall be twenty five percent of the difference between ten percent of the net profits in that Financial Year and the aggregate of the salary and perquisites and benefits paid to the Managing Directors and the Whole-time Directors in that year.

If in any Financial Year during the tenure of the Executive Director, the Company has no profits or its profits are inadequate, he shall be entitled to receive and be paid as minimum Remuneration in that year; salaries and Perquisites not exceeding Rs. 48.00 lacs per annum or Rs. 4,00,000 per month, but shall not be entitled to any Commission.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such Rules, Perquisites shall be evaluated at actual cost.

## 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details with reference to the country of his origin)

Considering the general industry and the specific company profile, the proposed remuneration is in line with the industry levels and that of comparatively placed companies in India.

## 7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any

The Executive Director has pecuniary relationship with the Company in his capacity as Executive Director and is also one of the Promoters of the Company. The Executive Director is related to Dr. S. C. Jain, Chairman and Managing Director, Shri P. K. Jain and Shri Bakul Jain, Managing Directors of the Company

## III. Other Information:

### Reasons for loss or inadequate profits, steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurement terms.

The Company has been profitable for the last many years. The Company expects to continue to drive profitability and appropriate steps, as possible, are being taken to ensure profitability in the coming years. This disclosure is only an enabling disclosure for payment of remuneration in the unlikely scenario of loss/inadequacy of profits.





#### IV. Disclosures :

The proposed remuneration package of the aforesaid Executive Director is detailed above. The Corporate Governance Report which forms a part of the Directors' Report contains details of remuneration paid to all the Directors.

##### **Item No. 7**

The Company intended to appoint a senior official to co-ordinate with media and develop public relations. In view of the Company's requirement, the Selection Committee of the Company comprising independent directors and an

expert from outside the company had selected Ms. Malti Jain as President (Public Relations) at their meeting held on 8<sup>th</sup> August, 2012 and the Board of Directors had approved her appointment as President (Public relations) with effect from 1<sup>st</sup> October, 2012 vide circular resolution dated 13<sup>th</sup> August, 2012. Ms Malti Jain is related to some of the Directors of the Company. In terms of provisions of Section 314 of the Companies Act, 1956 for payment of monthly remuneration exceeding Rs. 2,50,000/- to a relative of a Director requires approval of Central Government in addition

to the prior approval of the members of the Company by special resolution. Ms. Malti Jain is B.A and has vast experience in the Hotel & Travel Industry. Based on her experience and knowledge it would be in interest of the company to appoint her.

Dr. Shashi Chand Jain, Shri Pramod Kumar Jain, Shri Bakul Jain, Managing Directors and Shri Mudit Jain, Executive Director of the Company, being related to Mrs. Malti Jain, are deemed to be concerned or interested in the said resolution.

None of the other Directors are in any way concerned or interested in the said resolution.



## Corporate Directory

### BOARD OF DIRECTORS

Dr. Shashi Chand Jain  
Chairman and Managing Director

Shri. Pramod Kumar Jain  
Managing Director

Shri. Bakul Jain  
Managing Director

Smt. Vandana Jain\*  
Executive Director

Shri Mudit Jain\*\*  
Executive Director

Shri. F. H. Tapia

Shri. Sushil Kumar Jalan

Shri Sodhsal Singh Dev of Dhrangadhra

Shri Berjis Desai

Shri R. V. Ruia

Dr. V. H. Joshi

### BANKERS

Punjab National Bank

State Bank of India

City Union Bank Ltd.

ING Vysya Bank Ltd.

### AUDITORS

V. Sankar Aiyar & Co.,  
Chartered Accountants, Mumbai.

### REGISTERED OFFICE

Dhrangadhra – 363 315, Gujarat.

### HEAD OFFICE

“Nirmal” 3<sup>rd</sup> Floor,  
Nariman Point,  
Mumbai – 400 021.

### BRANCH OFFICE

Indra Palace, 1<sup>st</sup> Floor,  
H-Block, Connaught Circus,  
New Delhi – 110 001.

### WORKS

**Soda Ash Division** : Dhrangadhra – 363 315,  
Gujarat.

**Caustic Soda Division** : Arumuganeri P.O.,  
Sahupuram – 628 202,  
Tamil Nadu.

**PVC Division** : Arumuganeri P.O.,  
Sahupuram – 628 202,  
Tamil Nadu.

**Salt Works** : Kuda, Gujarat.

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## 73<sup>rd</sup> Annual Report 2011 – 2012

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**Note** :The Balance Sheet, Profit and Loss Account and Key Financial Data are also presented in US \$ on Page Numbers 17, 18 & 19 respectively.

\* Resigned w.e.f. 6<sup>th</sup> August, 2012

\*\* Appointed w.e.f. 6<sup>th</sup> August, 2012



## TO THE MEMBERS

Your Directors present their 73<sup>rd</sup> Annual Report and Audited Accounts for the Financial Year ended 31st March, 2012 –

### 1. Financial Results

	31-3-2012 (Rs. in lacs)	31-3-2011 (Rs. in lacs)
Gross Sales	<u>128064.48</u>	<u>114626.94</u>
Gross Profit	9663.18	8344.62
Less : Provisions		
Depreciation	<u>5097.29</u>	<u>4755.79</u>
Profit Before Tax	<u>4565.88</u>	<u>3588.83</u>
Tax: Current Period	900.00	1360.00
Previous Period		-
MAT Credit available for set off / Utilized	<u>(900.00)</u>	<u>-</u>
Profit After Current Tax & Tax Adjustments	4565.88	2228.83
Deferred Tax	<u>1499.00</u>	<u>(662.18)</u>
Profit after Tax	<u>3066.88</u>	<u>2891.01</u>
Add: Balance brought forward	2074.70	4004.36
Profit available for Appropriation	<u>5141.58</u>	<u>6895.37</u>
Appropriations:		
General Reserves	2000.00	4000.00
Proposed Dividend	731.16	706.16
Dividend	118.16	114.56
Distribution Tax		
Balance carried forward	<u>2291.81</u>	<u>2074.65</u>

### 2. Dividend:

Your Directors recommend payment of Dividend at Re.0.36 per equity share of Rs. 2 each.

### 3. Operations:

Sale during the year was Rs.1280.64 crores as compared to Rs. 1146.26 crores recorded in the previous year, registering an increase of 12%. The Gross Profit for the year (before depreciation) is Rs. 96.63 crores against Rs. 83.45 crores in previous year. The profit before tax amounted to Rs.45.66 crores as against Rs. 35.89 crores in the previous year. The profit after provision of current tax is Rs. 45.66 crores against previous years Rs. 28.91 crores, an increase of 58% and profit after deferred tax is Rs.30.67

## Directors' Report

crores against previous years Rs.28.92 crores an increase of 6%. Deferred Tax is only a provision as per accounting guidelines and not an outflow.

The Company's profits have been higher during the financial year in spite of increase in price of raw material for PVC and on account increase in coal prices internationally. The increase in profits is due to better price realization on Beneficiated Ilmenite which is a export oriented product. The realization on Beneficiated ilmenite has further improved and the Company is hopeful of achieving improved profitability in the current year.

### 4. Exports:

The Company's exports were at Rs. 255.82 crores as compared to Rs. 153.19 crores in the previous year. The 60% increase in exports was on account of better realisation of Beneficiated Ilmenite coupled with higher tonnage.

### 5. Divisionwise Performance:

#### a) PVC Division:

The turnover of the division was Rs.524.15 crores as compared to Rs. 517.63 crores in the previous year. The company sold 84961

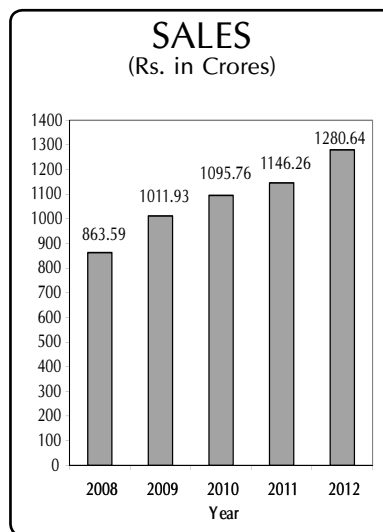
MT of PVC Resin compared to 90157 MT in the previous year. Though the sale of PVC Resin in quantity terms has been lower by 6% compared to pervious year, increase in realization on PVC Resin consequent to increase in raw material price (VCM) has helped in marginal increase in the turnover. All the user segments are recording good demand and PVC industry continues to show positive growth. The Government has identified irrigation, power and infrastructure, as thrust areas and increased activity in these sectors are likely to boost demand of PVC Resin.

#### b) Caustic Soda Division:

The turnover of the division was Rs. 552.30 crores as compared to Rs. 438.72 crores in the previous year, an increase of 26%. The Company sold 85235 MT of Caustic Soda during the year as compared to 81355 MT in the previous year, an increase of 5%, by-product chlorine is being used beneficially.

#### c) Soda Ash Division:

The turnover of the division was Rs.194.79 crores as compared to Rs. 188.28 crores in the previous year registering an increase of 3%. The increase in turnover is due to better realization on Soda Ash and Soda Bicarbonate along with increase in quantity being sold of Soda Ash and Soda Bicarbonate compared to previous year. The Company sold 75057 MT of Soda Ash, 20354 MT of Soda Bicarbonate and 18078 MT of Detergent during the year as compared to 72658 MT of Soda Ash, 19638 MT of Soda Bicarbonate and 31469 MT of Detergent, in the previous year.





## 6. PROJECTS IMPLEMENTED UNDER IMPLEMENTATION

### 6.1.1 Projects Under Implementation

#### 6.1.1.1 CALCIUM CHLORIDE PLANT

The Calcium Chloride project is having technical problem. It may not be possible to run the plant and the equipment erected for this plant will be used in the soda ash unit of the company.

#### 6.1.2 SOLWAY TOWERS AT DHRANGADHRA UNIT

Solway towers installed at the Soda Ash Unit are not commissioned. An assignment was given to Akzo Noble, Neatherlands, to do basic-engineering to utilise the towers and to increase Soda Ash Production. The necessary steps required to increase the Soda Ash Production will be taken up in due course of time during which this Solway Towers will be commissioned. The company will take up the increase in Soda Ash Production after completion of existing on going projects under implementation at its Caustic Soda and PVC units.

#### 6.1.3 SYNTHETIC IRON OXIDE PIGMENT AND CALCIUM CHLORIDE PROJECT :-

The work on establishing Synthetic Iron Oxide Pigment (SIOP) plant at the Company's Sahupuram facility, in Tamil Nadu, India, utilising waste effluent stream which is rich in iron (Iron Chloride liquor), is under progress and is in advanced stage of implementation. The company has appointed UDHE India Ltd., well known engineering company to provide engineering services for this plant. The mechanical completion of the plant is expected to be completed by the first quarter of 2013-14. The facility once established will enable the company to utilise its waste and generate a commercially viable product. This plant is expected to start commercial production by

mid 2013-14. Calcium Chloride will be produced from the effluent generated from the Synthetic Iron Oxide Pigment Plant.

Both Synthetic Iron Oxide Pigment and Calcium Chloride facility has been granted 100% EOU status, by the Government of India.

The facility is employing DCW's in-house developed technology, the company has made an agreement with Rockwood Italia SpA Socio Unico, Divisione Silo, Italy (Group Company of Rockwood Pigments' USA) for manufacture of both yellow and red Iron Oxide Pigment. Annual Synthetic Iron Oxide Pigment capacity will be approximately 32,000 TPA and waste stream coming out from the Synthetic Iron Oxide Pigment Plant will be used to manufacture 50000 TPA Calcium Chloride and pure water.

The Company has also signed an off take agreement with Rockwood Italia for 50% of the Synthetic Iron Oxide Pigments. Balance 50% of the product may be sold either to Rockwood Italia or to other parties at its option.

#### 6.1.4 PVC Automation-Cum-Balancing Equipment Program

The company's PVC Automation-

Cum-Balancing Equipment program is under progress, which will increase PVC production from existing 90000 TPA to 140000 TPA. The program is expected to be completed by First Quarter of 2013-14.

## 7. Corporate Governance

The report on Corporate Governance is annexed to this report.

## 8. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 is set out in the Annexure forming part of this Report.

## 9. Particulars of Employees:

Information in accordance with Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is set out in the Annexure forming part of this Report.

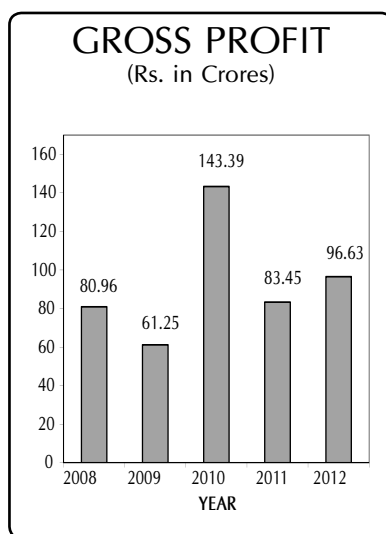
## 10. Environment and Safety Measures

The Company is committed to Industrial Safety and Environment Protection and these are on going processes at the Company's various plants. The Sahupuram Unit has been granted ISO 14001 Certificate for complying with environment protection and safety.

## 11. Directors:

Dr. S.C. Jain, Shri. F.H.Tapia and Shri. Sodhsal Singh Dev of Dhrangadahra, Directors, retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

Smt. Vandana Jain, Executive Director of the Company, has resigned from the Board with





effect from 6th August, 2012. Smt. Vandana Jain has been with the Company since 2006. The Board has put on record its appreciation for the valuable service rendered by her during her tenure.

Mr. Mudit Jain has been appointed as an Additional Director and also as Whole Time Director designated as 'Executive Director' with effect from 6th August, 2012.

Resolutions have been incorporated in the Notice convening the forthcoming Annual general Meeting for the appointment of Mr. Mudit Jain.

**12. Auditors and Auditors' Report:**

M/s V. Sankar Aiyar & Co., Chartered Accountants – Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for reappointment.

**13. Cost Audit:**

In accordance with the directions received from the Department of Company Affairs, the company has appointed M/s. N.D.Birla & Company, Ahmedabad and M/s.R.Nanabhoy & Company, Mumbai for conducting the Cost Audit of the Company's Soda Ash and Caustic Soda Divisions respectively for the financial year 2010–11. Their appointments were approved by the Ministry of Corporate Affairs. They have conducted the cost audit for the financial year 2010–11 of respective divisions and have filed the cost audit report with the Central Government. The due date for filing of cost audit report was 27<sup>th</sup> September'2011 and the same has been filed on 11<sup>th</sup> August'2011 and 23<sup>rd</sup> September'2011 respectively.

The Company has re-appointed M/s. N. D. Birla & Company, Ahmedabad and M/s. R. Nanabhoy & Company, Mumbai for conducting the cost audit of the Company's Soda Ash and Caustic

Soda Divisions respectively for the financial year 2011 – 2012. Their appointments were approved by the Ministry of Corporate Affairs. They have conducted the cost audit for the financial year 2011 – 2012 of respective divisions and would file the cost audit reports with the Central Government before the due date. The due date for filing of cost audit report is 27<sup>th</sup> September, 2012.

**14. ISSUE OF CONVERTIBLE WARRANTS TO PROMOTER GROUP ON PREFERENTIAL BASIS:**

Pursuant to the approval granted by the shareholders of the Company at their Annual General Meeting held on November 24, 2011, the Company had allotted on January 9, 2012, 1,36,36,363 convertible warrants on preferential basis to Promoter Group; each warrant convertible into one Equity Share of Rs. 2 each, at a premium of Rs. 9 per share, in one or more tranches, within a period of 18 months from the date of allotment of warrants. Out of these warrants 69,45,455 warrants were converted into Equity shares on January 31, 2012. 39,23,393 warrants were converted into Equity Shares on 23<sup>rd</sup> April, 2012.

27,67,515 warrants are pending for conversion into Equity Shares.

**15. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**OUTLOOK :**

The Company has diversified operations with three business segments viz. PVC, Chloro Alkali and Soda Ash. It is thus reasonably protected from the vagaries of individual business cycles of these products.

**PVC Division:**

The Company, one of the country's five producers of PVC resin, has maintained its market share of nearly 7%. Also PVC demand is growing at a CAGR of about 10%, with increased government spending towards infrastructure, agriculture and water management. Increase in PVC capacity will result to meet demand supply gap.

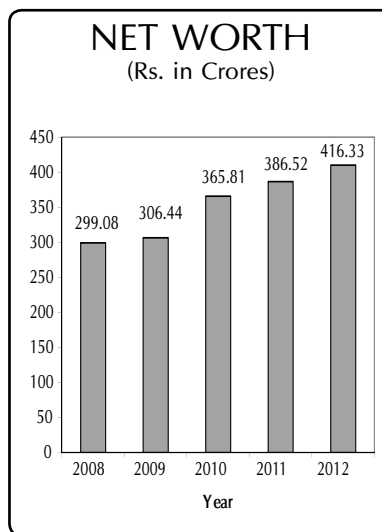
**Caustic Soda Division:**

The Company continues to be a major player in South India with a market share of approximately 15%. The demand for caustic soda is expected to grow at a steady rate of 4% to 5%, specially with increased demand from alumina manufacturers. The company is able to fully use its HCL & Chlorine to maintain Caustic Production at full level.

The conversion from Mercury Cell to Membrane Cell technology has not only resulted in substantial capacity addition but also has brought down the consumption of power which has helped in improving the bottom-line.

**Soda Ash Division:**

The Soda Ash Industry continues to grow at a compounded rate of 4% to 5% per annum and this trend is expected to continue due to strong demand from end user industries. Imposition of Antidumping duty on import of Soda Ash from countries like Iran, Pakistan, China, Ukraine,





Kenya, European Union and the US by Govt., of India, will protect the industry against dumping of Soda Ash from this countries and will go a long way in helping domestic industry.

## 16 PROPOSED PROJECT

### 16.1 Chlorinated Poly Vinyl Chloride (C-PVC)

The Company has signed Technology License agreement with Arkema France for putting up Chlorinated Poly Vinyl Chloride (C-PVC) Plant at its Shupuram Facility, in Tamilnadu. The company has appointed UHDE India Ltd., an reputed process engineering consultants to prepare detailed engineering of the project. This project will take 12-15 months to go in for commercial production from Zero Date.

This project will help company to manufacture value added product from its in house products PVC and Chlorine and will go a long way in increasing its captive consumption of Chlorine, reducing the dependence on sale of chlorine.

### 16.2 Trichloroethylene Capacity Increase :

The company has capacity to manufacture 7200 TPA Trichloroethylene. This plant is running at its full capacity. Trichloroethylene demand is increasing both in local market as well as in global market. The company now proposes increase its Trichloroethylene capacity by 5000TPA which will replace the imports of Trichloroethylene. This will help the company in increasing its captive consumption of Chlorine, reducing the dependence on sale of chlorine.

### 17. Internal Control Systems:

The Company has an adequate internal control procedure commensurate with the nature of its business and size of its operations. Internal Audit is conducted on a

regular basis by an independent firm of Chartered Accountants. However the Board of Directors are re-examining the scope of Internal Audit looking into the size of operations of the Company.

The reports of the internal audit along with comments from the management are placed for review before Audit Committee. The Audit Committee also scrutinizes all the programmes and the adequacy of the internal controls.

