



# DIC India Limited

*Color & Comfort*

ANNUAL REPORT 2018



# BOARD OF DIRECTORS

As on January 30, 2019



**Dipak Kumar Banerjee**  
*Chairman*



**Manish Bhatia**  
*Managing Director & CEO*



**Subir Bose**



**Utpal Sengupta**



**Dr. Reena Sen**



**Partha Mitra**



**Paul Koek**



**Masahiro Kikuchi**



**Ho Yeu Guan**

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# Organisation Vision & Mission

## **Vision Statement**

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

## **Mission Statement**

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

# Corporate Information

as on January 30, 2019

CIN - L24223WB1947PLC015202

## Board of Directors

Dipak Kumar Banerjee - <i>Chairman</i> <i>Non-Executive Independent Director</i> (DIN: 00028123)	Manish Bhatia <i>Managing Director &amp; Chief Executive Officer</i> (DIN: 08310936)		
Partha Mitra <i>Non-Executive Independent Director</i> (DIN: 00335205)	Dr. Reena Sen <i>Non-Executive Independent Director</i> (DIN: 07082198)	Subir Bose <i>Non-Executive Independent Director</i> (DIN: 00048451)	Utpal Sengupta <i>Non-Executive Independent Director</i> (DIN: 02577237)
Paul Koek <i>Non-Executive Director</i> (DIN: 00081930)	Masahiro Kikuchi <i>Non-Executive Director</i> (DIN: 08024525)	Ho Yeu Guan <i>Non-Executive Director</i> (DIN: 08066136)	
Sandip Chatterjee <i>Chief Finance Officer</i> (PAN: ABVPC5782H)	Raghav Shukla <i>General Manager- Legal &amp; Company Secretary</i> (M. No. F5252)		

## Board Committees

### Audit

#### Committee

Partha Mitra – *Chairman*  
Subir Bose  
Utpal Sengupta  
Paul Koek

### Stakeholders' Relationship Committee

Utpal Sengupta – *Chairman*  
Dipak Kumar Banerjee  
Paul Koek

### CSR Committee

Utpal Sengupta – *Chairman*  
Subir Bose  
Dr. Reena Sen  
Paul Koek

### Nomination &

#### Remuneration Committee

Subir Bose – *Chairman*  
Utpal Sengupta  
Masahiro Kikuchi  
Paul Koek

## Bankers

State Bank of India  
Standard Chartered Bank  
The Hongkong and Shanghai Banking Corporation Limited  
HDFC Bank Limited  
Mizuho Bank Limited  
MUFG Bank Limited

## Auditors

**Deloitte Haskins & Sells LLP**  
(Rgn No. 117366W/W-100018)  
7<sup>th</sup> Floor, Building 10, Tower-B,  
DLF Cyber City Complex, DLF City Phase-II,  
Gurugram- 122 002, Haryana, India  
Phone: +91 124 679 2000; Fax: +91 124 679 2012

## Registrar and Share Transfer Agent

C B Management Services (P) Limited (CIN - U74140WB1994PTC062959)  
P-22, Bondal Road, Kolkata - 700 019  
Phone : +91 33 4011 6700 / 2280 6692 / 2282 7033 / 22870263  
E-mail : rta@cbmsl.com | Website : www.cbmsl.com

## Registered Office

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

# Ten Years Record

## TEN YEARS FINANCIAL STATISTICS

(Rs. in Million)

	2018 @ Dec-31	2017 Dec-31	2016 Dec-31	2015 Dec-31	2014 Dec-31	2013 Dec-31	2012 Dec-31	2011 Dec-31	2010 Dec-31	2009 Dec-31
<b>Sales (Net)</b>	8333	7,371	7042	7461	7187	7087	7124	6,748	5,534	4593
<b>Profit/(Loss) before Tax</b>	(59)	(167)	308	403	(181)	120 #	315 #	382 #	649	320
Tax	34	(43)	80	106	(83)	(5)	100	117	141	97
<b>Profit/(Loss) after Tax</b>	(93)	(124)	228	297 #	(309) \$	125 #	215 #	265 #	507	223
Other comprehensive loss	(5)	-	-	-	-	-	-	-	-	-
Total Comprehensive Income/ (Loss)	(99)	-	-	-	-	-	-	-	-	-
Dividend	-	-	44 *	44 *	-	43 *	43 *	43 *	54 *	43 *
Retained Profit	(99)	(124)	184	253	(309)	82	172	222	454	180
<b>Earnings per Share (Rs.)</b>										
– Basic	(10.16)	(13.48)	24.88	32.37	(33.65)	13.66 #	23.42 #	28.82 #	55.28	24.29
– Diluted	(10.16)	(13.48)	24.88	32.37	(33.65)	13.66 #	23.42 #	28.82 #	55.28	24.29
Dividend per Share (%)	-	-	40	40	-	40	40	40	50	40
<b>Net Worth per</b>										
Equity Share (Rs.)	305	315.68	329.16	309.08	283.77	317.44	308.46	289.69	265.53	216.04
PBT to Sales (%)	(0.71)	(0.63) **	4.38	5.40	(2.52) **	1.69	4.42	5.66	11.72	6.97
<b>PAT on Shareholders</b>										
Funds (%)	(3.52)	(4.27)	7.54	10.47	(11.86)	4.3	7.59	9.95	20.82	11.25
Debt Equity Ratio	0.18: 1	0.12:1	-	0.01:1	0.14:1	0.08:1	0.12:1	0.09:1	0.05:1	0.22:1
<b>Sources of Funds</b>										
Share Capital	92	92	92	92	92	92	92	92	92	92
Share Application	-	-	-	-	-	-	-	-	-	-
Reserves & Surplus	2,707	2,806	2,930	2,745	2,513	2,822	2,740	2,567	2,345	1891
Borrowings	507	350	-	25	352	233	340	227	115	427
	3,306	3,248	3,022	2,862	2,957	3,147	3,172	2,886	2,552	2,410
<b>Application of Funds</b>										
Net Fixed Assets	603	614	725	731	890	976	1,018	897	772	756
Investments	-	-	-	-	-	-	-	-	-	108
Net Current/ Non-Current Assets	2,703	2,634	2,297	2,131	2,067	2,171	2,153	1,989	1,780	1,546
	3,306	3,248	3,022	2,862	2,957	3,147	3,171	2,886	2,552	2,410

## Notes:

- \* Includes Tax on Dividend
- # After considering Extra-ordinary items
- \$ After considering Exceptional item
- \*\* Profit before Tax and Exceptional item
- @ Based on IndAS financials

# Product Portfolio

## Offset Inks



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

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

## Lamination Adhesives



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

- Solvent based Adhesives
- Solvent free Adhesives

## Print Finish



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

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

## Gravure and Flexo Inks



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

- Gravure Inks
- Adhesives
- Flexo Inks
- Coatings

## Chemical Solutions



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

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

## Innovative Package Solution



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

# Manufacturing Facility

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



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



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

*Bangalore Plant – Manufacturing facility for Lamination Adhesives.*



*Ahmedabad Plant – Manufacturing facility for News Black*





# Environment, Safety and Health (ESH)

Your Directors gives high importance to Safety and Health of our employees and environmental surroundings in which we operate. All ESH activities are being driven and monitored by Company's ESH function. In addition your Directors also take note of the quarterly ESH performance during their quarter end reviews. At a Corporate level all the activities of ESH function is monitored and reviewed through Group's regional office in Singapore on periodic basis.

In pursuance of above, your company continues to engage employees through various employee engagement activities and programs like National Safety Week, World Environment Week, Road Safety Week etc.



*National Safety Week March 4-10, 2018*



*National Road Safety Week January 11-17, 2018*



*World Environment Week June 5-11, 2018*



## DIC INDIA LIMITED

CIN : L24223WB1947PLC015202.

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

Website : www.dicindia.co

Email id : investors@dic.co.in

Phone : 033 24496591

# Notice

NOTICE is hereby given that the Seventy First Annual General Meeting of the Members of DIC India Limited, will be held at the Williamson Magor Hall in the premises of The Bengal Chamber of Commerce & Industry, Royal Exchange, No. 6, Netaji Subhas Road, Kolkata – 700 001 on Wednesday, March 20, 2019 at 11.00 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Financial Statements of the Company for the financial year ended December 31, 2018, and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ho Yeu Guan (DIN: 08066136), who retires by rotation and being eligible, seeks re-appointment.

### SPECIAL BUSINESS

3. Appointment of Mr. Manish Bhatia (DIN: 08310936) as Director of the Company.

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

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, and other applicable provisions of the Companies Act, 2013, as amended from time to time, and Regulation 17 of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, Mr. Manish Bhatia (DIN: 08310936) who was appointed as an Additional Director of the Company with effect from January 30, 2019 and who, in terms of Section 161 of the Companies Act, 2013, holds office of directorship up to the date of the 71<sup>st</sup> Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Director of the Company, not liable to retirement by rotation.

4. To Appoint Mr. Manish Bhatia (DIN 08310936) as Managing Director and Chief Executive Officer of the Company

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter, Articles of Association of the Company, and such other consents and permissions as may be necessary and subject to such modification and variation as may be approved and acceptable to the appointee, the consent of the Board be and is hereby accorded for the appointment of Mr. Manish Bhatia (DIN 08310936) as Managing Director & Chief Executive Officer of the Company for a period of 3 years commencing from January 30, 2019 till January 29, 2022 and payment of remuneration for the aforesaid period on the terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall include the Human Resources, Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit;

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

5. Remuneration of Cost Auditor

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, as amended from time to time, the remuneration payable to M/s Sinha Chaudhuri & Associates (Firm Registration No. 000057) appointed as the Cost Auditors of the Company, to conduct the audit of the cost records of the notified products of the Company for the year ending on December 31, 2019, amounting to Rs. 30,000/-, exclusive of applicable tax and out of pocket expenses incurred by them in connection with the aforesaid audit, be and is hereby ratified and confirmed.

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

The Register of Members of the Company will remain closed from March 14, 2019 to March 20, 2019, both days inclusive.