### 18. Human Resources:

The Company has been following a standard procedure for recruitment of best personnel for all the departments and is making constant and continuous efforts to retain and groom them to meet its present and future requirements. The current strength is 2122 employees. The Company sponsors employees for various seminars on finance, operations, marketing and human resource development to update their skills and develop close co-ordination with their counterparts in industries. This is basically done to enhance their skills in order to achieve an optimum output from them.

### 19. Cautionary Note:

Statement in this report describing the company's objectives, projections, estimates, expectations and predictions may be "forward looking statements". Actual results could differ materially from those expressed or implied due to variation in prices of raw materials, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and other incidental factors.

### 20. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures;
- (b) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of financial year and of the profit of your Company for that period;
- (c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities and
- (d) prepared the Annual Accounts on a going concern basis.

### 21. Insurance

All the properties of the Company are adequately insured.

### 22. Industrial Relations:

The relations between the employees and the management were cordial and an atmosphere of understanding prevailed throughout the year.

### 23. Acknowledgement:

The Board places on record their grateful appreciation for the assistance and co-operation received from the Financial Institutions and the Banks.

On behalf of the  
Board of Directors

**Dr. Shashi Chand Jain**  
Chairman and  
Managing Director

Mumbai, 6<sup>th</sup> Aug., 2012.



## **ANNEXURE TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement)

### A. MANDATORY REQUIREMENTS

#### 1. Company's philosophy on Code of Corporate Governance:

The Company believes in the practice of good Corporate Governance. A continuous process of delegation of powers commensurate with accountability coupled with trust, faith and transparency has been embedded in the day to day functioning. The Company will endeavor to improve on these aspects on an ongoing basis.

#### 2. Board of Directors:-

- **Size of the Board**  
The Board of Directors of the Company consists of 10 Directors.
- **Composition, category and their attendance at the Board meetings during the year and at the last Annual General Meeting and also the number of other Directorships / Memberships of Committees are as follows:**

Category of Directorship	Name of the Director	Attendance Particulars at the		Other Directorships	Other Committee	
		Board Meetings	Last AGM		Memberships	Chairmanships
Promoter/ Executive Directors	Dr. Shashi Chand Jain (Chairman & Managing Director)	4	No	5	1	–
	Shri Pramod Kumar Jain (Managing Director)	4	Yes	1	–	–
	Shri Bakul Jain (Managing Director)	4	No	2	–	1
	Smt. Vandana Jain* (Executive Director)	3	No	–	–	–
	Shri Mudit Jain** (Executive Director)	–	–	1	–	–
Non Executive and Independent Directors	Shri Sodhsal Singh Dev of Dhrangadhra	4	No	–	–	–
	Shri F.H. Tapia	3	No	–	–	–
	Dr. V.H. Joshi	1	Yes	–	–	–
	Shri Sushil K. Jalan	3	No	6	–	–
	Shri R. V. Ruia	4	No	3	–	–
	Shri Berjis Desai	3	No	10	14	5

\* Resigned from the Board w.e.f. 6th August, 2012

\*\* Appointed as an Additional Director and Whole Time Director designated as 'Executive Director' w.e.f. 6th August, 2012

Dr. S. C. Jain, Shri P. K. Jain, Shri Bakul Jain, Smt. Vandana Jain & Shri Mudit Jain are related to each other.

#### No. of Board Meetings held during the year along with the dates of the meeting:

- **During the year four Board Meetings were held on:**

16.05.2011, 08.08.2011, 20.10.2011 and 14.02.2012.

The Company placed before the Board the Annual Budget, Performance of various units and other information from time to time as specified in Annexure of the Listing Agreement.

#### 3. Audit Committee

- **Terms of Reference :**

The terms of reference of this Committee cover the matters as specified for Audit Committees under





Clause 49 of the Listing Agreement as well as per the provisions of Section 292 A of the Companies Act, 1956.

• **Composition, name of Members and Chairperson:**

The Audit Committee comprises 3 Non-Executive Independent Directors. Dr. V.H. Joshi is the Chairman of this Committee. Shri Sodhsal Singh Dev of Dhrangadhra and Shri F. H. Tapia are the other members of the Committee.

• **Meetings and Attendance during the year:**

The Committee met 4 times during the year and the attendance of the Members at these meetings was as follows:

Dates of Meetings	Dr. V.H.Joshi	Shri F.H.Tapia	Shri Sodhsal Singh Dev of Dhrangadhra
16.05.2011	Yes	No	Yes
08.08.2011	No	Yes	Yes
20.10.2011	No	Yes	Yes
14.02.2012	No	Yes	Yes

**4. Remuneration Committee:**

• **Terms of Reference :**

The terms of reference of this Committee cover the matters as specified for Remuneration Committees under Clause 49 of the Listing Agreement.

• **Composition, Name of Members and Chairperson:**

The Remuneration Committee comprises 3 Non-Executive Independent Directors. Shri F.

• **Details of the remuneration paid to the Directors for the Financial year 2011-2012 is given below:**

Directors	Salary (Rs.)	Benefits (Rs.)	Contri. to Provi. Fund & Other funds (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Dr. Shashi Chand Jain	36,00,000	7,60,000	10,81,440	55,00,000	–	1,09,41,440
Shri Pramod Kumar Jain	36,00,000	7,60,000	10,81,440	55,00,000	–	1,09,41,440
Shri Bakul Jain	36,00,000	7,59,842	10,81,440	55,00,000	–	1,09,41,282
Smt. Vandana Jain#	36,00,000	11,99,595	1,09,440	55,00,000	–	1,04,09,035
Shri F.H. Tapia*	–	–	–	–	60,000	60,000
Dr. V.H. Joshi	–	–	–	–	20,000	20,000
Shri Sodhsal Singh Dev of Dhrangadhra**	–	–	–	–	70,000	70,000
Shri Sushil K. Jalan	–	–	–	–	35,000	35,000
Shri R. V. Ruia	–	–	–	–	50,000	50,000
Shri Berjis Desai	–	–	–	–	30,000	30,000

# Resigned w.e.f. 6th August, 2012

\* Shri F.H. Tapia is holding 5000 equity shares of the Company.

\*\* Shri Sodhsal Singh Dev of Dhrangadhra is holding 55,000 equity shares of the Company.

H. Tapia is the Chairman of this Committee. Dr. V. H. Joshi and Shri Sodhsal Singh Dev of Dhrangadhra are the other members of the Committee.

• **Attendance during the year:**

The Committee met 2 times during the year and the attendance of the Members at these meetings was as follows:

Dates of Meetings	Dr. V.H.Joshi	Shri F.H.Tapia	Shri Sodhsal Singh Dev of Dhrangadhra
16.05.2011	Yes	No	Yes
08.08.2011	No	Yes	Yes

• **Remuneration Policy:**

The Remuneration of Managing Directors and Whole-time Director is approved by the Remuneration Committee and also by the Board (subject to the subsequent approval by the Shareholders at the general body meeting and such other authorities as the case may be). The remuneration is fixed considering various factors such as qualification, experience, expertise and prevailing remuneration in the corporate world, financial position of the Company etc. The remuneration Structure comprises Salary, Perquisites, Commission and Contribution to Provident Fund, Super-Annuation Fund and other funds in accordance with the provisions of the Companies Act, 1956. The Non-Executive Directors do not draw any remuneration from the Company besides the sitting fees for meetings of the Board and its Committees attended by them.



Sitting Fee also includes payment for Board level committee meetings.

The Managing Directors and Executive Director are entitled for commission @ 25% of the difference between 10% of the net profits as computed under Section 349 of the Companies Act, 1956, in a financial year and the aggregate of the salary and perquisites and benefits paid to all the Managing Directors and Executive Director in that year subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.

The appointments of Managing Directors / Executive Director are contractual and are for a period of 3 years.

The appointment of the Managing Directors / Executive Director may be terminated by either party by giving a six-month notice.

No severance fee is payable on termination of appointment.

Non-Executive Directors are not paid / entitled for any remuneration other than sitting fees.

Presently the Company does not have any Scheme for grant of any stock option either to the Directors or to the employees.

#### 5. Shareholders' / Investors' Grievance Committee:

Shri F. H. Tapia, Non-executive Director is the Chairperson of the Shareholders' / Investors' Grievance Committee.

Mrs. Chital V. Shah is the Compliance Officer of the Company.

There were 80 complaints received from the shareholders during the year.

All the Complaints were resolved satisfactorily.

There were no pending complaints as on 31.03.2012

#### 6. General Body Meetings

i. Location and time where last 3 Annual General Meetings held: –

Year	Location	Date	Time	No. of Special Resolutions Passed
2008-09	Dhrangadhra, Gujarat	27.08.2009	10.00 a.m.	9
2009-10	Dhrangadhra, Gujarat	12.08.2010	10.00 a.m.	0
2010-11	Dhrangadhra, Gujarat	24.11.2011	10.00 a.m.	6

- ii. No Special Resolution has been passed last year through postal ballot
- iii. No Special Resolution is proposed to be conducted through postal ballot.

#### 7. Disclosures

1. During the year, there were no transactions of material nature with the Promoters, Directors or the management or relatives etc. that may have potential conflict with the interest of the Company at large.
2. During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any other statutory authority for non-compliance of any matter related to the Capital Market.
3. **DCW Code of Conduct:**

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is posted on the website of the Company.

A declaration signed by the Chairman & Managing Director of the Company is given below :

I hereby confirm that the Company has obtained from all the members of the Board and Sr. Management Personnel, affirmation that they have complied with the code of conduct for the Directors and Sr. Management Personnel in respect of the financial year 2011- 2012.

Dr. S. C. Jain  
Chairman & Managing Director.

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended, the Board of Directors of the Company formulated DCW Code of Conduct for the prevention of Insider Trading in the shares of the Company by its Directors and designated employees. The Code, inter-alia, prohibits purchase / sale of shares of the Company by the Directors and designated employees, while in possession of unpublished price sensitive information in relation to the Company. A system has been put in place and Directors / Designated



Employees and their dependants have been advised to take pre-clearance before purchase / sale of the Company's shares.

Whistle Blower mechanism is in existence and no personnel have been denied access to the Chairman of the Audit Committee.

#### 4. Compliance with Mandatory Requirements:

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

#### Compliance with Non-Mandatory Requirements :

##### (1) The Board :

The Company has an Executive Chairman and hence the requirement pertaining to reimbursement of expenses to a Non-Executive Chairman does not arise.

##### (2) Remuneration Committee:

Please refer Item No. 4 under the heading 'Mandatory Requirements.

##### (3) Shareholders' Rights:

As the Company's Quarterly results are published in English Newspapers having circulation all over India and in a Gujarati Newspaper circulated in Gujarat, the same are not sent to each household of shareholders.

##### (4) Audit qualification :

The Company move towards a regime of unqualified financial statements.

##### (5) Training of Board Members :

The Board of Directors consists of professionals with expertise in their respective fields and industry. They endeavor to keep themselves updated with changes in economy and legislation.

##### (6) Mechanism for evaluating non-executive Board Members:

The performance evaluation of non-executive Directors is done by the Board of Directors, excluding the Director being evaluated.

##### (7) Whistle Blower Policy:

The Company has in existence a system for the employees to report to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of

Conduct.

#### DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT/ETHICS:

All the Directors and Senior Management personnel have affirmed compliance with the Code of Conduct / Ethics as approved and adopted by the Board of Directors.

#### 8. Means of Communication

- The Quarterly results are published in 'Financial Express' in all editions in India including in the Gujarat edition published from Ahmedabad. These are not sent individually to the shareholders.
- The above results are also displayed on the Company's web-site viz. [www.dcwlimited.com](http://www.dcwlimited.com)
- There were no presentations made to the institutional investors or to the analysts.

#### 9. General Shareholders information

##### ANNUAL GENERAL MEETING:

- Day & Date – Friday, 28th September, 2012.
- Time – 10.00 A.M.
- Venue – at the Registered Office (at Guest House No.2), Dhrangadhra, Gujarat – 363 315

Financial calendar : April 2011 – March 2012:

Date of Book closure : Saturday, 22nd September 2012 to Friday, 28th September, 2012 (both days inclusive).

Dividend Payment Date: 3rd October, 2012

##### Listing on Stock Exchanges:

The Company's shares are listed with the following Stock Exchanges: –

- **The Mumbai Stock Exchange (BSE)** – Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023
- **National Stock Exchange of India** – Exchange Plaza Bldg., 5<sup>th</sup> floor, Plot No. C- 1,



**Limited (NSE)** 'G' Block,  
Bandra–Kurla Complex,  
Near Wockhardt,  
Mumbai 400 051

Annual Listing fees as prescribed has been paid to the above Stock Exchanges for the year 2012 – 2013.

GDRs of the Company are listed with the Luxembourg Stock Exchange

**Stock Code** : 500117 (BSE)  
DCW (NSE)

**Demat ISIN Nos.** : INE 500A01029 (Fully Paid)

**Share Transfers and other Communications may be Addressed to** Bigshare Services Pvt. Ltd.,  
Unit DCW Ltd.,  
E/2&3, Ansa Industrial

Estate, Sakivihar Road, Saki Naka, Andheri (East),  
Mumbai – 400 072.  
Tel.: 91– 22 – 28470652,  
40430200, 28470653  
Fax.: 91–22–28475207  
Email : [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

**Investors' complaints may be Addressed to** : Dy. Company Secretary  
**DCW Limited**  
Nirmal, 3rd floor,  
Nariman Point,  
Mumbai – 400 021

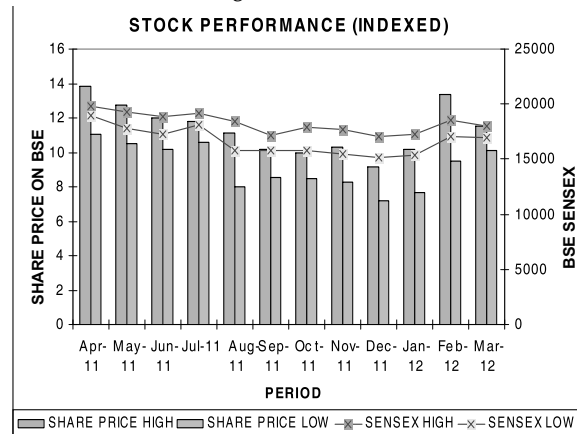
**Market price data** :

**High / Low During each month in last Financial year: –**

Month / Year	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2011	13.80	11.00	13.80	11.06
May, 2011	12.65	10.65	12.75	10.50
June, 2011	11.85	10.40	12.00	10.15
July, 2011	11.50	10.60	11.83	10.60
August, 2011	11.10	8.00	11.10	8.00
September, 2011	11.25	8.60	10.19	8.55
October, 2011	10.30	8.25	10.00	8.48
November, 2011	10.75	8.30	10.30	8.30
December, 2011	10.30	6.30	9.15	7.20
January, 2012	9.95	7.60	10.20	7.65
February, 2012	13.35	9.40	13.38	9.51
March, 2012	11.05	9.80	11.55	10.10

### Stock Performance (Indexed) :

The performance of the Company's shares relative to BSE Sensex is given in the chart below :



### Registrar and Share Transfer Agents:

The Company has appointed Bigshare Services Pvt. Ltd., E/2 & 3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai – 400 072 as Registrars and Share Transfer Agents of the Company.

Our RTA, Bigshare Services Private Limited has Gen–Next Investor Interface Module "i'Boss" the most advanced tool to interact with investors. Please login into i'Boss ([www.bigshareonline.com](http://www.bigshareonline.com)) and help them to serve you better.

The Company's shares are traded in the Stock Exchanges compulsorily under demat mode. All the applications received for transfer of physical shares are approved by the Share Transfer Committee, which normally meets twice in a month depending on the volume of transfers. Share transfers are registered and returned normally within 20 days from the date of lodgement, if documents are complete in all respects.

### Distribution of Shareholding as on 31.03.2012 :-

Range	No. of Share-holders	% of Share-holders	Total No. of Shares held	% of Total Capital
1 – 500	43,148	68.93	96,29,665	4.74
501 – 1000	9263	14.80	80,42,177	3.96
1001 – 2000	4739	7.57	75,33,643	3.71
2001 – 3000	1838	2.93	48,17,683	2.37
3001 – 4000	787	1.26	28,63,014	1.41
4001 – 5000	914	1.46	43,88,074	2.16
5001 – 10000	1035	1.65	78,45,246	3.87
10001 above	876	1.40	15,79,80,543	77.78
<b>Total</b>	<b>62,600</b>	<b>100.00</b>	<b>20,31,00,045</b>	<b>100.00</b>



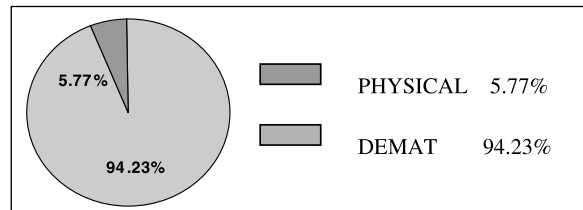
**Shareholding Pattern as on 31.03.2012: –**

Category of Shareholder	No. of Shares held	Percentage of Shareholding
<b>(A) Shareholding of Promoter and Promoter Group</b>		
<b>1 Indian</b>		
(a) Individuals/ Hindu Undivided Family	3,17,45,846	15.63
(b) Central Government/ State Government(s)	–	–
(c) Bodies Corporate	5,24,44,056	25.82
(d) Financial Institutions/ Banks	–	–
(e) Any Others (Specify)	–	–
<b>Sub Total (A)(1)</b>	<b>8,41,89,902</b>	<b>41.45</b>
<b>2 Foreign</b>		
(a) Individuals (Non-Residents Individuals / Foreign Individuals)	–	–
(b) Bodies Corporate	–	–
(c) Institutions	–	–
(d) Any Others (Specify)	–	–
<b>Sub Total (A)(2)</b>	<b>–</b>	<b>–</b>
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>8,41,89,902</b>	<b>41.45</b>
<b>(B) Public shareholding</b>		
<b>1 Institutions</b>		
(a) Mutual Funds/ UTI	18,705	0.01
(b) Financial Institutions / Banks	68,225	0.03
(c) Central Government/ State Government(s)	–	–
(d) Venture Capital Funds	–	–
(e) Insurance Companies	89,00,110	4.38
(f) Foreign Institutional Investors	2,47,94,177	12.21
(g) Foreign Venture Capital Investors	–	–
(h) Any Other (specify)	–	–
(h-i) Foreign Banks	42,225	0.02
<b>Sub-Total (B)(1)</b>	<b>3,38,23,442</b>	<b>16.65</b>
<b>2 Non-institutions</b>		
(a) Bodies Corporate	99,15,480	4.88
(b) Individuals	6,34,75,078	31.25

(c) Any Other (specify)		
(c-i) Clearing Member	95,685	0.05
(c-ii) NRI	30,32,240	1.49
(c-iii) OCBs	57,61,118	2.84
(c-iv) Trust	33,350	0.02
<b>Sub-Total (B)(2)</b>	<b>8,23,12,951</b>	<b>40.53</b>
<b>(B) Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>11,61,36,393</b>	<b>57.18</b>
<b>TOTAL (A)+(B)</b>	<b>20,03,26,295</b>	<b>98.63</b>
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>	<b>27,73,750</b>	<b>1.37</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>20,31,00,045</b>	<b>100.00</b>

**Dematerialisation of shares:**

19,13,75,058 Equity shares held by 58,397 Shareholders comprising 94.23% of the paid up Share Capital have been dematerialised as on 31<sup>st</sup> March, 2012.