By order of the Board

Registered Office:  
Transport Depot Road  
Kolkata – 700 088  
Dated: January 30, 2019

Sd/-  
**Raghav Shukla**  
General Manager- Legal &  
Company Secretary

**Notes:**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than forty-eight hours before the commencement of the Annual General Meeting. As per Secretarial Standard 2, the proxy should carry a valid photo-id card to the venue to tender vote.**
2. Corporate members are requested to send to the Company’s Share Department, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
3. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting is annexed hereto.
4. Shareholders holding shares in identical order of names in more than one folio, are requested to write to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, P-22 Bondal Road, Kolkata-700019 enclosing their share certificate(s) to enable the Company to consolidate their holdings in one single folio.
5. Members holding shares in physical form are requested to notify immediately any change in their address/mandate/bank details to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, quoting their folio number. The Members Updation Form forms a part of the Annual Report.
6. Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/MRD/DP/10/2013 dated 21<sup>st</sup> March 2013, has mandated usage of electronic mode for making cash payments such as dividend, etc to the investors of Companies whose securities are listed on the Stock Exchanges. Payment of dividend through electronic mode is beneficial to the Members since the risks associated with receiving payment through dividend warrants such as loss in transit/misplacement/revalidation etc. can be easily mitigated. Therefore, Shareholders are requested to provide particulars of their bank account details for availing ‘National Electronic Clearing Service’ (NECS) facility. Further, ECS facility is also available to the beneficial owners of shares in demat form. Those desirous of availing the facility may provide their mandate for physical holding to the Company or to the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited and for demat holding to their DP in writing.

7. Pursuant to the provisions of the Companies Act, 2013, dividend for the year ended 31 December, 2011 and thereafter, which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, members who have not encashed their dividend warrant(s) so far for the year ended 31 December, 2011 or subsequent years, are requested to make their claim to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited.
8. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('The Rules') notified by the Ministry of Corporate Affairs effective September 7, 2016, all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more would be transferred to the Investor Education and Protection Fund (IEPF) Suspense Account. The Company has also uploaded full details of such shareholders whose dividend remained unclaimed on its website [www.dicindia.co](http://www.dicindia.co). Shareholders are requested to refer to verify the details of the same. Shareholders may note that both the unclaimed dividend and corresponding shares transferred to the IEPF Authority/Suspense Account including all benefits accruing on such shares, if any, can be claimed back from the IEPF Authority after following the procedure prescribed in the Rules. In case the Company does not receive any communication from the concerned shareholders by due date or such other date as may be extended, the Company shall, with a view to complying with the requirements set out in the Rules, transfer the shares to the IEPF Suspense Account by the due date as per procedure stipulated in the Rules. In case the shareholders have any queries on the subject matter and the Rules, they may contact the Company's Share Transfer Agent, C B Management Services (P) Limited.
9. Members desirous of making a nomination in respect of their shareholding in physical form, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form SH13 and SH14, accordingly to the Share Department of the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited. The form for such registration can be obtained by mailing such request to our Registrar & Share Transfer Agent, M/s CB Management Services (P) Limited at [rta@cbmsl.com](mailto:rta@cbmsl.com).
10. Members are requested to bring the admission slips along with their copy of the Annual Report at the Meeting.
11. The Ministry of Corporate Affairs, Government of India, pursuant to its Green Initiative in Corporate Governance, has permitted under Section 20 of the Companies Act, 2013, the service of documents including the Annual Report consisting of Notice, Accounts and other relevant Reports through the electronic mode. Copies of the Annual Report 2018, notice of the AGM along with attendance slip, proxy form and instructions for e-voting are being sent by electronic mode to those members whose e-mail addresses are registered with the Company/ Depositories Participants unless any member has requested for a hard copy of the same. Shareholders holding shares in physical/dematerialized form are requested to register/update their e-mail addresses with the Company's Registrar and Share Transfer Agent. The form for such registration can be obtained by mailing such request to our Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited at [rta@cbmsl.com](mailto:rta@cbmsl.com) or to us on [investors@dic.co.in](mailto:investors@dic.co.in)
12. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection at the Company's Registered Office during normal business hours on working days upto the date of AGM.
13. M/s. T Chatterjee and Associates (Firm Registration No. S2007WB097600) has been appointed as the Scrutinizer to scrutinize the remote e-voting process as well as voting in the AGM venue in a fair and transparent manner.
14. In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General meeting to be held on March 20, 2019, at 11.00 a.m. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide e-voting facilities. The e-voting facility is available at the link <https://evoting.nsdl.com>.

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

**The instruction for e-voting are as under:**

- (i) User ID and Password for e-voting is provided with the AGM Notice, please note that the Password is initial Password.

## DIC INDIA LIMITED

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

### Notes:

- I. In case of any queries, you may refer the Frequently Asked Questions (FAQ) for Shareholders and e-voting user manual for shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- II. If you are already registered with NSDL for e-voting then you can use your existing user ID and Password for casting your vote.
- III. The e-voting period commences on March 17, 2019 (9.00 am) and ends on March 19, 2019 (5.00 pm). During this period, Shareholders of the Company holding shares in physical form or in dematerialized form, as on the cut-off date March 13, 2019, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.
- IV. The voting rights of the Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on March 13, 2019.
- V. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the meeting unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VI. The Result shall be declared after the 71<sup>st</sup> Annual General meeting of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s Website [www.dicindia ltd.co](http://www.dicindia ltd.co) and on the website of NSDL.

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

#### **ITEM NO.2**

##### **Mr. Ho Yeu Guan**

Born on January 29, 1958, Mr. Ho Yeu Guan graduated with a Degree in Accountancy from National University of Singapore in 1982 and further obtained his Certified Public Accountant (CPA) status in 1989. In his entire career journey, Mr. Ho worked in reputable global MNCs and accumulated more than 32 years of valuable and in-depth knowledge in the Accounting and Finance functionality. In April 2005, Mr. Ho joined DIC Asia Pacific Pte. Ltd. in Singapore as a Regional Finance Manager. He worked diligently and developed the business acumen needed to

successfully support the business managers from a financial and accounting perspective. Mr. Ho was promoted to Regional Internal Audit Director in January 2010 with a key focus on upholding governance, compliance, financial and system controls in DIC Asia Pacific Region. Mr. Ho Yeu Guan was inducted on the Board with effect from February 6, 2018 as a nominee of the Holding Company M/s. DIC Asia Pacific Pte. Ltd., Singapore. He is not related to any of the Directors of and does not hold any shares in the Company. Mr. Ho does not hold any other directorship.

None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. Ho Yeu Guan, are, in any way, concerned or interested, financial or otherwise, in the aforesaid Resolutions set out at item no. 2 of the Notice

#### **ITEM NO. 3 & 4**

Mr. Manish Bhatia, born on September 12, 1971, completed his Bachelors in Mechanical Engineering from Delhi College of Engineering. He also holds a Master's degree in Management from Xavier's Institute of Management and a certification in Blue Ocean Strategy from one of world's leading business schools - INSEAD, France. In addition to it, he also holds a specialization in Strategic Marketing from National University of Singapore and a certification in Brand Management from the Indian Institute of Management (IIM), Bangalore.

Prior to joining DIC he worked with HSIL Limited as President and Chief - Bath Products and Furniture Fittings business. Prior to this he worked with AkzoNobel for about 17 years and rose from management trainee to become Business Director for Middle East, South and South East Asia for Auto Refinish Business where he was responsible for General Management, Sales and Marketing Management, Operations and Business Planning. In addition to it, he was also a part of Global Management Team of the business. Mr. Bhatia has also worked with leading companies like Grindwell Norton and Mannesmann Demag.

In view of the consolidation and performance initiatives being undertaken by the Company and considering the experience of Mr. Bhatia, the Board felt it would be immensely beneficial in the interest of the Company to avail the services of Mr. Manish Bhatia.

The Board in its meeting held on January 30, 2019, on the terms and conditions as recommended in the meeting of the Nomination & Remuneration Committee held earlier on January 29, 2019, approved the appointment of Mr. Bhatia as an Additional Director with effect from January 30, 2019. The Board also approved appointment of Mr. Manish Bhatia as Managing Director & CEO w.e.f. January 30, 2019 for a period of three years based on the recommendation of the Nomination & Remuneration Committee. Further, the Company has also received a notice under Section 160 of the Companies Act, 2013 proposing his candidature to be appointed as a Director. The Nomination & Remuneration Committee of the Board considered various aspects while approving the remuneration as stated herein as appropriate to retain a person of Mr. Manish Bhatia's qualification, competence and experience. The said remuneration package is at par with current market practice and trends prevalent in the Country.

The remuneration payable to Mr. Manish Bhatia as Managing Director & Chief Executive Officer is as detailed herein. Mr. Bhatia is not related to any of the Directors and does not hold any shares in the Company. Mr. Bhatia does not hold any directorship in any other company.

Mr. Bhatia satisfies the all conditions set out in Part I of Schedule V to the Act for being eligible for the appointment.

Other than Mr. Manish Bhatia whose interest is limited to the terms of his remuneration, no other Director or Key Managerial Person is interested or concerned in the resolution. Accordingly, the Board of Directors recommends the Special Resolution for your approval.

#### **Information as required in Part II of Schedule V of the Companies Act, 2013**

##### **I. General Information**

**Nature of Industry:** DIC India Limited is in the business of manufacturing printing inks. Its four factories manufacture inks of diverse kinds including news black inks, offset inks, liquid inks, screen inks and print finish inks. These cover virtually all printing processes in use in the country today and find its use in printing, packaging, advertisement etc. The Company also manufactures lamination adhesives.

**Date or expected date of commencement of commercial production:** DIC India Limited commenced its business in the year 1947. Its Registered Office is at Transport Depot Road, Kolkata- 700088. DIC India Limited is a subsidiary of DIC Asia Pacific Pte Ltd, Singapore who holds 71.75% of the paid up share capital of the Company.

**Financial performance based on given indicators:**

The following is the summary of financial highlights for the last three years:

(Rs in Million except EPS and ratios)

Particulars	31 <sup>st</sup> December 2018	31 <sup>st</sup> December 2017	31 <sup>st</sup> December 2016
Revenue from Operations	8,379.60	7,382.92	7,041.51
Total income	8,525.11	7,411.06	7,139.14
Profit/ (loss) before Tax	(58.90)	(157.96)	308.15
Profit/ (loss) after Tax	(93.24)	(117.92)	228.42
Other comprehensive Income (loss)	(5.45)	(5.76)	NA
Total comprehensive Profit/ (loss) for the year (X + XI)	(98.68)	(123.68)	NA
Paid up Share Capital	91.79	91.79	91.79
Reserves and Surplus	2,707.02	2,805.71	2,929.53
Net worth per equity share	304.92	315.67	329.16
Dividend (inc. DDT)	-	-	44.19
Dividend%	-	-	40.00
Earnings per Share (basic and diluted)	(10.16)	(12.85)	24.89
Debt Equity ratio	0.18: 1	0.12:1	0.01:1
Current ratio	1.60	2.08	2.67