**Outstanding GDRs/ADRs/ Warrants /convertible instruments etc.:**

1. Outstanding GDRs as on 31<sup>st</sup> March, 2012 represent 27,73,750 shares (1.37%).
2. Outstanding Convertible warrants issued on preferential basis to Promoter group which are pending for conversion into Equity Shares as on 31<sup>st</sup> March, 2012 represent 66,90,908 shares (3.29%). (39,23,393 warrants were converted into Equity Shares on 23<sup>rd</sup> April, 2012 by the Promoter Group).

Apart from those mentioned above, there are no further outstanding instruments, which are convertible into equity in the future.

**Plant Location :**

Given in the 1<sup>st</sup> page of this Annual Report

**Address for correspondence :**

DCW Limited,  
Nirmal, 3<sup>rd</sup> floor,  
Nariman Point, Mumbai – 400 021



## CERTIFICATE ON CLAUSE 49 COMPLIANCE

To the Members of:

**DCW LIMITED**

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the financial year ended 31<sup>st</sup> March, 2012.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the

compliance with the condition of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review and the information and explanations given to us by the Company.

Based on such a review, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing *Agreements*.

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

**For S. K. Jain & Co.,  
Practicing Company Secretaries**

**(S. K. Jain)  
Partner  
C.P.3076**

Place: Mumbai  
Date: 6<sup>th</sup> August, 2012



## ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT.

### A CONSERVATION OF ENERGY:

#### 1. Installation of supermizers

Supermizers, the electronic device to reduce energy consumption in three phase induction motors, are being used continuously in all plants to save energy. During the year 165 supermizers have been in service resulting in saving of about 20 lacs units.

#### 2. Fan less cooling towers

6 Nos of cooling towers were in service and annual energy savings to a tune of 12 lacs units has been achieved.

#### 3. Suggestion fortnight was organised during December in connection with National Energy Conservation Day celebrations. 9 suggestions were received from employees and implementation of the said proposals have resulted in savings of 2.5 Lacs units up to March-12

#### 4. Cost Improvements Programme

In-house cost improvements are conducted periodically where mostly energy saving proposals are given by all departments for implementation. During the year under report, 3 programmes were conducted and 45 suggestions resulting in annual savings to the tune of Rs. 130 Lacs have been implemented.

#### 5. QHSE system

Under Companywide Objectives and Targets for 2011-12, following have been achieved:

- Overall 6.81% reduction in specific power consumptions
- Overall 3.16% reduction in specific steam consumptions
- Overall 9.07% reduction in specific water consumptions

#### 6. Energy conservation awards

DCW-Sahupuram unit has received "Excellent Energy Efficient Unit" award for the year 2011 by Confederation of Indian Industry (CII), Hyderabad in a National level Award Competition held at Chennai. This is 3<sup>rd</sup> consecutive year the said award is won. In addition, another award in the category "Best Innovative project" was also won in the said competition.

### B. TECHNOLOGY ABSORPTION :

#### 1. Researches and Development:

##### 1.1 CHLOR ALKALI PLANT

- 1.1.1 State of art fibre – optic current sensor (FOCS) developed by ABB has been installed for Direct Current measurement. It has very high accuracy with negligible power consumption.
- 1.1.2 Substitution of Barium Chloride solution for brine treatment in place of Barium Carbonate was another key process change during the year under report.

##### 1.2 SYNTHETIC RUTILE:

- 1.2.1. Process optimization to reduce cycle time and conserve energy.  
Installation of single layer bricks with baffles arrangement in digester has proved enhanced





brick life (nearly double compared to two layer bricks) as well as reduction in cycle time by about 10%. Hence, implementation in 15 out of 29 digesters has been taken up during the year under report.

1.2.2. Mechanization of godown operations

Use of 1 MT jumbo bags with forklift handling in place of 50 Kgs HDPE bags with manual handling has resulted in substantial savings. The mechanized system has helped in meeting the container loading targets to meet export commitments.

1.2.3 Debottlenecking of slurry handling section

Centrifugal pump with suitable MOC of internals in place of air operated diaphragm pumps resulted in reduced maintenance, energy savings and enhanced pumping capacity. This modification aided to meet enhanced daily BI production.

1.2.4 Plant expansion

Requirements of balancing equipments being worked out to enhance BI production up to 4500 MT per month. Lab scale experiments also being done to quantify UTOX generation for the corresponding BI production. Competent consultant engaged for carrying out engineering services for UTOX expansion

1.3. PVC

1.3.1 Reactor cleaning activity was automated in one reactor as part of the expansion programme which has resulted in improved safety. Auto bagging system was installed in dryer plant. Flash dryer air intake duct and suction filter have been modified by increasing the filter area.

1.3.2 Automation of operation in one reactor are underway through DCS system. Based on the performance of this reactor further automation will be implemented in the balance reactors.

2. Expenditure on Research & Development:

(i) Capital	Rs. 225.15 lacs
(ii) Recurring	Rs. 19.02 lacs
	<hr/>
	Rs. 244.17 lacs

(iii) Total Research & Development Expenditure as a percentage of total turnover (Net of Excise) : 0.21 percentage.

**Technology Absorption, Adaptation and Innovation :**

Continuous efforts are made towards technology absorption, adaptation and innovation. The emphasis is on improving the quality of the finished product and reducing energy consumption.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars regarding foreign exchange earnings and outgo appear in Schedule 6 forming part of the Profit and Loss Account.



## REQUISITE DATA IN RESPECT OF ENERGY CONSUMPTION

### (A) Power and Fuel Consumption

Particulars	Caustic Soda Unit		PVC Unit		Soda Ash Unit	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	2011- 12	2010- 11	2011-12	2010-11	2011-12	2010-11
<b>1. ELECTRICITY</b>						
<b>a) Purchased</b>						
Unit (Lakh KWH)	53.89	8.49	5.28	5.41	35.95	28.83
Total Amount (Rs. in lakhs)	443.30	281.00	33.44	32.63	234.09	170.63
Rate/Unit (Rs.)	8.23	33.10	6.33	6.03	6.51	5.92
<b>b) Own Generation</b>						
<b>(i) Through Diesel Generator</b>						
Unit (Lakh KWH)	133.31	271.53	4.15	7.41	–	–
Unit/MT of Furnace Oil	4.39	4.13	4.39	0.29	–	–
Cost/Unit KWH (Rs.)	10.45	7.31	10.45	7.31	–	–
<b>(ii) Through Steam Turbine Generator</b>						
Unit (Lakh KWH)	2925.75	3734.14	–	–	230.24	239.53
Unit/MT of Coal	1222.98	1467.08	–	–	–	–
Cost/Unit KWH (Rs.)	5.75	4.53	–	–	–	–
<b>2. COAL</b>						
Quantity (MT)	239231.06	254528.17	–	–	43,549	42,816
Total cost (Rs. In Lakhs)	16005.41	15206.12	–	–	2514.81	2111.29
Average rate (Rs.)	6690.36	5974.24	–	–	5,775	4,931
<b>3. FURNACE OIL / LSHS / LSFO</b>						
Quantity (MT)	11218.15	14044.69	388.68	167.41	–	–
Total Amount (Rs. in Lakhs)	4012.15	3753.12	146.45	44.58	–	–
Average Rate (Rs.)	35,765	26,723	37678	26629	–	–
<b>4. OTHERS</b>						
<b>(i) Hydrogen</b>						
Quantity (MT)	88.47	129.57	–	–	–	–
Total Amount (Rs. in lakhs)	88.60	96.61	–	–	–	–
Avg. Rate (Rs.)	35766	26629.00	–	–	–	–
<b>(ii) Lignite</b>						
Quantity (MT)	–	–	–	–	68,065	72,428
Total Amount (Rs. in Lakhs)	–	–	–	–	1971.15	1851.61
Rate/Unit (Rs.)	–	–	–	–	2,896	2,556
<b>(iii) HSD</b>						
Quantity (KL)	62.78	44.90	3.49	42.25	–	–
Total Amount (Rs. in lakhs)	25.83	17.09	1.43	16.08	–	–
Avg. Rate (Rs.)	41149	38062	40974	38059	–	–



**(B) Consumption per unit of Production**

Particulars	Caustic Soda Unit		PVC Unit		Soda Ash Unit	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	2011–2012	2010 – 2011	2011– 2012	2010 – 2011	2011– 2012	2010– 2011
1. Electricity (KWH)	2,606	2,497	269	257	224	235
2. Fuel Oil / Coal –Steam (MT)	1.350	1.087	1.483	1.378	–	–
3. Coal (MT)	0.152	0.133	–	–	0.397	0.418
4. Others						
(i) Hydrogen (Kgs)	0.0001	0.0001	–	–	–	–
(ii) Lignite (MT)	–	–	–	–	0.490	0.561
(iii) HSD (Litres)	0.0001	0.0001	–	–	–	–

***Annexure to the Directors' Report***

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report

Sr. No.	Name	Designation/ Nature of duties	Remuneration (Rupees)	Qualification	Experience (Years)	Date of commencement of Employment	Age (Years)	Last employment held. Name of the Company, Designation and period of service
<b>Employed for whole of the year</b>								
1	Dr. Shashi Chand Jain	Chairman & Managing Director	10,941,440	Ph.D (Economics)	56	01.04.1969	79	Sahu Brothers Pvt. Ltd.– 12 years
2	Shri Pramod Kumar Jain	Managing Director	10,941,440	B.A. (Hon.) Economics	53	01.04.1969	74	Sahu Brothers Pvt. Ltd.
3	Shri Bakul Jain	Managing Director	10,941,282	B.Com., MBA	28	01.09.1984	57	—
4	Smt. Vandana Jain	Executive Director	10,409,035	B.Com.	6	01.08.2006	76	—

Notes :

1. The gross remuneration of the Managing Directors and Executive Director shown above (subject to tax) comprise Salary, Perquisites, Commission, Company's contribution to Provident Fund, Superannuation Fund and Gratuity Fund.
2. The nature of employment of the Managing Directors and Executive Director is contractual.
3. Dr. Shashi Chand Jain, Shri Pramod Kumar Jain, Shri Bakul Jain – Managing Directors and Smt. Vandana Jain – Executive Director are related to each other.



## Balance Sheet

AS AT 31ST MARCH, 2012

	As at 31.03.2012 US\$ in Millions *	As at 31.03.2011 US\$ in Millions #
<b>EQUITY AND LIABILITIES :</b>		
<b>Shareholders funds :</b>		
Capital	7.99	8.80
Reserves & surplus	75.50	79.81
Money received against share warrants	0.36	-
<b>Non-current liabilities</b>		
Long-term borrowings	58.91	70.91
Deffered tax liabilities (Net)	18.04	17.23
Long-term provisions	1.28	1.33
<b>Current liabilities</b>		
Short-term borrowings	14.38	3.26
Trade payable	41.15	50.87
Other current liabilities	31.82	10.72
Short-term provisions	1.84	2.51
<b>TOTAL</b>	<b>251.27</b>	<b>245.44</b>
<b>ASSETS :</b>		
<b>Non-current assets</b>		
<b>Fixed Assets</b>		
Tangible assets	135.03	136.10
Capital work in progress	42.12	39.94
Intangible assets	0.38	-
Non-current investments	0.06	0.07
Long-term loans and advances	6.69	1.48
Othe non-current assets	3.67	2.57
<b>Current Assets</b>		
Inventories	31.10	28.54
Trade receivables	14.50	20.81
Cash and Bank balances	1.26	0.43
Short-term loans and advances	16.46	15.50
<b>TOTAL</b>	<b>251.27</b>	<b>245.44</b>
* One US\$= Rs. 50.87 # One US\$= Rs. 44.59		



## Profit & Loss Account FOR THE YEAR ENDED 31ST MARCH, 2012

	As at 31.03.2012 US\$ in Millions *	As at 31.03.2011 US\$ in Millions #
<b>Revenue from operations</b>	251.75	257.07
Less : Excise Duty	18.97	19.73
<b>Revenue from operations (net)</b>	232.78	237.34
Other Income	1.14	3.44
<b>Total Revenue</b>	<b>233.92</b>	<b>240.78</b>
<b>Expenses :</b>		
Cost of Material consumed	147.34	157.62
Purchase of stock-in-trade	0.10	0.21
Changes in inventories of finished goods, work-in progress and stock- in- trade	(0.21)	1.24
Excise duty on inventory differential	(0.09)	0.02
Employee benefits expense	11.83	11.68
Finance costs	6.67	6.72
Depreciation	10.02	10.67
Other Expenses	49.28	44.57
<b>Total Expenses</b>	<b>224.94</b>	<b>232.73</b>
<b>Profit before exceptional and extraordinary items and tax</b>	<b>8.98</b>	8.05
<b>Exceptional Items</b>	-	-
<b>Profit before extraordinary items and tax</b>	<b>8.98</b>	8.05
<b>Extraordinary Items</b>	-	-
<b>Profit before tax</b>	<b>8.98</b>	8.05
<b>Tax Expense :</b>		
Current tax	1.77	3.05
Mat credit available for setoff	(1.77)	-
Deferred tax	2.95	(1.49)
<b>Profit for the period from continuing operations</b>	<b>6.03</b>	6.49
<b>Profit from discontinuing operations</b>	<b>6.03</b>	6.49
<b>Tax expense of discontinuing operations</b>	-	-
<b>Profit from discontinuing operations after tax</b>	<b>6.03</b>	6.49
<b>Profit for the period from continuing operations</b>	<b>6.03</b>	6.49

\* One US\$= Rs. 50.87

# One US\$= Rs. 44.59



## Key Financial Data

	2011 – 2012		2010 – 2011	
	Rs. In Millions	US \$ in Millions*	Rs. In Millions	US \$ in Millions#
Gross Sales	12,806.45	251.75	11,462.69	257.07
Fixed Assets – Gross Block	11,298.24	222.10	10,002.35	224.32
Net Block	6,868.97	135.03	6,068.58	136.10
Export Earnings	2,558.19	50.29	1,531.90	34.36
Earning Before Depreciation and Interest	1,305.84	25.67	1,134.31	25.44
Interest	339.52	6.67	299.84	6.72
Earnings Before Depreciation	966.32	19.00	834.47	18.71
Depreciation	509.73	10.02	475.58	10.67
Earnings Before Tax	456.59	8.98	358.89	8.05
<b>Taxation</b>				
Current	90.00	1.77	136.00	3.05
MAT Credit available for set off / utilized	(90.00)	(1.77)	–	–
Excess Provision of Income Tax Written Back	–	–	–	–
Deferred Tax	149.90	2.95	(66.22)	(1.49)
Earnings After Tax	306.69	6.03	289.11	6.48
No. of shares of Rs.2/- each (Million Nos.) @	203.10	203.10	196.15	196.15
Earnings per Shares ( Rs. / US \$ )	1.55	0.03	1.47	0.03
Net Worth (Excl.Revaluation Reserve)	4,163.29	81.84	3,865.16	86.68
Book value per share	20.50	0.40	19.71	0.44
Gross profit to sales (%)	7.55	7.55	7.28	7.28
(Earnings Before Depreciation)				
Interest coverage Ratio	3.85	3.85	3.78	3.78
Debt / Equity	1.05:1	1.05:1	0.86:1	0.86:1
Current Assets / Current Liabilities	0.72	0.72	0.79	0.79

\* 1 US \$ = Rs. 50.87

# 1 US \$ = Rs.44.59



## Auditor's Report

1. We have audited the attached Balance Sheet of DCW Limited as at 31st March 2012 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, 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 conducted our audit in accordance with auditing standards generally accepted in India. Those 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 amounts and disclosures in the 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.
3. As required by the Companies (Auditor's Report) Order, 2003 and read together with the Companies (Auditor's Report) Amendment Order, 2004 (hereinafter referred to as the Order) issued by the Central Government of India in terms of

sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (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 appears from our examination of those books;
  - (iii) The Company's Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
  - (v) On the basis of written representations received

from the Directors as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2012 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 accounts read with the Significant Accounting Policies and other notes thereon, give the 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:
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
  - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date, and
  - (c) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

For **V. Sankar Aiyar & Co.**,  
Chartered Accountants.  
Firm Reg No. 109208W

Place: Mumbai  
Dated: 6<sup>th</sup> August, 2012

[ **S. Venkatraman** ]  
Partner  
Membership No. 34319





**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF  
AUDITOR'S REPORT TO THE SHAREHOLDERS OF DCW LIMITED  
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012.**

- i. (a) The Company has maintained proper records showing particulars including quantitative details and situation of fixed assets.
- (b) We are informed that the fixed assets have been physically verified by the Management with the assistance of external agencies during the year. In our opinion the frequency of verification is reasonable. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of fixed assets verified during the year.
- (c) Since there is no disposal of a substantial part of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account.
- ii. (a) The inventories of finished goods (except goods lying with consignees and in transit), stores, spare parts and raw materials (except coal stock lying with outside party and stocks in transit) have been physically verified by the management with the help of external agencies. In our opinion, the frequency of physical verification is reasonable.
- (b) In our opinion, the procedures in respect of Inventories physically verified are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion, the company is maintaining proper records of inventories and no material discrepancies were noticed on physical verification as compared to the record of inventories.
- iii. Based on the audit procedures applied by us and according to the information and explanations given to us; the company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv. (a) The Company has taken unsecured loans from a managing director and from a company listed in the register maintained under Sec 301 the Companies Act, 1956 aggregating to Rs. 13,49,82,000. The maximum amount involved during the year was Rs. 9,23,00,000 and the year-end balance of loans taken from such parties was Nil.
- (b) The rate interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interests of the company.
- (c) The principal amount and interest on such loans have been fully paid during the year.
- v. In our opinion and according to the information and explanations given to us, having regard to the explanation that for purchase of certain raw materials, stores, components, and fixed assets, alternative sources of supply are limited with reference to quality, delivery schedules, credit period and some of the items purchased are of special nature, and hence comparable alternative quotations are not available for these, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- vi. (a) Based on the audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.
- (b) Sub clause (b) of sub-para (v) of para 4 of the Order is not applicable as there are no such transactions exceeding the value of Rupees Five Lacs in respect of any party in the financial year.
- vii. According to the information and explanations given to us, the company has not accepted any deposits from the public. Therefore, the provisions of clause (vi) of the para 4 of the Order are not applicable to the company.



- viii. The Company has, in general, an internal audit system commensurate with the size and nature of the Company's business.
- ix. The Central Government has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of certain products manufactured in the company. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 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 these records with a view to determine whether they are accurate or complete.