**Export performance and net foreign exchange collaborations:**

(Rs in million)

Particulars	31 <sup>st</sup> December 2018	31 <sup>st</sup> December 2017	31 <sup>st</sup> December 2016
Earnings in foreign exchange	729.43	598.40	519.05
Net foreign exchange outgo	2,335.47	2,295.48	2,069.17

**Foreign investments or collaborators:** The Company has executed an Agreement with its parent company, DIC Corporation (formerly Dainippon Ink & Chemicals Inc.), Japan on April 1, 2007 (with effect from January 1, 2007 till December 31, 2018) to import technology and technical information for manufacturing poly-ester poly-urethane poly-urea resin solely for captive consumption. The Company also has a Technical Collaboration Agreement with DIC Corporation, Japan with effect from July 1, 2011. This Technical Collaboration Agreement does not relate to a specific project or product but transfer of technology 'on an ongoing basis' for all the existing and future range of printing inks and lamination adhesives.

On February 27, 2015, the Company executed an agreement with DIC Corporation whereby the Company shall provide research and development services related to lamination adhesives.

**II. Information about the appointee:**

**Background details:** Mr. Manish Bhatia, born on September 12, 1971, completed his Bachelors in Mechanical Engineering from Delhi College of Engineering. He also holds a Master's degree in Management from Xavier's Institute of Management and a certification in Blue Ocean Strategy from one of world's leading business schools - INSEAD, France. In addition to it, he also holds a specialization in Strategic Marketing from National University of Singapore and a certification in Brand Management from the Indian Institute of Management (IIM), Bangalore. Prior to joining DIC, he worked with HSIL Limited as President and Chief - Bath Products and Furniture Fittings business. Prior to this he worked with AkzoNobel for about 17 years and rose from management trainee to become Business Director for Middle East, South and South East Asia for Auto Refinish Business where he was responsible for General Management, Sales and Marketing Management, Operations and Business Planning. In addition to it, he was also a part of Global Management Team of the business. Mr. Bhatia has also worked with leading companies like Grindwell Norton and Mannesmann Demag.



**Past remunerations:** Previous remuneration of Mr. Manish Bhatia has not been made available.

**Recognitions or awards:** None

**Job profile and his suitability:** In this leadership role, Mr. Manish Bhatia would be responsible for leading the development and execution of the Group and Company's long term strategy and continuously generating and growing shareholder's value through sound business strategies and drive strong business growth. He is also expected to build an efficient and solid business platform equipped with talented resources to support a strong growing business environment.

**Remuneration proposed:**

Description		Mr. Manish Bhatia Managing Director & Chief Executive Officer
1	SALARY  Increment	Rs. 5,07,960/- per month from January 30, 2019 to December 31, 2019.  Such increment as may be determined by the Board, based on the recommendation of the Nomination & Remuneration Committee.
2	MANAGEMENT ALLOWANCE  Increment	Rs. 4,73,470/- per month from January 30, 2019 to December 31, 2019.  Such increment as may be determined by the Board, based on the recommendation of the Nomination & Remuneration Committee.
3	PENSION ALLOWANCE  Increment	Rs. 76,194/- per month from January 30, 2019 to December 31, 2019.  Such increment as may be determined by the Board, based on the recommendation of the Nomination & Remuneration Committee.
4	PERFORMANCE BONUS  Commencing from January to December	Target Performance Bonus of Rs. 80,00,000/- per year (January to December). Actual payout as determined by the Nomination & Remuneration Committee and with final approval of the Board, to be paid in April of the following year and as evaluated based on the achievement of the BSC and established KPIs and the incumbent is in the employment of the Company. The decision of the Board of Directors is final. No performance bonus is payable if the incumbent leaves the organization before the performance bonus is declared and or paid.
5	PERQUISITES [see note below]  Annual ceiling for specified perquisites	Rs. 47,11,329/- per annum from January 30, 2019 to December 31, 2019.  Such increment as may be determined by the Board, based on the recommendation of the Nomination & Remuneration Committee.
6	Period of appointment	January 30, 2019 to January 29, 2022.

**MINIMUM REMUNERATION:**

Where in any financial year during the currency of tenure of the appointment, in the event of the Company having no profit or its profit is inadequate, the Board of Directors may determine the remuneration payable to Mr. Manish Bhatia in terms of Sections 197 read with Schedule V of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof, for the time being in force as the minimum remuneration.

**SITTING FEES:**

Mr. Manish Bhatia shall not receive any sitting fees for attending meetings of the Board or any Committee thereof

**NOTES ON PERQUISITES:**

In addition to the aforesaid Salary, Management Allowance, Performance Bonus and Pension Allowance, Mr. Manish Bhatia shall be entitled to perquisites like furnished accommodation or house rent allowance in lieu thereof, furnishing, medical reimbursement and leave travel allowance, in accordance with the Rules of the Company, including tax borne by the Company on non-monetary perquisites payable and such other perquisites as may be determined by the Board from time to time, such perquisites being restricted to Rs. 47,55,000/- per annum.

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

The following, however, shall not be included in the computation of perquisites for the purpose of calculating the said ceiling, as aforesaid.

- i) Provision for use of company car for official duties and telephone at residence (including payment for local calls and long distance official calls);
- ii) Encashment of un-availed leave as per the Rules of the Company at the time of retirement / cessation of service
- iii) Company's contribution to Recognized Provident Fund of the remuneration and Company's contribution to Gratuity Fund as actuarially determined or upto such other limit as may be prescribed under the Income Tax Act, 1961 and Rules made thereunder for this purpose

**OTHER TERMS**

No severance fees is payable on termination of office.

The term of office of Mr. Manish Bhatia would not be subject to retirement by rotation in terms of the Article 123 of the Articles of Association of the Company.

**Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** After taking into consideration the size of the Company, job profile, responsibilities, qualification and experience of Mr. Manish Bhatia, remuneration drawn in similar positions in the Industry, the remuneration proposed appears to be reasonable and at par with other companies of the same size.

**Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:** Except for the remuneration proposed, Mr. Manish Bhatia has no pecuniary relationship with the Company.

**III. Other information:**

**Reason of loss or inadequate profits:** Fluctuating raw material cost and depreciation of INR vs USD have resulted in losses.

**Steps taken or proposed to be taken for improvement:** Several steps have been taken for improving the financial position of the company such as cost control, realignment of manpower, streamlining of fund management, quality improvement etc.

**Expected increase in productivity and profits in measureable terms:** It is expected that the presence of effective managerial personnel in managing the overall business aspect will enable the Company to improve

the performance of the Company, enabling increased market presence contributing to increase in the profits in the long term.

**IV. Disclosures:**

- (i) The remuneration package of Mr. Manish Bhatia is given above.
- (ii) Details of compensation package etc. as required forms part of the Notice.

The approval to aforesaid resolution are sought by voting.

In the opinion of the Board, Mr. Ho Yeu Guan and Mr. Manish Bhatia fulfill the conditions of the Companies Act, 2013 for such appointment/re-appointment and recommends the Resolutions nos. 2, 3 and 4, for your approval.

**ITEM NO. 5**

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

The Board at its meeting held on January 30, 2019 appointed M/s. Sinha Chaudhuri & Associates, (Firm Registration No. 000057) Cost Accountants as the Cost Auditor of the Company for the financial year ending on December 31, 2019 at a remuneration of Rs. 30.000/-, exclusive of reimbursement of applicable tax and all out of pocket expenses incurred, if any, in connection with the cost audit. The remuneration of the cost auditor is required to be ratified subsequently in accordance to the provisions of the Act and Rule 14 of the abovementioned Rules.

None of the Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financial or otherwise, in the aforesaid Resolutions set out at item no. 5 of the Notice.

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

Registered Office:  
Transport Depot Road  
Kolkata – 700 088  
Dated: January 30, 2019

By order of the Board  
Sd/-  
**Raghav Shukla**  
General Manager- Legal &  
Company Secretary

# Report on Corporate Governance

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

## I. MANDATORY REQUIREMENTS

### 1. Company's Philosophy on Corporate Governance

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

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

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

### 2. Board of Directors

#### a) Composition as on December 31, 2018

The Board of Directors of the Company consisted of 8 members, comprising.

- Five Non-executive & Independent Directors, drawn from amongst persons with diverse experience in business, finance, legal, technology and management domain.
- Three Non-executive Directors nominated by and representing the Holding Company.

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

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

#### b) Other Directorships/Committee memberships held as on December 31, 2018:

Sl. No.	Name of the Director	Category	Directorships held in other Companies ^		Committee Memberships held in other Companies #	
			As Director	As Chairman	As Member	As Chairman
1.	Mr Dipak Kumar Banerjee	Chairman, Non-executive & Independent	9	1	6	3
2.	Mr Subir Bose	Non-executive & Independent	5	—	1	—
3.	Mr Utpal Sengupta	Non-executive & Independent	2	—	—	1
4.	Dr. Reena Sen	Non-executive & Independent	—	—	—	—
5.	Mr Partha Mitra	Non-executive & Independent	—	—	—	—
6.	Mr Paul Koek	Non-executive	—	—	—	—
7.	Mr. Masahiro Kikuchi	Non-executive	—	—	—	—
8.	Mr. Ho Yeu Guan	Non-executive	—	—	—	—

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

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

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

c) Particulars of change in directorship during the year:

Name of the Director	Category	Date of Appointment/ Cessation	Remarks
Mr. Kazunari Sakai	Non-executive	February 6, 2018	Resigned as the Director
Mr. Masahiro Kikuchi	Non-executive	February 6, 2018	Appointed as Director
Mr. Ho Yeu Guan	Non-executive	February 6, 2018	Appointed as Director
Mr. Shailendra Hari Singh	Managing Director and Chief Executive Officer	December 11, 2018	Resigned as Managing Director and Chief Executive Officer

d) Board Meetings held during the year

During the financial year ended 31<sup>st</sup> December 2018, 7 Board Meetings were held on February 6, 2018, March 22, 2018, May 5, 2018, July 27, 2018, October 12, 2018, November 12, 2018 and December 11, 2018.