- x. (a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues that are required to be deposited regularly with

authorities, have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts in respect of the aforesaid statutory dues were in arrears, as at 31<sup>st</sup> March, 2012, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the company, the dues of sales tax / income tax / customs duty / wealth tax / service tax / excise duty / cess, which have not been deposited on account of any dispute are as follows:-

(Amount in Rs. lacs)

Name of the Statute / Nature of Dues	Period	From where dispute is pending					
		Supreme Court	High Court	Appellate Tribunal*	Appellate Authority**	State Government	Grand Total
Customs Act, 1962 (Custom Duty Including Penalty & Interest, wherever applicable)	1997 to 2012		32.56	127.05	–	–	159.61
Central Excise Act, 1944 (Excise Duty Including Penalty & Interest, wherever applicable)	1997 to 2012	0.24	128.50	157.20	7.90	–	293.84
Sales Tax legislations (sales tax, including penalty & interest wherever applicable)	1982 to 2012		2.57	510.61	269.46	–	782.64
Service Tax				39.17			39.17
Local cess, local cess surcharge [land revenue including penalty and interest wherever applicable]	1989 to 2012		–	–	–	12.49	12.49
<b>GRAND TOTAL</b>		<b>0.24</b>	<b>163.63</b>	<b>834.03</b>	<b>277.36</b>	<b>12.49</b>	<b>1287.75</b>

\*Appellate Tribunal includes STAT, CESTAT & ITAT

\*\*Appellate Authority includes Commissioner Appeals, Assistant Commissioner Appeals, Deputy Commissioner Appeals, Joint Commissioner Appeals and Deputy Commissioner Commercial Taxes Appeals



- |       |   |  |  |
|-------|---|--|--|
| xi.   | The company does not have any accumulated losses at the end of the financial year. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year. | entries have been made therein. All the investments are held by the Company in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.   | shares during the year to the promoters and a promoter group company covered in the register maintained under section 301 of the Companies Act, 1956 and the price at which the shares have been issued is not prejudicial to the interest of the company.   |
| xii.  | On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions/ Banks or Debenture holders.                | xvi. According to the information and explanations given to us, the Company has not given any guarantee for any loans taken by others from any bank or financial institution.  | xx. The Company has not issued any debentures during the year and therefore the question of creating security or charge in respect thereof does not arise.   |
| xiii. | The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.  | xvii. In our opinion, the term loans taken during the year have, prima facie, been applied for the purpose for which they were raised.   | xxi. The Company has not made any public issue of any securities during the year and therefore the question of disclosing the end-use of money raised by any public issue does not arise.  |
| xiv.  | The Company is not a chit fund or a niche or a mutual benefit society. Therefore the provisions of sub para (xiii) of para 4 of the Order are not applicable to the Company.  | xviii. According to the information and explanations given to us, based on an overall examination of the balance sheet of the Company, related information made available to us and as represented to us by the Management, funds raised on short term basis of Rs. 4880.04 lacs, have been used during the year for long term purposes. | xxii. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statement and as per the information and explanations given to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit. |
| xv.   | In respect of shares, securities and other investments dealt in or traded by the Company, proper records have been maintained of the transactions and contracts and timely  | xix. The Company has made any preferential allotment of  |  |

For **V. Sankar Aiyar & Co.,**  
Chartered Accountants.  
Firm Reg No. 109208W

[ **S. Venkatraman** ]  
Partner  
Membership No. 34319

Place: Mumbai  
Dated: 6<sup>th</sup> August, 2012



## Balance Sheet

### AS AT 31<sup>ST</sup> MARCH, 2012

	Note	As at 31.03.2012 Rs. in lacs	As at 31.03.2011 Rs. in lacs
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds :			
Share Capital	2	4,062.00	3,923.09
Reserves and Surplus	3	38,405.86	35,589.45
Money received against share warrants (Refer Note No 40(a))		184.00	0.00
<b>Non-current liabilities</b>			
Long-term borrowings	4	29,970.10	24,643.99
Deferred tax liabilities (net)	5	9,181.72	7,682.72
Long-term provisions	6	649.12	592.55
<b>Current liabilities</b>			
Short-term borrowings	7	7,318.01	1,451.44
Trade payable	8	20,931.96	22,683.30
Other current liabilities	9	16,184.90	11,756.90
Short-term provisions	10	936.55	1,119.91
<b>TOTAL</b>		<b>1,27,824.22</b>	<b>1,09,443.35</b>
<b>ASSETS</b>			
Non-current assets			
Fixed Assets			
Tangible assets	11	68,689.63	60,685.81
Capital work in progress		21,426.80	17,809.28
Intangible assets		193.02	0.00
Non-current investments	12	32.39	32.39
Long-term loans and advances	13	3,405.37	659.27
Other non-current assets	14	1,865.39	1,146.58
<b>Current assets</b>			
Inventories	15	15,819.14	12,725.63
Trade receivables	16	7,376.74	9,281.00
Cash and bank balances	17	642.31	190.90
Short-term loans and advances	18	8,373.43	6,912.49
<b>TOTAL</b>		<b>1,27,824.22</b>	<b>1,09,443.35</b>
Summary of Significant Accounting Policies	1		
Other Notes to the Financial Statements	28 to 42		

As per our Report attached

For V. Sankar Aiyar & Co.  
Chartered Accountants  
S. Venkatraman  
Partner

Place : Mumbai  
Dated : 6<sup>th</sup> August, 2012

Chital V. Shah  
Dy. 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)

Sodhsal Singh Dev of Dhrangadhra  
Director



**STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

	Note	For the year ended 31.03.2012 Rs. in lacs	For the year ended 31.03.2011 Rs. in lacs
<b>Revenue from Operations</b>	<b>19</b>	<b>1,28,064.48</b>	1,14,626.94
Less : Excise Duty		9,652.52	8,796.50
Revenue from Operations, net		<b>1,18,411.96</b>	1,05,830.44
Other Income	<b>20</b>	580.03	1,534.19
<b>Total Revenue</b>		<b>1,18,991.99</b>	1,07,364.63
<b>Expenses:</b>			
Cost of materials consumed	<b>21</b>	74,950.27	70,284.94
Purchase of stock-in-trade		49.30	93.84
Changes in inventories of finished goods, work-in progress and stock-in-trade	<b>22</b>	(106.64)	553.20
Excise duty on inventory differential	<b>23</b>	(46.75)	8.88
Employee benefits expense	<b>24</b>	6,017.57	5,206.43
Finance costs	<b>25</b>	3,395.19	2,998.43
Depreciation	<b>26</b>	5,097.29	4,755.79
Other expenses	<b>27</b>	25,069.88	19,874.28
<b>Total Expenses</b>		<b>1,14,426.11</b>	1,03,775.79
Profit before exceptional and extraordinary items and tax		<b>4,565.88</b>	3,588.84
Exceptional Items		-	-
Profit before extraordinary items and tax		<b>4,565.88</b>	3,588.84
Extraordinary Items		-	-
Profit before tax		<b>4,565.88</b>	3,588.84
<b>Tax expense:</b>			
Current Tax		900.00	1,360.00
MAT Credit Available for setoff		(900.00)	0.00
Deferred tax		1,499.00	(662.18)
Profit/(Loss) for the period from continuing operations		<b>3,066.88</b>	2,891.02
Profit / (Loss) for the period		<b>3,066.88</b>	2,891.02
<b>Earning per equity share:</b>			
Basic & Diluted ( Face Value of Rs. 2/- each) (Refer Note 40(b))		<b>1.55</b>	1.47

Summary of Significant Accounting Policies  
Other Notes to the Financial Statements

**1**  
**28 to 42**

As per our Report attached

For V. Sankar Aiyar & Co.  
Chartered Accountants  
S. Venkatraman  
Partner

Place : Mumbai  
Dated : 6<sup>th</sup> August, 2012

Chital V. Shah  
Dy. 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)

Sodhsal Singh Dev of Dhrangadhra  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

Particulars	2011-12 Rs in Lacs	2010-11 Rs in Lacs
<b>A. Cash flow from operating Activities</b>		
Net profit before tax and extraordinary items	4,565.88	3,588.84
Adjustments for :		
Non-cash items		
Depreciation and amortisation expense	5,097.29	4,755.79
Unrealised foreign exchange loss/ (gain) (net)	497.65	27.07
Finance Costs	3,395.19	2,998.43
Interest income	(55.23)	(141.30)
(Profit) / Loss on Sale of Asset	37.20	(1,042.82)
Dividend income	(15.32)	(31.70)
	<b>8,956.78</b>	<b>6,565.47</b>
Operating profit before working capital changes	13,522.66	10,154.31
Adjustments for :		
Trade and other receivables	(2,121.59)	(2,338.15)
Inventories	(3,093.51)	2,273.79
Trade and other payables	1,976.54	1,914.61
	<b>(3,238.56)</b>	<b>1,850.25</b>
<b>Cash generation from operations</b>	<b>10,284.10</b>	<b>12,004.56</b>
Direct taxes paid	(1,112.41)	(1,151.61)
<b>Net cash flow from operating Activities</b>	<b>9,171.69</b>	<b>10,852.95</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of fixed Assets	(16,141.52)	(14,180.14)
Sale of Fixed Assets	53.00	5,086.71
Purchase / Sales of Investments	0.00	48.75
Investment in Fixed Deposits pledged towards		
Margin Money	(93.47)	(58.52)
Dividend Income	15.32	31.70
Interest income	55.19	141.30
<b>Net cash used in investing Activities</b>	<b>(16,111.48)</b>	<b>(8,930.20)</b>
<b>C. Cash from financing activities</b>		
Proceeds from issue of share capital	764.00	-
Money received against share warrants	184.00	-
Proceeds from Long-Term Borrowings	12,245.60	9,168.20
Repayment of Long Term Borrowings	(7,351.00)	(7,001.29)
Short Term Borrowings (Net)	5,484.92	(315.27)
Finance Costs	(3,209.07)	(2,987.03)
Dividend paid	(706.16)	(706.16)
Tax on dividend	(114.56)	(120.01)
<b>Net cash used in financing Activities</b>	<b>7,297.73</b>	<b>(1,961.56)</b>
<b>Net increase in Cash and Cash equivalents</b>	<b>357.94</b>	<b>(38.81)</b>
<b>Cash &amp; Cash Equivalents as at 1st April 2011</b>	<b>129.30</b>	<b>168.11</b>
<b>Cash &amp; Cash Equivalents as at 31st March 2012</b>	<b>487.24</b>	<b>129.30</b>
	<b>(357.94)</b>	<b>38.81</b>

As per our Report attached

For V. Sankar Aiyar & Co.  
Chartered Accountants  
S. Venkatraman  
Partner

Place : Mumbai Chital V. Shah  
Dated : 6<sup>th</sup> August, 2012 Dy. Company Secretary

For and on behalf of the Board

Dr. Shashi Chand Jain  
Chairman & Managing Director Sodhsal Singh Dev of Dhrangadhra  
Pramod Kumar Jain Director  
Bakul Jain  
Managing Directors  
Vimal Jain  
Sr. Vice President (Finance)



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012 :

### NOTE NO. 1

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. 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.

##### 2. 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.

##### 3. 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 Sahupuram Unit on 31-3-93 @ 3 % on the revalued cost based on revision in useful life estimated by the valuer (Refer Note 11.1).
- b) On fixed assets added pursuant to the amalgamation of Pantape Magnetics Limited with the Company, at rates specified in Schedule XIV to the Companies Act, 1956 on the revalued cost.  
On balance fixed assets of the company at rates specified in Schedule XIV to the Companies Act, 1956 on the original cost.
- d) On fixed assets added/disposed of during the year, on pro-rata basis with reference to the month of addition/disposal.
- e) On Technical Know-how fees at 33.33%

##### 4. 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.

##### 5. 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.

##### 6. 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.



## **7. 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.

## **8. ACCOUNTING 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.

## **9. 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 applicable 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, except as indicated in Note No 11.2.
- 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.

## **10. 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.

## **11. 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.

## **12. EMPLOYEE BENEFITS**

- a) Contributions to Provident fund 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 Superannuation Fund is a Defined Contribution Scheme managed by LIC and SBI Life Insurance Company and contributions made to the fund are charged to Profit and Loss Account.
- c) 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, is debited to the Profit and Loss account. Company's contributions based on actuarial valuation arrived on the basis of projected unit credit method are determined at the end of each year and charged to Profit and Loss Account.
- d) Liabilities towards Leave Encashment Benefit are provided for based on actuarial valuation done at the year end.
- e) Contribution to Employee Pension Scheme 1995, are accounted on accrual basis with corresponding remittance made to Government Provident Fund authority.

## **13. 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.

#### 14. 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 recognized, subject to the consideration of prudence as per Accounting Standard-22 (Accounting for taxes on income) on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only to the extent that there is timing difference, the reversal of which will result in sufficient income. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

#### 15. 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.

#### NOTE "2"

##### 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 Fully paid up  
20,31,00,045 Equity Shares of Rs. 2/- each  
(Previous Year 19,61,54,590 shares of Rs. 2/- each)

- a) Par value per share
- b) 2,36,10,000 Shares were issued and allotted on preferential basis to the Promoters of the company and FII's during 2007-08.
- c) 69,45,455 Shares were issued and allotted to promoters on conversion of warrants issued on preferential basis to promoters group during 2011-12. (P.Y. Nil)
- d) Name of Share Holders holding more than 5% shares

AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
6,500.00	6,500.00
6,500.00	6,500.00
4,062.00	3,923.09
Rs. 2/-	Rs. 2/-

Name of Shareholder	As at 31.3.2012		As at 31.3.2011	
	No. of Shares	% held	No. of Shares	% held
Sahu Brothers P. Ltd	4,89,11,793	24.08	4,37,84,520	22.32
Mavi Investment Fund Ltd	-	-	98,05,000	5.00

The reconciliation of the number of shares outstanding is set out below :

Particulars	As at 31.3.2012	As at 31.3.2011
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	19,61,54,590	19,61,54,590
Add :Shares issued on conversion of warrants to Promoters on preferential basis	69,45,455	-
Equity Shares at the end of the Year	20,31,00,045	19,61,54,590



## NOTES

### FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
<b>NOTE "3"</b>		
<b>Reserves and Surplus</b>		
<b>Capital Reserves</b>		
As per last Balance Sheet	406.88	406.88
Closing Balance	406.88	406.88
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	5.30	5.30
Closing Balance	5.30	5.30
<b>Securities Premium Reserve</b>		
Opening Balance	9,440.70	9,440.70
Add: Additions During the Period	625.09	0.00
Closing Balance	10,065.79	9,440.70
<b>Revaluation Reserve</b>		
Opening Balance	860.87	886.55
Less: Transfer to Profit & Loss A/c	25.83	25.68
Closing Balance	835.04	860.87
<b>General Reserve</b>		
Opening Balance	22,801.04	18,801.04
Add: Additions During the Period	2,000.00	4,000.00
Closing Balance	24,801.04	22,801.04
<b>Surplus instatement of profit and loss</b>		
Opening Balance	2,074.70	4,004.36
Add: Profit / (Loss) for the period	3,066.88	2,891.02
Less: Transfer to General Reserve	2,000.00	4,000.00
Less: Proposed Dividend on Equity Shares	731.16	706.16
Less: Tax on Dividend	118.61	114.56
Closing Balance	2,291.81	2,074.66
<b>TOTAL</b>	<b>38,405.86</b>	<b>35,589.45</b>
<b>NOTE "4"</b>		
<b>Long-term Borrowings</b>		
<b>Term Loans</b>		
- From banks	17,518.96	15,363.66
- From Financial Institutions	12,447.64	9,228.87
- From NBFC	3.50	51.46
<b>TOTAL</b>	<b>29,970.10</b>	<b>24,643.99</b>



**NOTES**  
FORMING PART OF THE BALANCE SHEET

SR NO	PARTICULARS	31.3.2012	31.3.2012	31.3.2011	31.3.2011
		Non Current	Current Maturities	Non Current	Current Maturities
	<b>TERM LOANS – SECURED</b>				
A	<b>FROM BANKS</b>				
1	<b>STATE BANK OF INDIA (SYNDICATION)</b> (Repayble in 24 equal quarterly installments, last installment falling due in August 2015)	2625.49	1750.00	4374.99	1750.00
2	<b>STATE BANK OF PATIALA</b> (Repayble in 24 equal quarterly installments, last installment falling due in September 2015)	1875.00	1250.00	3125.04	1970.00
3	<b>STATE BANK OF TRAVANCORE</b> (Repayble in 8 equal quarterly installments, last installment falling due in June 2013)	312.50	1250.00	1562.00	938.00
5	<b>ING VYSYA BANK LTD</b> (Repayble in 24 equal quarterly installments, last installment falling due on June 2015)	1087.70	208.00	–	–
6	<b>ECB FROM ICICI BANK</b> (Repayble in 24 equal quarterly installments, last installment falling due in December, 2015)	5445.67	1337.00	6094.67	1337.00
7	<b>ICICI BANK LTD</b> (Repayble in 28 equal quarterly installments, last installment falling due in June, 2022)	2100.00	–	–	–
8	<b>LAXMI VILAS BANK</b> (Repayble in 16 equal quarterly installments, last installment falling due in June 2016)	4000.00	–	–	–
	<b>TOTAL – A</b>	<b>17446.35</b>	<b>5795.00</b>	<b>15156.70</b>	<b>5995.00</b>
B	<b>FROM INSTITUTIONS</b>				
	<b>TERM LOANS</b>				
9	<b>IREDA</b> (Repayble in 44 equal quarterly installments, last installment falling due in March 2016)	7467.17	547.00	6057.58	0.00
10	<b>EXIM BANK</b> (Repayble in 24 equal quarterly installments, last installment falling due in March 2016)	2195.47	976.00	3171.29	976.00
11	<b>EXIM BANK</b> (Repayble in 28 equal quarterly installments, last installment falling due in in Sept 2020)	2785.00	–	–	–
	<b>TOTAL – B</b>	<b>12447.64</b>	<b>1523.00</b>	<b>9228.87</b>	<b>976.00</b>
C	<b>FROM NBFC</b>				
12	<b>TERM LOAN – NBFC FOR CAR</b> (Repayable in monthly installments, last installment is due in Dec 2014)	76.11	111.92	258.42	4.24
	<b>Amount taken to current maturities of long term debts under other current liabilities (vide Note No.9)</b>	–	(7429.92)	–	(6975.24)
	<b>TOTAL (A+B+C)</b>	<b>29970.10</b>	<b>–</b>	<b>24643.99</b>	<b>–</b>



## NOTES

### FORMING PART OF THE BALANCE SHEET

#### LOANS – Security :

##### Banks/ Institutions

Term Loans and External Commercial Borrowings from Banks and Institutions are secured by a pari-passu first charge by way of hypothecation of movable fixed assets of the Company, including movable machinery spares, stores and further secured by mortgage on all the immovable properties of the Company situated in the states of Tamilnadu and Gujarat on first pari passu charge basis.

##### Institutions:

The term loans from Institutions are secured by first charge on moveable properties and assets pertaining to windmill assets in the state of Rajasthan on specific charge basis.

##### NBFC:

Term loan from NBFC are secured by creation of charge on all the assets purchased under the loan.

#### NOTE “5”

##### Deferred tax liabilities (net)

Deferred Tax Liability  
Less: Deferred Tax Asset

##### TOTAL

AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
10,651.30	7,856.44
1,469.58	173.72
<b>9,181.72</b>	<b>7,682.72</b>

The break up of Deferred Tax Assets/ Liabilities are as under :

(Rs. in lacs)

Nature of timing difference	Deferred Tax Liability / (Asset) as at 1 <sup>st</sup> April, 2011	(Debit/Credit) for the year	Deferred Tax Liability/(Assets) as at 31 <sup>st</sup> March, 2012
<b>(a) Deferred tax liabilities</b>	7811.47	2839.83	<b>10651.30</b>
Difference between accounting and tax Depreciation			
<b>Sub-total</b>	7811.47	2839.83	<b>10651.30</b>
<b>(b) Deferred Tax assets</b>			
Expenses allowed on payment basis	128.75	144.34	<b>273.09</b>
Unabsorbed depreciation	–	1196.49	<b>1196.49</b>
<b>Sub – total</b>	128.75	1340.83	<b>1469.58</b>
	7682.72	1499.00	<b>9181.72</b>

#### NOTE “6”

##### Long term provisions

Provision for Leave Encashment

##### TOTAL

649.12	592.55
<b>649.12</b>	<b>592.55</b>

#### NOTE “7”

##### Short-term borrowings from Banks(Secured)

Loans repayable on demand  
Working Capital  
Line of Credit

##### TOTAL

3,521.32	1,451.44
3,796.69	0.00
<b>7,318.01</b>	<b>1,451.44</b>



**NOTES**  
FORMING PART OF THE BALANCE SHEET

**LOANS – Security**

**Working Capital**

Loans from Banks Working Capital facilities are secured by a first charge by way of hypothecation and/or pledge of current assets, namely, stocks of materials, semi-finished and finished goods, consumable stores and spares including machinery spares not capitalized, bills receivable and book debts and further secured by a second charge by way of hypothecation over all of movable plant and machinery and by way of mortgage by deposit of title deeds over the immovable properties, both present and future, such mortgage to rank second to the mortgages created/to be created in favour of Term Loan Lenders viz., Banks / Financial Institutions.

**NOTE “8”**

**Trade Payables**

Acceptances against Letters of Credit

Dues of Micro and Small Enterprises

(Refer Note No 37)

Sundry Creditors other than dues of Micro and

Small Enterprises \*

\* Includes Rs. 8.70 lacs due to a related party.

(Refer Note No. 31)

**TOTAL**

**NOTE “9”**

**Other current liabilities**

Current maturities of long term borrowings

(Refer Note No.4)

– From Banks

– From Financial Institutions

– From NBFC

Interest accrued but not due on borrowings

Unclaimed dividends #

Advance received from customers

Statutory Liabilities

Employee related liabilities

Trade and Other Deposits

Creditors for Capital Goods

# Do not include any amount due & outstanding to be

credited to investor education & protection fund

**TOTAL**

**NOTE “10”**

**Short-term provisions**

Proposed Dividend – Equity

Tax on Dividend

Provision for taxation (Net of Advance Tax)

**TOTAL**

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
	17,514.63	19,451.31
	32.05	28.56
	3,385.28	3,203.43
<b>TOTAL</b>	<b>20,931.96</b>	<b>22,683.30</b>
	5,813.93	5,995.00
	1,589.68	976.00
	26.30	4.24
	186.12	183.92
	64.04	55.83
	4,990.25	2,110.03
	653.69	509.81
	594.06	469.09
	439.78	414.64
	1,827.05	1,038.34
<b>TOTAL</b>	<b>16,184.90</b>	<b>11,756.90</b>
	731.16	706.16
	118.61	114.56
	86.78	299.19
<b>TOTAL</b>	<b>936.55</b>	<b>1,119.91</b>



**NOTES**  
**FORMING PART OF THE BALANCE SHEET**

**NOTE "11"**

Fixed Asset

DESCRIPTION	GROSS BLOCK As at 1/4/2011	Additions during the year	Deductions/ Adjustments during the year	As at 31/3/2012	Depreciation As at 1/4/2011	Additions during the year	Deductions/ Adjustments during the year	As at 31/3/2012	Net Block As at 31/3/2012	As at 31/3/2011
<b>TANGIBLE ASSETS:</b>										
<b>OWN ASSETS</b>										
Land	531.68	0.37	-	532.05	-	-	-	-	532.05	531.68
Building *	8,826.05	167.18	-	8,993.23	2,271.90	223.59	-	2,495.50	6,497.73	6,554.11
Plant & Machinery	88,199.68	12,858.46	73.48	100,984.67	35,837.50	4,716.69	63.11	40,491.09	60,493.58	52,409.12
Vehicle	1,543.67	104.39	182.29	1,465.77	622.70	125.28	103.42	644.56	821.21	920.97
Office Equipments	344.79	13.95	1.31	357.43	212.99	16.71	0.72	228.98	128.45	106.92
Furniture and Fixture	577.65	72.77	1.19	649.23	392.61	40.83	0.82	432.62	216.62	163.01
<b>Total</b>	<b>100,023.53</b>	<b>13,217.13</b>	<b>258.27</b>	<b>112,982.39</b>	<b>39,337.70</b>	<b>5,123.11</b>	<b>168.07</b>	<b>44,292.75</b>	<b>68,689.63</b>	<b>60,685.81</b>
Previous Year	100,407.36	5,361.71	5,745.56	100,023.51	34,581.91	4,755.79	-	39,337.70	60,685.81	

**Notes :**

- 11.1 The Depreciation charge on the assets revalued on 31-03-1993 is more by Rs 25.82 Lacs (previous year Rs 23.57 Lacs) than the depreciation charge thereon under section 205(2) (b) of the Companies Act, 1956 and the same is met by drawing from Revaluation Reserve. The Uplift on revalued assets discarded amounting to Rs 0.01 lacs ( Previous Year Rs 2.11 Lacs) has also been met by drawing from Revaluation Reserve.
- 11.2 The Company opted for accounting foreign exchange difference on realignment of long term foreign currency loan related to acquisition of depreciable capital asset, as per AS 11 amended by the Companies (Accounting Standard) Amendment Rules 2009. Accordingly exchange difference of Rs 910.33 lacs, (Previous Year Rs 51.17 Lacs) relating to current year has been reduced from the cost of fixed assets and depreciation charged to Profit and Loss Account.
- 11.3 Building Include Rs 523.06 Lacs being cost of ownership flats and office accomodation 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.
- 11.4 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 the company.
- 11.5 Land, Building and Plant & Machinery located at Sahapuram Works (other than PVC Division) were revalued on 31st March 1993.
- 11.6 The Company exercised the option to purchase 793.39 acres of land leased by the State Government at Sahapuram works. Assignment deeds in respect of the said land yet to be executed by the State Government in favour of the Company.
- 11.7 Encroachers have occupied some prtion of the land belonging to the company at Shaupuram. Efforts are being made to evict them.



**NOTES**  
FORMING PART OF THE BALANCE SHEET

**NOTE "12"**  
**INVESTMENTS (AT COST, UNLESS OTHERWISE SPECIFIED) :**  
**INVESTMENTS IN EQUITY INSTRUMENTS :**

	FACE VALUE (RUPEES) UNIT	31.03.2012		31.03.2011	
		LONG TERM		LONG TERM	
		NUMBER	RUPEES	NUMBER	RUPEES
<b>TRADE INVESTMENTS</b>					
<b>UNQUOTED :</b>					
<b>EQUITY SHARES IN SUBSIDIARY COMPANY :</b>					
DCW PIGMENT LIMITED	10	50,000	5.00	50,000	5.00
<b>NON-TRADE INVESTMENTS :</b>					
<b>UNQUOTED :</b>					
(i) INVESTMENTS IN GOVERNMENT/ TRUST SECURITIES :					
7 YEARS NATIONAL SAVINGS CERTIFICATES	1000	10	<u>0.10</u>	10	<u>0.10</u>
(ii) INVESTMENT IN EQUITY SHARES OF THE DHRANGADHRA PEOPLES CO-OP. BANK LTD., *	25	10	<u>0.250</u>	10	<u>0.250</u>
(iii) INVESTMENT IN EQUITY SHARES IN COMPANIES :					
GLOBAL TRUST BANK	10	19,000	1.90	19,000	1.90
LESS : PROVISION FOR DEMINATION OF VALUE IN SHARES		19,000	<u>(1.90)</u>	19,000	<u>(1.90)</u>
<b>QUOTED :</b>					
INVESTMENTS IN EQUITY SHARES OF THE COMPANIES :					
LIC HOUSING FINANCE LIMITED	2	87,000	10.44	87,000	10.44
TATA CONSULTANCY SERVICES	1	12	0.03	12	0.03
RELIANCE INDUSTRIES LIMITED	10	3,504	16.82	3,504	16.82
<b>TOTAL LONG TERM INVESTMENT</b>			<u><u>27.29</u></u>		<u><u>27.29</u></u>
<b>. * Figures Denote Amount in Rupees</b>					
<b>OTHER DISCLOSURES :</b>					
(I) Aggregate value of quoted investments (Gross)			27.29		27.29
Market value of quoted investments			255.21		232.95
(II) Aggregate value of unquoted investments (Gross)			7.00		7.00
(III) Aggregate value of dimunition in value of investments			1.90		1.90



## NOTES

### FORMING PART OF THE BALANCE SHEET

#### NOTE "13"

##### Long-term loans and advances

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
Capital Advances	3,125.26	456.07
Security Deposits	242.08	180.36
Loans and advances to related parties * (Refer Note No 31)	5.64	10.64
Staff Loans & Advances	21.95	12.20
Vat Refund Receivable	10.44	0.00
<b>TOTAL</b>	<b>3,405.37</b>	<b>659.27</b>

\* Represents Due from a company in which a Director of the company is a Director.

#### NOTE "14"

##### Other non-current assets

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
Receivable under Forward Cover Contracts	773.33	815.00
Mat Credit Entitlement	959.00	59.00
Other Contractual Receivables	133.06	272.58
<b>TOTAL</b>	<b>1,865.39</b>	<b>1,146.58</b>

#### NOTE "15"

##### Inventories (As Certified by the Management)

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
Raw materials	4,777.04	5,321.70
Work-in-process	75.80	83.91
Finished goods	2,456.16	2,298.01
Stores , Spares and Fuel	8,362.29	4,880.60
Packing Materials	66.29	63.20
Packing Drums & Scrap	20.74	28.50
Coke dust, Gypsum	52.24	41.13
Shares (As per Statement below)	8.58	8.58
<b>TOTAL</b>	<b>15,819.14</b>	<b>12,725.63</b>

##### Investments in shares

	Face Value Rs	AS AT 31.03.2012		AS AT 31.03.2011	
		No of Shares	Amount Rupees in lacs	No of Shares	Amount Rupees in lacs
<b>Quoted</b>					
Reliance Industries Ltd	10	1,122	0.44	1,122	0.44
Reliance Communication Ltd.,	5	553	-	553	-
Reliance Infrastructure Ltd.,	10	41	-	41	-
Reliance Power Ltd.,	10	138	-	138	-
Reliance Capital Ltd.,	10	27	-	27	-
Grasim Industries Ltd	10	700	2.01	700	2.01
Ultratech Cements Ltd.,	10	400	-	400	-
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
<b>TOTAL</b>			<b>8.58</b>		<b>8.58</b>





**NOTES**  
FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
<b>NOTE "16"</b>		
<b>Trade Receivables</b>		
Trade Receivable outstanding for a period exceeding six months		
– Secured, considered good	30.00	30.00
– Unsecured considered good	372.71	539.84
– Doubtful	261.25	266.12
Less: Provision for doubtful debts	261.25	266.12
Other Trade Receivables		
– Unsecured, considered good	6,974.03	8,711.16
<b>TOTAL</b>	<b>7,376.74</b>	<b>9,281.00</b>
<b>NOTE "17"</b>		
<b>Cash and Bank Balances</b>		
Cash and Cash Equivalents		
Balances with Banks in current account	473.50	118.84
Cheques,drafts on hand	0.06	0.06
Cash on hand	13.68	10.40
	487.24	129.30
Other Bank Balances		
Fixed Deposit pledged towards Margin Money (Include Deposit of Rs. 0.29 lacs with maturity of more than 12 months)	155.07	61.60
<b>TOTAL</b>	<b>642.31</b>	<b>190.90</b>
<b>NOTE "18"</b>		
<b>Short-term loans and advances</b>		
Advance recoverable in cash or in kind or for value to be received	1,332.22	1,341.55
Staff Loans	72.68	64.05
Prepaid Expenses	139.21	124.86
Balances with Customs, Central Excise, etc,	6,829.32	5,382.03
<b>TOTAL</b>	<b>8,373.43</b>	<b>6,912.49</b>
<b>NOTE "19"</b>		
<b>Revenue from Operations</b>		
<b>Sale of products</b>		
–Direct sales of manufactured products	72,201.67	69,743.35
–Consignment sales of manufactured products	29,562.37	28,873.03
–Export sales of manufactured products	25,581.89	15,319.01
–Sales of traded goods	50.00	96.21
Sale of Scrap and other materials	406.96	366.68
Sale of DEPB Licence	261.59	228.66
	1,28,064.48	1,14,626.94
Less : Excise duty	9,652.52	8,796.50
<b>TOTAL</b>	<b>1,18,411.96</b>	<b>1,05,830.44</b>



**NOTES**  
FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
<b>NOTE "20"</b>		
<b>Other Income</b>		
Interest Income	55.23	141.30
TDS Rs. 3.88 lacs (PY Rs. 3.96 lacs)		
Dividend Income on long-term investments	3.76	3.23
Dividend Income on current investments	11.56	28.47
Profit on Sale of Fixed Assets	13.44	1,105.83
Unclaimed balance written back	134.87	9.96
Bad debts recovered	4.88	10.34
Insurance claims received	84.13	23.18
Sales tax claims received	0.00	33.00
Other Non-operating Income	272.16	178.88
<b>TOTAL</b>	<b>580.03</b>	<b>1,534.19</b>
<b>NOTE "21"</b>		
<b>Cost of Material consumed</b>		
Opening stock in hand and in process	5,321.70	6,036.45
Add: Purchase of Raw materials	74,405.61	69,570.19
Less: Closing stock in hand and in process	4,777.04	5,321.70
<b>TOTAL</b>	<b>74,950.27</b>	<b>70,284.94</b>
<b>NOTE "22"</b>		
<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Closing stock:		
Closing stock of Finished Goods	(2,201.62)	(2,090.22)
Closing Stock of Work-in-process	(75.80)	(83.91)
Closing stock of Packing Drums and Scrap	(20.74)	(28.50)
Closing Stock of Coke dust, Gypsum	(52.24)	(41.13)
Closing stock of Traded Shares	(8.58)	(8.58)
	<b>(2,358.98)</b>	<b>(2,252.34)</b>
Opening Stock:		
Opening Stock of Finished Goods	2,090.22	2,602.47
Opening Stock of Work-in-process	83.91	107.00
Opening Stock of Packing Drums and Scrap	28.50	44.95
Opening Stock of Coke dust, Gypsum	41.13	42.54
Opening Stock of Traded Shares	8.58	8.58
	<b>2,252.34</b>	<b>2,805.54</b>
<b>TOTAL</b>	<b>(106.64)</b>	<b>553.20</b>
<b>NOTE "23"</b>		
<b>Excise duty on inventory differential</b>		
Excise Duty in Closing Stock	(254.54)	(207.79)
Excise Duty in Opening Stock	207.79	216.67
<b>TOTAL</b>	<b>(46.75)</b>	<b>8.88</b>



**NOTES**  
FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
<b>NOTE "24"</b>		
<b>Employee benefits expense</b>		
Salaries and wages	4,514.12	4,238.63
Contributions to provident and other funds	635.85	310.77
Staff Welfare Expenses	487.78	439.74
Directors Remuneration (Net of Capitalisation of Rs. 48.12 lacs (PY. Rs. 26.66 lacs))	379.82	217.29
<b>TOTAL</b>	<b>6,017.57</b>	<b>5,206.43</b>
<b>NOTE "25"</b>		
<b>Finance costs</b>		
Interest expense	2,886.34	2,628.14
Other borrowing costs	0.37	2.01
Bank Charges	508.48	368.28
<b>TOTAL</b>	<b>3,395.19</b>	<b>2,998.43</b>
<b>NOTE "26"</b>		
<b>Depreciation</b>		
Depreciation provided on fixed assets	5,123.11	4,779.36
Less: Drawn from Revaluation Reserve	(25.82)	(23.57)
<b>TOTAL</b>	<b>5,097.29</b>	<b>4,755.79</b>
<b>NOTE "27"</b>		
<b>Other expenses</b>		
Packing charges	1,650.65	1,792.94
Power and fuel	9,224.03	8,707.59
Operation and maintenance expenses	1,492.12	1,366.69
Rent	49.27	46.58
Repairs to building	560.56	475.85
Repairs to machinery	3,921.53	3,531.17
Repairs to other assets	162.45	184.24
Insurance	235.21	240.04
Rates and Taxes	71.17	81.45
Licence feed paid	53.09	51.46
Payments to Auditors as:		
Auditors	8.00	6.50
Taxation matters (Includes Tax Audit Fees Rs.2 lacs (P.Y. Rs. 2 lacs))	5.60	5.23
Other services	2.50	2.15
Reimbursement of expenses	2.23	2.46



**NOTES**  
FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
<b>NOTE "27" (Contd...)</b>		
Travelling expenses	202.56	159.10
Conveyance expenses	155.61	163.71
Advertisement expenses	21.02	28.88
Professional fees	276.36	242.58
Directors Sitting Fees	2.20	1.43
Assets Sold or Written off	50.64	63.01
Wealth tax paid	5.79	5.15
Donation	2.57	4.61
Freight, Transportation, Loading and other charges(net)	1,981.81	1,591.47
Commission to wholesales / others	669.77	575.85
Cash discount	117.35	88.48
Vehicle expenses	99.87	83.49
Exchange Difference (Net)	3,421.54	(254.74)
Miscellaneous Expenses	624.38	626.91
<b>TOTAL</b>	<b>25,069.88</b>	<b>19,874.28</b>
<b>NOTE "28"</b>		
<b>CONTINGENT LIABILITIES NOT PROVIDED FOR :</b>		
Disputed Sales Tax Demands	860.03	1,259.03
Disputed Excise / Service tax Demands	344.51	299.99
Disputed Customs Demands	159.61	159.61
Disputed Income tax Demand (Paid Rs. 80 lacs against the demand and appeals pending before the appellate authority)	-	-
Company's contribution to ESI not made pursuant to petitions for exemption pending before High Court.	85.84	87.36
Lease Rent, Local Cess, Octroi, Interest on Octroi, Surcharge, Stamp Duty, Water and Electricity duty.	-	-
Disputed Industrial relations matters	3,068.57	2,230.14
Disputed Industrial relations matters	495.92	445.90
Claims not acknowledged as debts :	-	80.00
<b>TOTAL</b>	<b>5,014.48</b>	<b>4,562.03</b>
GUARANTEE AS A MEMBER OF THE ALKALI MFG. ASSN. ( A Company Limited by Guarantee)	<b>Rs. 500</b>	<b>Rs. 500</b>



**NOTES**  
**FORMING PART OF THE BALANCE SHEET**

**NOTE NO. 29 :**

**Commitments**

- a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for is Rs. 32998.53 lacs (previous year Rs. 16871.42 lacs).
- b) In respect of land on lease, the future obligations towards lease rentals under the lease agreements as on 31st March, 2012 amount to Rs. 55.28 lacs (previous year Rs. 74.11 lacs).
- c) The company does not have any other commitments.

**NOTE NO. 30 :**

- a) Consignment sales and expenses are incorporated on the basis of sale notes when received from consignees.
- b) Assets and liabilities are classified as current and non-current based on the terms of the contract where available and based on the judgment of the management in other cases.
- c) Confirmation of balances from some of the Debtors and Creditors, have not been received.
- d) In the opinion of the management, current assets, long term loans and advances and other non-current assets have a realizable value in ordinary course of business at least equal to the amounts at which they are stated in the balance sheet.

**NOTE NO. 31 :**

**RELATED PARTY INFORMATION.**

**(i) Relationships:**

**(a) Subsidiary Companies**

DCW Pigments Ltd

**(b) Where control exists**

Double Dot Finance Ltd.  
Crescent Finstock Ltd.  
Sahu Brothers Pvt. Ltd.  
Jain Sahu Brothers Properties Pvt. Ltd.  
Dhrangadhra Trading Company Pvt. Ltd.  
Kishco Ltd.  
Crescent Holdings Pvt. Ltd.