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

Name of the Director	Board Meetings Attended	Last AGM Attended
Mr. Dipak Kumar Banerjee	7	Yes
Mr. Subir Bose	5	Yes
Mr. Utpal Sengupta	7	Yes
Dr. Reena Sen	7	Yes
Mr. Partha Mitra	7	Yes
Mr. Paul Koek	6	Yes
Mr. Masahiro Kikuchi*	6	Yes
Mr. Ho Yeu Guan*	4	Yes
Mr. Shailendra Hari Singh*	6	Yes

\* - Refer Note 2(c) of the Report

f) Particulars of Directors retiring by rotation and seeking re-appointment have been given in the Notice convening the 71<sup>st</sup> Annual General Meeting and Explanatory Statement, attached thereto.

### 3. Audit Committee

A) Terms of Reference

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

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

B) Composition, Name of Members and Chairperson

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

The Audit Committee of the Company as on December 31, 2018 comprises the following members:

Name of the Member	Position	Category
Mr. Partha Mitra	Chairman	Non-executive & Independent Director
Mr. Subir Bose	Member	Non-executive & Independent Director
Mr. Utpal Sengupta	Member	Non-executive & Independent Director
Mr. Paul Koek	Member	Non-executive Director

Mr. Raghav Shukla, General Manager- Legal & Company Secretary, has been designated as the “Secretary” to the Audit Committee.

C) Meetings during the year

During the financial year ended December 31, 2018, four meetings were held on February 5, 2018, May 4, 2018, July 26, 2018 and November 12, 2018.

D) Attendance of Members at the Audit Committee Meetings

The attendance of the Members is as given below:

Name of the Member	Meetings Attended
Mr. Partha Mitra	4
Mr. Subir Bose	3
Mr. Utpal Sengupta	4
Mr. Paul Koek	3

M/s. Deloitte Haskins & Sells LLP, Statutory Auditors and the Internal Auditor are invited to attend the Audit Committee meetings.

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

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

**4. Nomination and Remuneration Committee**

A) Terms of Reference

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

B) Composition, Name of Members and Chairperson

The Nomination and Remuneration Committee of the Company comprises four members, two of whom are Non-executive Directors representing the Holding Company and two Non-executive & Independent Directors of whom the Chairman is a Non-executive & Independent Director.

As on December 31, 2018, the Nomination and Remuneration Committee of the Company comprises the following members:

Name of the Member	Position	Category
Mr. Subir Bose	Chairman	Non-executive & Independent Director
Mr. Utpal Sengupta	Member	Non-executive & Independent Director
Mr. Paul Koek	Member	Non-executive
Mr. Masahiro Kikuchi	Member	Non-executive

C) Meetings and Attendance during the year

During the year ended December 31, 2018, four meetings were held on February 6, 2018, May 5, 2018, November 12, 2018 and December 11, 2018.

D) Attendance of Members at the Nomination and Remuneration Committee Meetings

The attendance of the Members is as given below:

Name of the Member	Meetings Attended
Mr. Subir Bose	3
Mr. Utpal Sengupta	4
Mr. Paul Koek	3
Mr. Masahiro Kikuchi	3

E) Nomination & Remuneration Policy

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

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

F) Remuneration paid/payable to the Directors for the financial year ended December 31, 2018

(Figure in Rs.)

Name of the Director	Salary	Performance Bonus	Commission	Allowances, Perquisites & Retirement Benefits	Sitting Fees	Total
Mr. Dipak Kumar Banerjee	-	-	-	-	156,000	156,000
Mr. Subir Bose	-	-	-	-	135,000	135,000
Mr. Utpal Sengupta	-	-	-	-	255,000	255,000
Dr. Reena Sen	-	-	-	-	120,000	120,000
Mr. Partha Mitra	-	-	-	-	177,000	177,000
Mr. Paul Koek	-	-	-	-	-	-
Mr. Masahiro Kikuchi	-	-	-	-	-	-
Mr. Ho Yeu Guan	-	-	-	-	-	-
Mr Kazunari Sakai*	-	-	-	-	-	-
Mr. Shailendra Hari Singh*	5,608,756	-	-	5,244,883	-	10,853,639

\* - Refer Note 2(c) of the Report

- Mr. Shailendra Hari Singh was appointed as Managing Director and Chief Executive Officer for a period of 5 years with effect from March 23, 2015. Mr. Singh resigned as Managing Director and Chief Executive Officer of the Company with effect from December 11, 2018.
- Except for the Wholetime Director and Independent Directors, all the members of the Board are liable to retire by rotation. The appointment of the Whole Time Director is governed by the resolution passed by the Board, as per recommendations of the Nomination and Remuneration Committee, which covers the terms and conditions of such appointment read with the service rules of the Company, subject to final approval by the members of the Company.
- During the year ended December 31, 2018, no Severance Fee is payable and no stock option has been given.
- Performance Bonus payable to the Executive Directors is determined on the basis of the status of the inventory and debtors, profitability and overall financial position of the Company.
- No Directors hold any securities of the Company.
- In addition to the sitting fees, the Company had approved payment of commission to its Resident Non-executive Directors pursuant to approval of the members at the Annual General Meeting held on April 12, 2013. The payment of the commission is approved for a period of 5 years commencing from January 1, 2014.
- The criteria of payment of commission to the Resident Non-executive Directors, as decided in the Board Meeting held on April 22, 2016, is as under:
  - Non-Executive Chairman
    - 0.5% of the profits subject to annual ceiling of Rs 850,000/-
    - Additional amount based on pro rata weightage given to attendance in the Board meetings
  - Others Resident India Non-executive Directors
    - 0.5% of the profits subject to annual ceiling of Rs 180,000/- per Director.
    - Additional amount based on pro rata weightage given to attendance of the individual Director in the Board meetings