**(c) Key Management Personnel**

Dr.S.C.Jain	Chairman & Managing Director
Shri P.K. Jain	Managing Director
Shri Bakul Jain	Managing Director
Smt. Vandana Jain	Executive Director
Shri Vivek Jain	Sr. President
Shri Mudit Jain	President
Shri Ashish Jain	President
Smt. Paulomi Jain	President

**Note:**

Related party relationships on the basis of the requirements of Accounting Standard (AS) – 18 disclosed above is as identified by the company and relied upon by the auditors.



## NOTES

### FORMING PART OF THE BALANCE SHEET

#### ii) DISCLOSURE OF TRANSACTIONS BETWEEN THE GROUP AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31<sup>ST</sup> MARCH, 2012. (Rs. In lacs)

Particulars	Enterprises where control exists	Key Management Personnel
Money Received against Share Capital	564.00 ( - )	200.00 ( - )
Money Received against share warrants pending allotment	34.00 ( - )	150.00 ( - )
Remuneration paid	- ( - )	617.28 ( 416.26 )
Purchases	2.96 ( 3.80 )	- ( - )
Balances as on 31 <sup>st</sup> March, 2012 (Net)	0.90 ( 0.10 )	- ( - )

**NOTE NO. 32 :**

Sales Tax Assessments of Dhrangadhra Unit are pending for 1994–95, 1995–96, 1997–98 and 2004–05, 2005–06 and 2008–09 to 2010–11 (except for 1996–97, 1998–99 to 2003–04 and 2006–07, 2007–08 which have been completed). In respect of Sahapuram Unit Central Sales Tax Assessments and Tamilnadu General Sales tax assessment are completed up to 2007–08.

**NOTE NO. 33 :**

**Financial Derivative Instruments**

a. Derivative contracts entered into by the Company and outstanding as on 31<sup>st</sup> March, 2012.

For Hedging currency and interest related risks

Nominal amount of derivative contracts entered by the company and outstanding as on 31<sup>st</sup> March, 2012 amount to US\$ 15.02 mn. (Previous year US\$ 19.25 mn.) Category wise break up is given below :

Sr. No.	Particulars	31 <sup>st</sup> March, 2012 US\$	31 <sup>st</sup> March, 2011 US\$
1	Interest Rate Swaps	1.69	2.58
2	Currency Swaps	13.33	16.67

b. Foreign Currency payables that are not hedged by derivative instruments as on 31<sup>st</sup> March, 2012, amount to US\$ 49.84 mn. (Previous year US\$ 43.62 mn.)

**NOTE NO. 34 :**

In the matter of custom duty on imported calciner, the Hon'ble Gujarat High Court, has vide order dated 15th December, 2005, partly allowed company's civil application for refund of Rs. 41.48 lacs, to the extent of Rs. 17.50 lacs, that has since been received and denied claim for refund of balance Rs. 23.98 lacs on account of unjust enrichment. The Company has filed special leave petition before Hon'ble Supreme Court in this regard. The case is pending for hearing.

**NOTE NO. 35 :**

Capital expenditure on Solway Towers and Calcium chloride plant at Soda Ash division are being held under capital work in progress since management intends to use the same in the Soda Ash unit in due course as indicated in Para 6 of the Directors Report.



**NOTES**  
**FORMING PART OF THE BALANCE SHEET**

**NOTE NO. 36 :**

The Tamilnadu Government had passed fresh legislation imposing Electricity Tax on captive power generated with retrospective effect from 2003. The company along with other captive power producers had challenged the levy in the Madras High Court, which has upheld the validity of the levy of Electricity Tax. The company along with other captive power producers is proposing to prefer appeals to the Hon. Supreme Court challenging the decision of the Madras High Court and based on the legal opinion no provision is considered necessary.

**NOTE NO. 37 :**

The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under: (Rs. In Lacs)

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Principal amount due and remaining unpaid	8.70	10.17
Interest due on above and the unpaid interest	–	–
Interest paid	–	–
Payment made beyond the appointed day during the year	–	–
Interest due and payable for the period of delay	–	–
Interest accrued and remaining unpaid	–	–
Amount of further interest remaining due and payable in succeeding years	–	–

**NOTE NO. 38 :**

Disclosure pursuant to Accounting Standard – 15 (Revised) “Employee Benefits”

- a. Effective 1<sup>st</sup> April’07, the company has adopted Accounting Standard 15 (revised 2005) “ Employee Benefits” issued by ICAI. The Company has classified the various benefits provided to employees as under:
- b. Defined Contribution Plans:

The Company has recognized the following amounts in the Profit & Loss Account which are included under contribution to Provident Fund and Other Funds:

Particulars	Rs. In Lacs
Provident Fund	265.03
Superannuation Fund	97.34
Employees Pension Scheme, 1995	124.39

The Rules of the Company’s Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest of at the rate declared to Employees Provident Fund by the Government under the Employees Provident Fund Scheme, for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. Accordingly for the current deficiency estimated at Rs.8 lacs has been provided.



**NOTES**  
FORMING PART OF THE BALANCE SHEET

**c. Defined Benefit Plans**

		<b>Gratuity Funded Rs. lacs</b>	<b>Leave Wages Non-Funded Rs. lacs</b>
1	Change in Benefit Obligation		
	Liability at the beginning of the year 1 <sup>st</sup> April' 2011	1912.36 (1998.00)	592.55 (498.32)
	Interest cost	152.99 (159.84)	47.40 (39.87)
	Current Service Cost	107.40 (134.00)	59.43 (62.45)
	Benefit Paid	(-)8.12 (-)(5.44)	(-)27.20 (-)(16.92)
	Actuarial (gain) / Loss on obligation	(-)148.09 (-)(374.04)	(-)23.07 (8.83)
	Liability at the end of the year	2016.54 (1912.36)	649.12 (592.55)
	<b>Changes in the Fair Value of Plan Assets</b>		
a)	Present Value of Plan Assets as at 1 <sup>st</sup> April, 2011	1962.62 (1799.19)	- (-)
b)	Expected Return on Plan Assets	157.01 (143.94)	- (-)
c)	Actuarial (Gain)/Loss	27.29 ( 24.93)	- (-)
d)	Employers' Contributions	0.91 (-)	- (-)
e)	Benefits Paid	(-)8.12 (-)( 5.44 )	- (-)
f)	Present Value of Planned Assets as at 31 <sup>st</sup> March, 2012	2139.71 (1962.62)	- (-)
	<b>Amount Recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>		
a)	Present Value of Defined Benefit Obligation as at 31 <sup>st</sup> March, 2012	(-)2016.54 (-)(1912.36)	(-)649.12 (-)(592.55)
b)	Fair Value of Plan Assets as at 31 <sup>st</sup> March, 2012	2139.71 (1962.62)	- (-)
c)	Net Liability recognized in the Balance Sheet (as at 31 <sup>st</sup> March,2012)	- (-)	(-)649.12 (-)( 592.55 )
	<b>Expenses Recognized in the Profit and Loss Account</b>		
a)	Service Cost	107.40 (134.00)	59.43 (62.45)





**NOTES**  
FORMING PART OF THE BALANCE SHEET

		<b>Gratuity Funded Rs. lacs</b>	<b>Leave Wages Non-Funded Rs. lacs</b>
b)	Interest Cost	152.99 (159.84)	47.40 (39.87)
c)	Expected Return on Plan Assets	(-)157.01 (-)(143.94)	- (-)
d)	Curtailement Cost/(Credit)	- (-)	- (-)
e)	Settlement Cost/(Credit)	- (-)	- (-)
f)	Net Actuarial (Gain)/Loss	(-)175.38 (-)(398.97)	(-)23.07 (-)(8.83)
g)	Total Expenses recognized in the Profit and Loss A/c	- (-)	83.76 (111.15)
	<b>Actual Return on Plan Assets</b>		
	<b>Estimated Contribution to be made in the next annual year</b>		
	<b>The Composition of Plan Assets : i.e. Percentage of each Category of Plan Assets to Total Fair Value of Plan Assets as at 31<sup>st</sup> March,2012</b>		
a)	Govt of India Securities	- (-)	- (-)
b)	Corporate Bonds	- (-)	- (-)
c)	Special Deposit Scheme	- (-)	- (-)
d)	Equity Shares of Listed Companies	- (-)	- (-)
e)	Property	- (-)	- (-)
f)	Insurance Managed Funds	2139.71 (1962.62)	- (-)
g)	Others	- (-)	- (-)
h)	Total	2139.71 (1962.62)	- (-)
	<b>Actuarial Assumptions</b>		
	Retirement age	58 (58)	58 (58)
	Discount rate	8.50% (8%)	8.50% (8%)
	Mortality	LIC (1994-96) Ultimate	
	Withdrawal rate	2% (2%)	-
	Salary escalation	4% (4%)	



**NOTES**  
FORMING PART OF THE BALANCE SHEET

**NOTE NO. 39 :**

a) Information with regard to each class of goods manufactured/traded

PARTICULARS	Opening Stock		Closing Stock		Sales	
	Value - Rs. In lacs		Value - Rs. In lacs		Value - Rs. In lacs	
	As on 01.04.2011		As on 31.03.2012		2011-12	
<b>DHARANGADHRA UNIT</b>						
Soda Ash	39	39	12,275			
	(162)	(39)	(10,450)			
Soda Bicarbonate	134	118	3,292			
	(30)	(134)	(2,999)			
Amonium Bicarbonate	3	2	26			
	(2)	(3)	(87)			
Detergent – Green	52	11	2,446			
	(5)	(52)	(2,583)			
Detergent – Active	18	45	1,298			
	(15)	(18)	(2,575)			
Salt Finished Goods	24	22	–			
	(26)	(24)				
<b>SAHUPURAM UNIT</b>						
Caustic Soda Lye	124	831	16,378			
	(478)	(124)	(9,714)			
Caustic Soda Solid	1	8	24			
	–	(1)	(26)			
Caustic Soda Flakes	103	43	4,770			
	(80)	(103)	(3,599)			
Sodium Hypochlorine	–	–	105			
	–	–	(110)			
Hydrochloric Acid 100%	10	3	477			
	–	(10)	(869)			
Liquid Chlorine	5	2	502			
	(1)	(5)	(759)			
Trichloroethylene	51	330	4,735			
	(75)	(51)	(5,202)			
Upgraded Ilmenite	544	440	24,062			
	(795)	(544)	(14,309)			
Utox	184	39	1,550			
	(171)	(184)	(601)			
Ferrie Chloride	4	4	222			
	(2)	(4)	(178)			
Yellow Iron oxide	5	3	166			
	(7)	(5)	(133)			
PVC Resin	996	516	52,407			
	(971)	(996)	(51,742)			
Barium Carbonate	–	–	50			
(Traded Goods)	–	–	(96)			
Sale of Power – Windmill	–	–	2,612			
	–	–	(8,000)			
	–	–				
<b>TOTAL</b>	<b>2,298</b>	<b>2,456</b>	<b>127,397</b>			
Previous Year	(2,820)	(2,298)	(114,032)			



**NOTES**  
FORMING PART OF THE BALANCE SHEET

<b>b) Expenditure in Foreign Currency</b>	
i) Know-how fees	2,049.92 (221.25)
ii) Consultant fees	8.50 (20.18)
iii) Others	951.60 (799.90)
<b>c) Earnings in Foreign Exchange</b>	
i) Export on f.o.b. basis	25,328.87 (15,068.80)
ii) Others	24.70 (14.27)
<b>d) Consumption of imported/indigenous Raw</b>	
Materials, Stores and Spares at Landed Cost	
Raw Material Imported	61,909.53 (59,719.45)
Indigenous	13,040.76 (10,565.49)
<b>Stores and Spare parts (Including Consumption for Capital jobs &amp; fuel Oil/Coal)</b>	
Imported	16,113.39 (15,416.82)
Indigenous	7,094.53 (9,433.92)
<b>e) Value of Imports on c.i.f. basis</b>	
i) Raw Materials	43,468.40 (38,676.89)
ii) Fuel Oil/ Coal	17,560.70 (12,192.85)
iii) Stores and Spare parts	535.44 (435.13)
iiii) Capital Goods	41.27 (264.66)



**NOTES**  
FORMING PART OF THE BALANCE SHEET

	Value Rs. in lacs
<b>f) Raw Materials consumed :</b>	
Salt	1,462 (1,216)
Ilmenite Sand	7,543 (5,329)
Calcium Carbide	2,219 (1,920)
Vinyl Chloride Monomer	39,492 (39,087)
Lauryl Peroxide	66 (43)
Limestone	1,707 (1,339)
Coke	2,944 (1,569)
Coal	15,885 (15,806)
Ammonia	240 (177)
Charcoal	– (11)
Others	4,601 (3,866)
Consumption of own manufactured products and Intermediates	(1,209) 76
<b>TOTAL</b>	<b>74,950</b> <b>(70,286)</b>

**NOTE NO. 40 :**

- a) Money received against share warrants represents money received against issue of convertible share warrants to the Promoters / Promoter Group on preferential basis during the year.



**NOTES**  
**FORMING PART OF THE BALANCE SHEET**

b) Earning per share (EPS) as per Accounting Standard – 20

	2011–12	2010–11
	Rs. Lacs	Rs. Lacs
Profit after Tax	3066.88	2891.01
No. of Equity shares of Rs.2 each outstanding as on 31.3.2012	203100045	196154590
Weighted Average Number of Equity Shares Outstanding during the year		
For Basic	197315337	196154590
For Diluted	197315337	196154590
<b>EPS (Rs.)</b>		
Basic	1.55	1.47
Diluted	1.55	1.47

Note: Since the market price of shares of the Company as at the balance sheet date was less than the price at which the convertible warrants issued on preferential basis to promoters / promoter group are convertible and not converted as at the balance sheet date, the said convertible warrants are not potential dilutive and hence are not considered for calculation of EPS (both Basic and Diluted).

**NOTE NO. 41 :**

**Segment Information for the year 2011–2012 :**

	CAUSTIC	PVC	SODA ASH	OTHERS	TOTAL
<b>Segment Revenue</b>					
<b>External Revenue</b>	52,717.52 (42,435.74)	47,609.91 (46,941.85)	17,599.75 (16,860.37)	1,064.82 (1,126.67)	118,992.00 (107,364.63)
<b>Segment Result</b>	8,992.64 (2,596.64)	(2,799.60) (1,515.51)	1,109.37 (1,381.85)	643.35 (1,061.57)	7,945.76 (6,555.56)
<b>Add : Unallocated Corporate Income</b>	–	–	–	–	15.32 (31.71)
<b>Less:</b>					
<b>Finance charges</b>	–	–	–	–	3,395.19 (2,998.43)
<b>Current Tax</b>	–	–	–	–	– (1,360.00)
<b>Deffered Tax</b>	–	–	–	–	1,499.00 (–)(662.18)
<b>Net Profit</b>	–	–	–	–	3,066.89 (2,891.02)



**NOTES**  
FORMING PART OF THE BALANCE SHEET

	CAUSTIC	PVC	SODA ASH	OTHERS	TOTAL
Segment Assets	71,473.91 (67,301.23)	88,385.08 (11,731.72)	(41,800.04) (18,820.05)	9,724.30 (11,549.39)	127,783.25 (109,402.38)
Add :Unallocated Corporate Assets	– –	– –	– –	– –	40.97 (40.97)
<b>Total</b>	71,473.91 (67,301.23)	88,385.08 (11,731.72)	(41,800.04) (18,820.05)	9,724.30 (11,549.39)	127,824.22 (109,443.35)
Segment Liabilities	39,984.50 (30,166.58)	23,841.14 (18,151.24)	4,434.03 (2,669.38)	6,881.18 (10,190.11)	75,140.85 (61,177.31)
Add :Unallocated Corporate liabilities	– –	– –	– –	– –	10,031.49 (8,753.50)
<b>Total</b>	39,984.50 (30,166.58)	23,841.14 (18,151.24)	4,434.03 (2,669.38)	6,881.18 (10,190.11)	85,172.34 (69,930.81)
Capital Expenditure	– –	– –	– –	– –	(–)16,141.52 (14,180.14)
Depreciation	3,800.99 (3782.20)	361.18 (375.53)	548.72 (541.17)	386.39 (56.88)	5,097.29 (4755.79)

**NOTE NO. 42 :**

Previous year figures are regrouped to match with current years grouping.

As per our Report attached

For V. Sankar Aiyar & Co.  
Chartered Accountants  
S. Venkatraman  
Partner

Place : Mumbai  
Dated : 6<sup>th</sup> August, 2012

Chital V. Shah  
Dy. Company Secretary

For and on behalf of the Board

Dr. Shashi Chand Jain  
Chairman & Managing Director  
Prmod Kumar Jain  
Bakul Jain  
Managing Directors  
Vimal Jain  
Sr. Vice President (Finance)

Sodhsal Singh Dev of Dhrangadhra  
Director



**STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO  
SECTION 212 OF THE COMPANIES ACT, 1956**

1. Name of Subsidiary	DCW Pigments Limited
2. Financial year ended	31 <sup>st</sup> March, 2012
3. Holding Company's Interest: Equity Capital: Number of Shares of Rs. 10/- each Extent of Holding	50,000 100%
4. The net aggregate of Profit/(Loss) of the Subsidiary Company in so far as it concerns the members of the Holding Company :	
(a) Not dealt with in the accounts of the Company for the year ended 31 <sup>st</sup> March, 2012:	
(1) For the Subsidiary's financial year ended as in 2 above	—
(2) For the previous financial years of the Subsidiary	—
(b) Dealt with in the accounts of the Company for the year ended 31 <sup>st</sup> March, 2012 :	
(1) For the Subsidiary's financial year ended as in 2 above	—
(2) For the previous financial years of the Subsidiary	—

As per our Report attached

For V. Sankar Aiyar & Co.  
Chartered Accountants  
S. Venkatraman  
Partner

Place : Mumbai  
Dated : 6<sup>th</sup> August, 2012

Chital V. Shah  
Dy. 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)

Sodhsal Singh Dev of Dhrangadhra  
Director

# DCW Pigments Ltd.

## DIRECTORS' REPORT

To the Shareholders

Your Directors present the 5<sup>th</sup> Annual Report of your Company together with the Audited Accounts for the year ended 31.03.2012.

### Operations

The Company has not yet commenced its operations.

### Directors

Shri Vivek Jain, Director, retire by rotation at the forthcoming Annual General Meeting and being eligible offer 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 have followed 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. RAV & Co., Chartered Accountants, Statutory Auditors of the Company, retires at the forthcoming Annual General Meeting and are eligible for reappointment.

For and on behalf of the Board

**Bakul Jain**  
Chairman

Place : Mumbai

Date : 2<sup>nd</sup> August, 2012

### Registered Office:

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



## AUDITOR'S 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 2012, 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 conducted our audit in accordance with auditing standards generally accepted in India. Those 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 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 2012, 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, 2012.
  - (ii) Since the Company has not commenced activity, Profit and Loss Account is not prepared.

**For R A V & Co**  
Chartered Accountants  
Firm Reg.No. 007532S

**Ashok R. Shetty**  
Partner  
M.No. 102524

Place : Mumbai  
Date : 2<sup>nd</sup> August, 2012

# DCW Pigments Ltd.

## Balance Sheet AS AT 31<sup>ST</sup> MARCH, 2012

	Note	Figures as at the end of Current reporting period 31/03/2012	Figures as at the end of Previous reporting period 31/03/2011
<b>I EQUITY &amp; LIABILITIES</b>			
(1) Shareholder's Funds			
Authorized Share Capital	2	1,000,000	1,000,000
100000 Equity Shares of Rs 10/- each			
(a) Share Capital			
50000 Equity Shares of Rs 10/- each	3	500,000	500,000
(b) Reserve & Surplus			
(2) Non-current Liabilities		–	–
(3) Current Liabilities			
(a) Other Current Liabilities		5,618	11,030
(b) Short Term Provisions		–	–
<b>Total Equity &amp; Liabilities</b>		<b>505,618</b>	<b>511,030</b>
<b>II ASSETS</b>			
(1) Non-Current Assets			
(a) Fixed Sssets		–	–
(b) Other Non-Current Assets	4	101,666	76,796
(2) Curerent Assets			
(a) Trade Receivables		–	–
(b) Cash & Cash equivalents	5	403,952	434,234
<b>Total Assets</b>		<b>505,618</b>	<b>511,030</b>

Significant Accounting Policies 1

The notes forming an integral part of Financial Statement

As per our report of even date

For R. A. V. & CO  
Chartered Accountants

Ashok R. Shetty  
Partner  
Membership No. 102524  
Firm Reg. No. 007532S

Place : Mumbai  
Date : 02-08-2012

For and on behalf of the Board of Directors

Bakul Jain  
Chairman

Mudit Jain  
Director

Dr. Shashi Chand Jain  
Director

Vivek Jain  
Director

## NOTES FORMING INTEGRAL PARTS OF FINANCIAL STATEMENTS AS ON 31ST MARCH, 2012

Note "1"

### SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

1. The Company is yet to commence its commercial operations.
2. Previous years figures were regrouped wherever necessary.
3. Pending allocation of preliminary & pre-operative expenses like filing fees, registration charges, stamp duty etc. are shown under miscellaneous expenditure in Balance Sheet

**Note No.2**

### Share Capital

Particulars	Curent Year ended 31-03-2012	Previous Year ended 31-03-2011
<b>Authorized Capital</b>		
1,00,000 Equity Shares of Rs 10/- each	1,000,000	1,000,000
	<b>1,000,000</b>	<b>1,000,000</b>

**Note No.3**

### Issued, Subscribed & paid Up Capital

50000 Equity Shares of Rs. 10/- each fully paid-up	500,000	500,000
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**Note No.4**

### Miscellaneous Expenditure

Preliminary Expenses	67,531	50,133
Pre-Operative Expenses		
Opening Balances	26,663	19,948
Add: For the year	7,472	6,715
<b>Total</b>	<b>34,135</b>	<b>26,663</b>
<b>Grand Total</b>	<b>101,666</b>	<b>76,796</b>

**Note No.5**

### Cash & Cash Equivalents

Cash in Hand	-	-
Bank Balance	403,952	434,234
	<b>403,952</b>	<b>434,234</b>



## Consolidated Accounts Auditors' Report

### AUDITOR'S REPORT TO THE SHAREHOLDERS 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, 2012, 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 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 2012, 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, 2012;
  - b) The consolidated profit and loss account, of the profit of 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  
Firm Reg No. 109208W

**S.Venkatraman**  
Partner  
Membership No 34319

Place : Mumbai

Dated : 6th August, 2012



## CONSOLIDATED BALANCE SHEET

AS AT 31<sup>ST</sup> MARCH, 2012

	Note	As at 31.03.2012 Rs. in lacs	As at 31.03.2011 Rs. in lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds :</b>			
Share Capital	2	4,062.00	3,923.09
Reserves and Surplus	3	38,405.86	35,589.45
Money received against share warrants (Refer Note 40(a))		184.00	-
<b>Non-current liabilities</b>			
Long-term borrowings	4	29,970.10	24,643.99
Deferred tax liabilities (net)	5	9,181.72	7,682.72
Long-term provisions	6	649.12	592.55
<b>Current liabilities</b>			
Short-term borrowings	7	7,318.01	1,451.44
Trade payable	8	20,931.96	22,683.30
Other current liabilities	9	16,184.96	11,757.01
Short-term provisions	10	936.55	1,119.91
<b>TOTAL</b>		<b>127,824.28</b>	<b>109,443.46</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>			
Tangible assets	11	68,689.63	60,685.81
Capital work in progress		21,426.80	17,809.28
Intangible assets under development		193.02	-
Non-current investments	12	27.39	27.39
Long-term loans and advances	13	3,405.37	659.20
Other non-current assets	14	1,866.41	1,147.35
<b>Current assets</b>			
Inventories	15	15,819.14	12,725.63
Trade receivables	16	7,376.74	9,281.07
Cash and bank balances	17	646.35	195.24
Short-term loans and advances	18	8,373.43	6,912.49
<b>TOTAL</b>		<b>127,824.28</b>	<b>109,443.46</b>

Summary of Significant Accounting Policies 1  
 Other Notes to the Financial Statements as per standalone accounts of DCW Limited  
 The accompanying notes are an integral part of these financial statements

As per our Report attached

For V. Sankar Aiyar & Co.  
Chartered Accountants  
S. Venkatraman  
Partner

Place : Mumbai  
Dated : 6<sup>th</sup> August, 2012

Chital V. Shah  
Dy. 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)

Sodhsal Singh Dev of Dhrangadhra  
Director



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31/03/2012

	Note	For the year ended 31.03.2012 Rs. in lacs	For the year ended 31.03.2011 Rs. in lacs
<b>Revenue from Operations</b>	<b>19</b>	<b>1,28,064.48</b>	1,14,626.94
Less : Excise Duty		9,652.52	8,796.50
Revenue from Operations, net		<b>1,18,411.96</b>	1,05,830.44
Other Income	20	580.01	1,534.19
<b>Total Revenue</b>		<b>1,18,991.97</b>	1,07,364.63
<b>Expenses:</b>			
Cost of materials consumed	21	74,950.27	70,284.94
Purchase of stock-in-trade		49.30	93.84
Changes in inventories of finished goods, work-in progress and stock-in-trade	22	(106.64)	553.20
Excise duty on inventory differential	23	(46.75)	8.88
Employee benefits expense	24	6,017.57	5,206.43
Finance costs	25	3,395.19	2,998.43
Depreciation	26	5,097.10	4,755.79
Other expenses	27	25,069.04	19,874.28
<b>Total Expenses</b>		<b>1,14,426.08</b>	1,03,775.79
Profit before exceptional and extraordinary items and tax		4,565.89	3,588.84
Exception Items			
Profit before extraordinary items and tax		4,565.89	3,588.84
Extraordinary Items			
Profit before tax		4,565.89	3,588.84
<b>Tax expense:</b>			
Current Tax		900.00	1,360.00
MAT Credit Available for setoff		(900.00)	-
Deferred tax		1,499.00	(662.18)
Profit / (Loss) for the period		<b>3,066.89</b>	2,891.02
Earning per equity share:			

Basic & Diluted ( Face Value of Rs. 2/- each)  
(Refer Note 40(b))

### Summary of Significant Accounting Policies

#### Other Notes to the Financial Statements

The accompanying notes are an integral part of these financial statements

As per our Report attached

For V. Sankar Aiyar & Co.  
Chartered Accountants  
S. Venkatraman  
Partner

Place : Mumbai  
Dated : 6<sup>th</sup> August, 2012

Chital V. Shah  
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Pramod Kumar Jain  
Director  
Bakul Jain  
Managing Directors  
Vimal Jain  
Sr. Vice President (Finance)



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-12 Rs in Lacs	2010-11 Rs in Lacs
<b>A. Cash flow from operating Activities</b>		
Net profit before tax and extraordinary items	4,565.88	3,588.84
Adjustments for :		
Non-cash items		
Depreciation and amortisation expense	5,097.29	4,755.79
Unrealised foreign exchange loss/ (gain) (net)	497.65	27.07
Finance Costs	3,395.19	2,998.43
Interest income	(55.23)	(141.30)
(Profit) / Loss on Sale of Asset	37.20	(1,042.82)
Dividend income	(15.32)	(31.70)
Operating profit before working capital changes	<u>13,522.66</u>	<u>10,154.31</u>
Adjustments for :		
Trade and other receivables	(2,121.84)	(2,338.25)
Inventories	(3,093.51)	2,273.79
Trade and other payables	<u>1,976.49</u>	<u>1,914.67</u>
<b>Cash generation from operations</b>	<u>10,283.80</u>	<u>12,004.52</u>
Direct taxes paid	(1,112.41)	(1,151.61)
<b>Net cash flow from operating Activities</b>	<u>9,171.39</u>	<u>10,852.91</u>
<b>B. Cash flow from Investing Activities</b>		
Purchase of fixed Assets	(16,141.52)	(14,180.14)
Sale of Fixed Assets	53.00	5,086.71
Purchase / Sales of Investments	-	48.75
Preliminary Expenses Incurred		
Investment in Fixed Deposits pledged towards Margin Money	(93.47)	(58.52)
Dividend Income	15.32	31.70
Interest income	55.19	141.30
<b>Net cash used in investing Activities</b>	<u>(16,111.48)</u>	<u>(8,930.20)</u>
<b>C. Cash from financing activities</b>		
Proceeds from issue of share capital	764.00	-
Money received against share warrants	184.00	-
Proceeds from Long-Term Borrowings	12,245.60	9,168.20
Repayment of Long Term Borrowings	(7,351.00)	(7,001.29)
Short Term Borrowings (Net)	5,484.92	(315.27)
Finance Costs	(3,209.07)	(2,987.03)
Dividend paid	(706.16)	(706.16)
Tax on dividend	(114.56)	(120.01)
<b>Net cash used in financing Activities</b>	<u>7,297.73</u>	<u>(1,961.56)</u>
<b>Net increase in Cash and Cash equivalents</b>	<u>357.64</u>	<u>(38.85)</u>
<b>Cash &amp; Cash Equivalents as at 1st April 2011</b>	<u>133.64</u>	<u>172.49</u>
<b>Cash &amp; Cash Equivalents as at 31st March 2012</b>	<u>491.28</u>	<u>133.64</u>
	<u>(357.64)</u>	<u>38.85</u>

As per our Report attached

For V. Sankar Aiyar & Co.  
Chartered Accountants  
S. Venkatraman  
Partner

Place : Mumbai  
Dated : 6<sup>th</sup> August, 2012

Chital V. Shah  
Dy. Company Secretary

For and on behalf of the Board

Dr. Shashi Chand Jain  
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Sr. Vice President (Finance)

Sodhsal Singh Dev of Dhrangadhra  
Director



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### NOTE NO. 1

#### 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 [I] (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 100 %.

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 Sahupuram Unit on 31-3-93 @ 3 % on the revalued cost based on revision in useful life estimated by the valuer (Refer Note 11.1).
- b) On fixed assets added pursuant to the amalgamation of Pantape Magnetics Limited with the Company, at rates specified in Schedule XIV to the Companies Act, 1956 on the revalued cost.  
On balance fixed assets of the company at rates specified in Schedule XIV to the Companies Act, 1956 on the original cost.
- d) On fixed assets added/disposed of during the year, on pro-rata basis with reference to the month of addition/disposal.
- e) On Technical Know-how fees at 33.33%

#### **4. 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.

#### **5. 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.

#### **6. 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.

#### **7. 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.

#### **8. ACCOUNTING 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.

#### **9. 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 applicable 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, except as indicated in Note No 11.2.
- 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.

#### **10. 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.

#### **11. 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.

#### **12. EMPLOYEE BENEFITS**

- a) Contributions to Provident fund 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 Superannuation Fund is a Defined Contribution Scheme managed by LIC and SBI Life Insurance Company and contributions made to the fund are charged to Profit and Loss Account.
- c) 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, is debited to the Profit and Loss account. Company's contributions based on actuarial valuation arrived on the basis of projected unit credit method are determined at the end of each year and charged to Profit and Loss Account.
- d) Liabilities towards Leave Encashment Benefit are provided for based on actuarial valuation done at the year end.
- e) Contribution to Employee Pension Scheme 1995, are accounted on accrual basis with corresponding remittance made to Government Provident Fund authority.

#### **13. 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.

#### **14. 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 recognized, subject to the consideration of prudence as per Accounting Standard-22 (Accounting for taxes on income) on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more



subsequent periods. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only to the extent that there is timing difference, the reversal of which will result in sufficient income. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

#### 15. 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.

#### NOTE "2"

##### 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 Fully paid up  
20,31,00,045 Equity Shares of Rs. 2/- each  
(Previous Year 19,61,54,590 shares of Rs. 2/- each)

- Par value per share
- 2,36,10,000 Shares were issued and allotted on preferential basis to the Promoters of the company and FII's during 2007-08.
- 69,45,455 Shares were issued and allotted to promoters on conversion of warrants issued on preferential basis to promoters group during 2011-12. (P.Y. Nil)
- Name of Share Holders holding more than 5% shares

AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
6,500.00	6,500.00
6,500.00	6,500.00
4,062.00	3,923.09
Rs. 2/-	Rs. 2/-

Name of Shareholder	As at 31.3.2012		As at 31.3.2011	
	No. of Shares	% held	No. of Shares	% held
Sahu Brothers P. Ltd	4,89,11,793	24.08	4,37,84,520	22.32
Mavi Investment Fund Ltd	-	-	98,05,000	5.00

The reconciliation of the number of shares outstanding is set out below :

Particulars	As at 31.3.2012	As at 31.3.2011
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	19,61,54,590	19,61,54,590
Add :Shares issued on conversion of warrants to Promoters on preferential basis	69,45,455	-
Equity Shares at the end of the Year	20,31,00,045	19,61,54,590



**CONSOLIDATED NOTES**  
FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
<b>NOTE "3"</b>		
<b>Reserves and Surplus</b>		
Capital Reserves		
As per last Balance Sheet	406.88	406.88
Closing Balance	406.88	406.88
Capital Redemption Reserve		
As per last Balance Sheet	5.30	5.30
Closing Balance	5.30	5.30
Securities Premium Reserve		
Opening Balance	9,440.70	9,440.70
Add: Additions During the Period	625.09	-
Closing Balance	10,065.79	9,440.70
Revaluation Reserve		
Opening Balance	860.87	886.55
Less: Transfer to Profit & Loss A/c	25.83	25.68
Closing Balance	835.04	860.87
General Reserve		
Opening Balance	22,801.04	18,801.04
Add: Additions During the Period	2,000.00	4,000.00
Closing Balance	24,801.04	22,801.04
Surplus		
Opening Balance	2,074.70	4,004.36
Add: Profit / (Loss) for the period	3,066.88	2,891.02
Less: Transfer to General Reserve	2,000.00	4,000.00
Less: Proposed Dividend on Equity Shares	731.16	706.16
Less: Tax on Dividend	118.61	114.56
Closing Balance	2,291.81	2,074.66
<b>TOTAL</b>	<b>38,405.86</b>	<b>35,589.45</b>
<b>NOTE "4"</b>		
<b>Long-term Borrowings</b>		
Term Loans		
- From banks	17,518.96	15,363.66
- From Financial Institutions	12,447.64	9,228.87
- From NBFC	3.50	51.46
<b>TOTAL</b>	<b>29,970.10</b>	<b>24,643.99</b>



**CONSOLIDATED NOTES**  
FORMING PART OF THE BALANCE SHEET

SR NO	PARTICULARS	31.3.2012	31.3.2012	31.3.2011	31.3.2011
		Non Current	Current Maturities	Non Current	Current Maturities
	<b>TERM LOANS – SECURED</b>				
A	<b>FROM BANKS</b>				
1	<b>STATE BANK OF INDIA (SYNDICATION)</b> (Repayble in 24 equal quarterly installments, last installment falling due in August 2015)	2625.49	1750.00	4374.99	1750.00
2	<b>STATE BANK OF PATIALA</b> (Repayble in 24 equal quarterly installments, last installment falling due in September 2015)	1875.00	1250.00	3125.04	1970.00
3	<b>STATE BANK OF TRAVANCORE</b> (Repayble in 8 equal quarterly installments, last installment falling due in June 2013)	312.50	1250.00	1562.00	938.00
5	<b>ING VYSYA BANK LTD</b> (Repayble in 24 equal quarterly installments, last installment falling due on June 2015)	1087.70	208.00	–	–
6	<b>ECB FROM ICICI BANK</b> (Repayble in 24 equal quarterly installments, last installment falling due in December, 2015)	5445.67	1337.00	6094.67	1337.00
7	<b>ICICI BANK LTD</b> (Repayble in 28 equal quarterly installments, last installment falling due in June, 2022)	2100.00	–	–	–
8	<b>LAXMI VILAS BANK</b> (Repayble in 16 equal quarterly installments, last installment falling due in June 2016)	4000.00	–	–	–
	<b>TOTAL – A</b>	<b>17446.35</b>	<b>5795.00</b>	<b>15156.70</b>	<b>5995.00</b>
B	<b>FROM INSTITUTIONS</b>				
	<b>TERM LOANS</b>				
9	<b>IREDA</b> (Repayble in 44 equal quarterly installments, last installment falling due in March 2016)	7467.17	547.00	6057.58	–
10	<b>EXIM BANK</b> (Repayble in 24 equal quarterly installments, last installment falling due in March 2016)	2195.47	976.00	3171.29	976.00
11	<b>EXIM BANK</b> (Repayble in 28 equal quarterly installments, last installment falling due in in Sept 2020)	2785.00	–	–	–
	<b>TOTAL – B</b>	<b>12447.64</b>	<b>1523.00</b>	<b>9228.87</b>	<b>976.00</b>
C	<b>TERM LOAN - FROM NBFC FOR CAR</b> (Repayable in monthly installments, last installment is due in Dec 2014)	76.11	111.92	258.42	4.24
	<b>Amount taken to current maturities of long term debts under other current liabilities (vide Note No.9)</b>	–	(7429.92)	–	(6975.24)
	<b>TOTAL (A+B+C)</b>	<b>29970.10</b>	<b>–</b>	<b>24643.99</b>	<b>–</b>



**CONSOLIDATED NOTES**  
**FORMING PART OF THE BALANCE SHEET**

**LOANS – Security :**

**Banks/ Institutions**

Term Loans and External Commercial Borrowings from Banks and Institutions are secured by a pari-passu first charge by way of hypothecation of movable fixed assets of the Company, including movable machinery spares, stores and further secured by mortgage on all the immovable properties of the Company situated in the states of Tamilnadu and Gujarat on first pari passu charge basis.

**Institutions:**

The term loans from Institutions are secured by first charge on moveable properties and assets pertaining to windmill assets in the state of Rajasthan on specific charge basis.

**NBFC:**

Term loan from NBFC are secured by creation of charge on all the assets purchased under the loan.

**NOTE “5”**

**Deferred tax liabilities (net)**

Deferred Tax Liability  
Less: Deferred Tax Asset  
**TOTAL**

AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
10,651.30	7,856.44
1,469.58	173.72
<b>9,181.72</b>	<b>7,682.72</b>

The break up of Deferred Tax Assets/ Liabilities are as under :

(Rs. in lacs)

Nature of timing difference	Deferred Tax Liability / (Asset) as at 1 <sup>st</sup> April, 2011	(Debit/Credit) for the year	Deferred Tax Liability/ (Assets) as at 31 <sup>st</sup> March, 2012
<b>(a) Deferred tax liabilities</b>	7811.47	2839.83	<b>10651.30</b>
Difference between accounting and tax Depreciation			
<b>Sub-total</b>	7811.47	2839.83	<b>10651.30</b>
<b>(b) Deferred Tax assets</b>			
Expenses allowed on payment basis	128.75	144.34	273.09
Unabsorbed depreciation	–	1196.49	1196.49
<b>Sub – total</b>	128.75	1340.83	<b>1469.58</b>
	7682.72	1499.00	<b>9181.72</b>

**NOTE “6”**

**Long term provisions**

Provision for Leave Encashment  
**TOTAL**

649.12	592.55
<b>649.12</b>	<b>592.55</b>

**NOTE “7”**

**Short-term borrowings from Banks(Secured)**

Loans repayable on demand  
Working Capital  
Line of Credit  
**TOTAL**

3,521.32	1,451.44
3,796.69	–
<b>7,318.01</b>	<b>1,451.44</b>



**CONSOLIDATED NOTES**  
**FORMING PART OF THE BALANCE SHEET**

**LOANS – Security**

**Working Capital**

Loans from Banks Working Capital facilities are secured by a first charge by way of hypothecation and/or pledge of current assets, namely, stocks of materials, semi-finished and finished goods, consumable stores and spares including machinery spares not capitalized, bills receivable and book debts and further secured by a second charge by way of hypothecation over all of movable plant and machinery and by way of mortgage by deposit of title deeds over the immovable properties, both present and future, such mortgage to rank second to the mortgages created/to be created in favour of Term Loan Lenders viz., Banks / Financial Institutions.

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
<b>NOTE “8”</b>		
<b>Trade Payables</b>		
Acceptances against Letters of Credit	17,514.63	19,451.31
Dues of Micro and Small Enterprises (Refer Note No 37)	32.05	28.56
Sundry Creditors other than dues of Micro and Small Enterprises *	3,385.28	3,203.43
* Includes Rs. 8.70 lacs due to a related party. (Refer Note No. 31)		
<b>TOTAL</b>	<b>20,931.96</b>	<b>22,683.30</b>
<b>NOTE “9”</b>		
<b>Other current liabilities</b>		
Current maturities of long term borrowings (Refer Note No.4)		
– From Banks	5,813.93	5,995.00
– From Financial Institutions	1,589.68	976.00
– From NBFC	26.30	4.24
Interest accrued but not due on borrowings	186.12	183.92
Unclaimed dividends #	64.04	55.83
Advance received from customers	4,990.25	2,110.03
Statutory Liabilities	653.69	509.81
Employee related liabilities	594.06	469.09
Trade and Other Deposits	439.78	414.64
Creditors for Capital Goods	1,827.05	1,038.34
# Do not include any amount due & outstanding to be credited to investor education & protection fund		
<b>TOTAL</b>	<b>16,184.90</b>	<b>11,756.90</b>
<b>NOTE “10”</b>		
<b>Short-term provisions</b>		
Proposed Dividend – Equity	731.16	706.16
Tax on Dividend	118.61	114.56
Provision for taxation (Net of Advance Tax)	86.78	299.19
<b>TOTAL</b>	<b>936.55</b>	<b>1,119.91</b>



**NOTES**  
**FORMING PART OF THE BALANCE SHEET**

**NOTE "11"**

Fixed Asset

DESCRIPTION	GROSS BLOCK As at 1/4/2011	Additions during the year	Deductions/ Adjustments during the year	As at 31/3/2012	Depreciation As at 1/4/2011	Additions during the year	Deductions/ Adjustments during the year	As at 31/3/2012	Net Block As at 31/3/2012	As at 31/3/2011
<b>TANGIBLE ASSETS:</b>										
<b>OWN ASSETS</b>										
Land	531.68	0.37	-	532.05	-	-	-	-	532.05	531.68
Building *	8,826.05	167.18	-	8,993.23	2,271.90	223.59	-	2,495.50	6,497.73	6,554.11
Plant & Machinery	88,199.68	12,858.46	73.48	100,984.67	35,837.50	4,716.69	63.11	40,491.09	60,493.58	52,409.12
Vehicle	1,543.67	104.39	182.29	1,465.77	622.70	125.28	103.42	644.56	821.21	920.97
Office Equipments	344.79	13.95	1.31	357.43	212.99	16.71	0.72	228.98	128.45	106.92
Furniture and Fixture	577.65	72.77	1.19	649.23	392.61	40.83	0.82	432.62	216.62	163.01
<b>Total</b>	<b>100,023.53</b>	<b>13,217.13</b>	<b>258.27</b>	<b>112,982.39</b>	<b>39,337.70</b>	<b>5,123.11</b>	<b>168.07</b>	<b>44,292.75</b>	<b>68,689.63</b>	<b>60,685.81</b>
Previous Year	100,407.36	5,361.71	5,745.56	100,023.51	34,581.91	4,755.79	-	39,337.70	60,685.81	

**Notes :**

- 11.1 The Depreciation charge on the assets revalued on 31-03-1993 is more by Rs 25.82 Lacs (previous year Rs 23.57 Lacs) than the depreciation charge thereon under section 205(2) (b) of the Companies Act, 1956 and the same is met by drawing from Revaluation Reserve. The Uplift on revalued assets discarded amounting to Rs 0.01 lacs ( Previous Year Rs 2.11 Lacs) has also been met by drawing from Revaluation Reserve.
- 11.2 The Company opted for accounting foreign exchange difference on realignment of long term foreign currency loan related to acquisition of depreciable capital asset, as per AS 11 amended by the Companies (Accounting Standard) Amendment Rules 2009. Accordingly exchange difference of Rs 910.33 lacs, (Previous Year Rs 51.17 Lacs) relating to current year has been reduced from the cost of fixed assets and depreciation charged to Profit and Loss Account.
- 11.3 Building include Rs 523.06 Lacs 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.
- 11.4 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.
- 11.5 Land, Building and Plant & Machinery located at Sahapuram Works (other than PVC Division) were revalued on 31st March 1993.
- 11.6 The Company exercised the option to purchase 793.39 acres of land leased by the State Government at Sahapuram works. Assignment deeds in respect of the said land yet to be executed by the State Government in favour of the Company.
- 11.7 Encroachers have occupied some portion of the land belonging to the company at Shaupuram. Efforts are being made to evict them.





**CONSOLIDATED NOTES**  
FORMING PART OF THE BALANCE SHEET

**NOTE "12"**  
**INVESTMENTS (AT COST, UNLESS OTHERWISE SPECIFIED) :**  
**INVESTMENTS IN EQUITY INSTRUMENTS :**

	FACE VALUE (RUPEES) UNIT	31.03.2012		31.03.2011	
		LONG TERM		LONG TERM	
		NUMBER	RUPEES	NUMBER	RUPEES
<b>NON-TRADE INVESTMENTS :</b>					
<b>UNQUOTED :</b>					
(i) INVESTMENTS IN GOVERNMENT/ TRUST SECURITIES :					
7 YEARS NATIONAL SAVINGS CERTIFICATES	1000	10	0.10	10	0.10
(ii) INVESTMENT IN EQUITY SHARES OF THE DHRANGADHRA PEOPLES CO-OP. BANK LTD., *	25	10	0.250	10	0.250
(iii) INVESTMENT IN EQUITY SHARES IN COMPANIES :					
GLOBAL TRUST BANK	10	19,000	1.90	19,000	1.90
LESS : PROVISION FOR DEMINATION OF VALUE IN SHARES		19,000	<u>(1.90)</u>	19,000	<u>(1.90)</u>
			<u>-</u>		<u>-</u>
<b>QUOTED :</b>					
INVESTMENTS IN EQUITY SHARES OF THE COMPANIES :					
LIC HOUSING FINANCE LIMITED	2	87,000	10.44	87,000	10.44
TATA CONSULTANCY SERVICES	1	12	0.03	12	0.03
RELIANCE INDUSTRIES LIMITED	10	3,504	16.82	3,504	16.82
<b>TOTAL LONG TERM INVESTMENT</b>			<b>27.29</b>		<b>27.29</b>
.* Figures Denote Amount in Rupees					
<b>OTHER DISCLOSURES :</b>					
(i) Aggregate value of quoted investments (Gross)			27.29		27.29
Market value of quoted investments			255.21		232.95
(ii) Aggregate value of unquoted investments (Gross)			7.00		7.00
(iii) Aggregate value of dimunition in value of investments			1.90		1.90



**CONSOLIDATED NOTES**  
FORMING PART OF THE BALANCE SHEET

**NOTE "13"**

**Long-term loans and advances**

Capital Advances	3,125.26	456.07
Security Deposits	242.08	180.36
Loans and advances to related parties * (Refer Note No 31)	5.64	10.64
Staff Loans & Advances	21.95	12.20
Vat Refund Receivable	10.44	0.00
<b>TOTAL</b>	<b>3,405.37</b>	<b>659.27</b>

\* Represents Due from a company in which a Director of the company is a Director.

**NOTE "14"**

**Other non-current assets**

Receivable under Forward Cover Contracts	773.33	815.00
Mat Credit Entitlement	959.00	59.00
Other Contractual Receivables	133.06	272.58
<b>TOTAL</b>	<b>1,865.39</b>	<b>1,146.58</b>

**NOTE "15"**

**Inventories (As Certified by the Management)**

Raw materials	4,777.04	5,321.70
Work-in-process	75.80	83.91
Finished goods	2,456.16	2,298.01
Stores, Spares and Fuel	8,362.29	4,880.60
Packing Materials	66.29	63.20
Packing Drums & Scrap	20.74	28.50
Coke dust, Gypsum	52.24	41.13
Shares (As per Statement below)	8.58	8.58
<b>TOTAL</b>	<b>15,819.14</b>	<b>12,725.63</b>

**Investments in shares**

	Face Value Rs	AS AT 31.03.2012		AS AT 31.03.2011	
		No of Shares	Amount Rupees in lacs	No of Shares	Amount Rupees in lacs
<b>Quoted</b>					
Reliance Industries Ltd	10	1,122	0.44	1,122	0.44
Reliance Communication Ltd.,	5	553	-	553	-
Reliance Infrastructure Ltd.,	10	41	-	41	-
Reliance Power Ltd.,	10	138	-	138	-
Reliance Capital Ltd.,	10	27	-	27	-
Grasim Industries Ltd	10	700	2.01	700	2.01
Ultratech Cements Ltd.,	10	400	-	-	-
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
<b>TOTAL</b>			<b>8.58</b>		<b>8.58</b>



**CONSOLIDATED NOTES**  
FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
<b>NOTE "16"</b>		
<b>Trade Receivables</b>		
Trade Receivable outstanding for a period exceeding six months		
– Secured, considered good	30.00	30.00
– Unsecured considered good	372.71	539.84
– Doubtful	261.25	266.12
Less: Provision for doubtful debts	261.25	266.12
Other Trade Receivables		
– Unsecured, considered good	6,974.03	8,711.16
<b>TOTAL</b>	<b>7,376.74</b>	<b>9,281.00</b>
<b>NOTE "17"</b>		
<b>Cash and Bank Balances</b>		
Cash and Cash Equivalents		
Balances with Banks in current account	473.50	118.84
Cheques,drafts on hand	0.06	0.06
Cash on hand	13.68	10.40
	487.24	129.30
Other Bank Balances		
Fixed Deposit pledged towards Margin Money (Include Deposit of Rs. 0.29 lacs with maturity of more than 12 months)	155.07	61.60
<b>TOTAL</b>	<b>642.31</b>	<b>190.90</b>
<b>NOTE "18"</b>		
<b>Short-term loans and advances</b>		
Advance recoverable in cash or in kind or for value to be received	1,332.22	1,341.55
Staff Loans	72.68	64.05
Prepaid Expenses	139.21	124.86
Balances with Customs, Central Excise, etc,	6,829.32	5,382.03
<b>TOTAL</b>	<b>8,373.43</b>	<b>6,912.49</b>
<b>NOTE "19"</b>		
<b>Revenue from Operations</b>		
<b>Sale of products</b>		
–Direct sales of manufactured products	72,201.67	69,743.35
–Consignment sales of manufactured products	29,562.37	28,873.03
–Export sales of manufactured products	25,581.89	15,319.01
–Sales of traded goods	50.00	96.21
Sale of Scrap and other materials	406.96	366.68
Sale of DEPB Licence	261.59	228.66
	1,28,064.48	1,14,626.94
Less : Excise duty	9,652.52	8,796.50
<b>TOTAL</b>	<b>1,18,411.96</b>	<b>1,05,830.44</b>



**CONSOLIDATED NOTES**  
FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
<b>NOTE "20"</b>		
<b>Other Income</b>		
Interest Income	55.23	141.30
TDS Rs. 3.88 lacs (PY Rs. 3.96 lacs)		
Dividend Income on long-term investments	3.76	3.23
Dividend Income on current investments	11.56	28.47
Profit on Sale of Fixed Assets	13.44	1,105.83
Unclaimed balance written back	134.87	9.96
Bad debts recovered	4.88	10.34
Insurance claims received	84.13	23.18
Sales tax claims received	0.00	33.00
Other Non-operating Income	272.16	178.88
<b>TOTAL</b>	<b>580.03</b>	<b>1,534.19</b>
<b>NOTE "21"</b>		
<b>Cost of Material consumed</b>		
Opening stock in hand and in process	5,321.70	6,036.45
Add: Purchase of Raw materials	74,405.61	69,570.19
Less: Closing stock in hand and in process	4,777.04	5,321.70
<b>TOTAL</b>	<b>74,950.27</b>	<b>70,284.94</b>
<b>NOTE "22"</b>		
<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Closing stock:		
Closing stock of Finished Goods	(2,201.62)	(2,090.22)
Closing Stock of Work-in-process	(75.80)	(83.91)
Closing stock of Packing Drums and Scrap	(20.74)	(28.50)
Closing Stock of Coke dust, Gypsum	(52.24)	(41.13)
Closing stock of Traded Shares	(8.58)	(8.58)
	<b>(2,358.98)</b>	<b>(2,252.34)</b>
Opening Stock:		
Opening Stock of Finished Goods	2,090.22	2,602.47
Opening Stock of Work-in-process	83.91	107.00
Opening Stock of Packing Drums and Scrap	28.50	44.95
Opening Stock of Coke dust, Gypsum	41.13	42.54
Opening Stock of Traded Shares	8.58	8.58
	<b>2,252.34</b>	<b>2,805.54</b>
<b>TOTAL</b>	<b>(106.64)</b>	<b>553.20</b>
<b>NOTE "23"</b>		
<b>Excise duty on inventory differential</b>		
Excise Duty in Closing Stock	(254.54)	(207.79)
Excise Duty in Opening Stock	207.79	216.67
<b>TOTAL</b>	<b>(46.75)</b>	<b>8.88</b>



**CONSOLIDATED NOTES**  
FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
<b>NOTE "24"</b>		
<b>Employee benefits expense</b>		
Salaries and wages	4,514.12	4,238.63
Contributions to provident and other funds	635.85	310.77
Staff Welfare Expenses	487.78	439.74
Directors Remuneration (Net of Capitalisation of Rs. 48.12 lacs (PY. Rs. 26.66 lacs))	379.82	217.29
<b>TOTAL</b>	<b>6,017.57</b>	<b>5,206.43</b>
<b>NOTE "25"</b>		
<b>Finance costs</b>		
Interest expense	2,886.34	2,628.14
Other borrowing costs	0.37	2.01
Bank Charges	508.48	368.28
<b>TOTAL</b>	<b>3,395.19</b>	<b>2,998.43</b>
<b>NOTE "26"</b>		
<b>Depreciation</b>		
Depreciation provided on fixed assets	5,123.11	4,779.36
Less: Drawn from Revaluation Reserve	(25.82)	(23.57)
<b>TOTAL</b>	<b>5,097.29</b>	<b>4,755.79</b>
<b>NOTE "27"</b>		
<b>Other expenses</b>		
Packing charges	1,650.65	1,792.94
Power and fuel	9,224.03	8,707.59
Operation and maintenance expenses	1,492.12	1,366.69
Rent	49.27	46.58
Repairs to building	560.56	475.85
Repairs to machinery	3,921.53	3,531.17
Repairs to other assets	162.45	184.24
Insurance	235.21	240.04
Rates and Taxes	71.17	81.45
Licence feed paid	53.09	51.46
Payments to Auditors as:		
auditors	8.00	6.50
taxation matters (Includes Tax Audit Fees Rs.2 lacs (P.Y. Rs. 2 lacs))	5.60	5.23
other services	2.50	2.15
reimbursement of expenses	2.23	2.46



**CONSOLIDATED NOTES**  
FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2012 Rs. in lacs	AS AT 31/03/2011 Rs. in lacs
<b>NOTE "27" (Contd...)</b>		
Travelling expenses	202.56	159.10
Conveyance expenses	155.61	163.71
Advertisement expenses	21.02	28.88
Professional fees	276.36	242.58
Directors Sitting Fees	2.20	1.43
Assets Sold or Written off	50.64	63.01
Wealth tax paid	5.79	5.15
Donation	2.57	4.61
Freight, Transportation, Loading and other charges(net)	1,981.81	1,591.47
Commission to wholesales / others	669.77	575.85
Cash discount	117.35	88.48
Vehicle expenses	99.87	83.49
Exchange Diffrence (Net)	3,421.54	(254.74)
Miscellaneous Expenses	624.38	626.91
<b>TOTAL</b>	<b>25,069.88</b>	<b>19,874.28</b>
<b>NOTE "28"</b>		
<b>CONTINGENT LIABILITIES NOT PROVIDED FOR :</b>		
Disputed Sales Tax Demands	860.03	1,259.03
Disputed Excise / Service tax Demands	344.51	299.99
Disputed Customs Demands	159.61	159.61
Disputed Income tax Demand (Paid Rs. 80 lacs against the demand and appeals pending before the appellate authority)	-	-
Company's contribution to ESI not made pursuant to petitions for exemption pending before High Court.	85.84	87.36
Lease Rent, Local Cess, Octroi, Interest on Octroi, Surcharge, Stamp Duty, Water and Electricity duty.	3,068.57	2,230.14
Disputed Industrial relations matters	495.92	445.90
Claims not acknowledged as debts :	-	80.00
<b>TOTAL</b>	<b>5,014.48</b>	<b>4,562.03</b>
<b>GUARANTEE AS A MEMBER OF THE ALKALI MFG. ASSN. ( A Company Limited by Guarantee)</b>	<b>Rs. 500</b>	<b>Rs. 500</b>

**NOTE NO. 29 TO 41 PLEASE REFER TO STANDALONE ACCOUNTS OF DCW LIMITED.**

**NOTE NO. 42 :**

Previous year figures are regrouped to match with current years grouping.

As per our Report attached

For V. Sankar Aiyar & Co.  
Chartered Accountants  
S. Venkatraman  
Partner

Place : Mumbai Chital V. Shah  
Dated : 6<sup>th</sup> August, 2012 Dy. Company Secretary

For and on behalf of the Board

Dr. Shashi Chand Jain  
Chairman & Managing Director Sodhsal Singh Dev of Dhrangadhra  
Pramod Kumar Jain Director  
Bakul Jain  
Managing Directors  
Vimal Jain  
Sr. Vice President (Finance)

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Registered Office : Dhrangadhra – 363 315, Gujarat State

### ATTENDANCE SLIP

73<sup>rd</sup>, Annual General Meeting at 10.00 A.M. on Friday, 28<sup>th</sup> September, 2012.

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

I hereby record my presence at the Seventy-Third 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 Friday, 28<sup>th</sup> September, 2012.

\_\_\_\_\_  
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 Friday, 28<sup>th</sup> September, 2012 at the Registered Office  
of the Company at Dhrangadhra – 363 315, Gujarat State and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

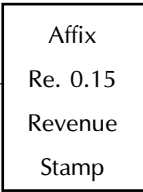
DP Id\* \_\_\_\_\_

Client Id.\* \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Signature \_\_\_\_\_



\* Applicable if shares are held in electronic form.

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.