- At present, sitting fees of Rs.18,000/- is paid to the Chairman of the Board and the Chairman of the Audit Committee. A sitting fees of Rs.15,000/- is paid to each Resident Indian Non-executive Director for attending each meeting of the Board and the Committees thereof.
- No commission and sitting fees are payable to the representatives of the holding Company, DIC Asia Pacific Pte. Ltd.
- Other than sitting fees and commission, there is no other pecuniary relationship or transactions with any of the Non-executive Directors.

#### 5. Stakeholders' Relationship Committee

##### A) Terms of Reference

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

##### B) Composition

The Stakeholders' Relationship Committee comprise three Directors:

Name of the Member	Position	Category
Mr. Utpal Sengupta	Chairman	Non-executive & Independent Director
Dr. Dipak Kumar Banerjee	Member	Non-executive & Independent Director
Mr. Paul Koek	Member	Non-executive Director

Mr. Raghav Shukla, General Manager- Legal & Company Secretary has been designated as the "Compliance Officer".

##### C) Attendance

Two meeting have been held on February 6, 2018 and July 27, 2018. All the members attended the meeting.

##### D) Status of Transfers

During the year ended December 31, 2018, 785 shares in physical form were processed for transfer. There were no pending share transfers as on December 31, 2018.

##### E) Complaints

During the year ended December 31, 2018, the Company had received no complaints and no complaints were pending for redressal either at the beginning or at the end of the year.

#### 6. Corporate Social Responsibility Committee\*

##### A) Constitution, Terms and reference

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

##### B) Composition

As on December 31, 2018, the Corporate Social Responsibility Committee comprises:

Name of the Member	Position	Category
Mr. Utpal Sengupta	Chairman	Non-executive & Independent Director
Mr. Subir Bose	Member	Non-executive & Independent Director
Dr. Reena Sen	Member	Non-executive & Independent Director
Mr. Paul Koek	Member	Non-executive Director

\* Pursuant to the provisions of Section 135 of the Companies Act, 2013 and applicable Rules and recent amendment, for the financial year 2018, the constitution of CSR committee is not mandatory.



- C) Meetings and Attendance during the year  
During the year ended December 31, 2018, one meeting was held on February 5, 2018.
- D) Attendance of Members at the Corporate Social Responsibility Committee Meetings  
The attendance of the Members is as given below:

Name of the Member	Meetings Attended
Mr. Utpal Sengupta	1
Mr. Subir Bose	0
Dr. Reena Sen	1
Mr. Paul Koek	1

#### 7. Meeting of the Independent Directors

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

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

Accordingly, a meeting had been held on February 6, 2018. All the Independent Directors attended the meeting and discussed the above points.

Nomination and Remuneration Committee in its meeting held on February 4, 2015 adopted the performance evaluation criteria for the Independent Directors and the same had been applied by the Board in its meeting held on February 6, 2018 for evaluating the performance of the Independent Directors.

#### 8. Subsidiary Company

The Company had no subsidiary during the Financial year ended December 31, 2018.

#### 9. General Body Meetings

##### A) Particulars of last three Annual General Meetings :

AGM	Year Ended	Venue	Date	Time
70th	31.12.2017	Williamson Magor Hall Bengal Chamber of Commerce & Industry, Royal Exchange 6, Netaji Subhas Road, Kolkata - 700 001	22.03.2018	11.00 a.m
69th	31.12.2016	- Do -	24.03.2017	11.00 a.m
68th	31.12.2015	- Do -	22.04.2016	11.00 a.m

##### B) Postal Ballot Exercise

There was no instances of postal ballot being conducted for the year ended December 31, 2018.

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

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

AGM	Year ended	Particulars of Special Resolution	Date	Time
70th	31.12.2017	1. Re-appointment of Mr. Dipak Kumar Banerjee as an Independent Director for a term of three years. 2. Re-appointment of Mr. Subir Bose as an Independent Director for a term of three years. 3. Re-appointment of Dr. Reena Sen as an Independent Director for a term of three years.	22.03.2018	11.00 a.m.
69th	31.12.2016	Re-appointment of Mr. Utpal Sengupta, Non-executive & Independent Director for a further term of 3 years.	23.03.2017	11.00 a.m.
68th	31.12.2015	NA	22.04.2016	11.00 a.m.

D) Particulars of last three Extraordinary General Meetings

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

10. Disclosures

- A) The Board in its meeting held on December 5, 2014 has adopted Related Party Transaction Policy for determining the materiality of related party transactions and also on the dealings with related parties. This Policy has been placed in the Website of the Company at the weblink, <http://www.dicindia ltd.co/policies.html>.
- B) During the year there were no transactions of material nature with related parties that had potential conflict with the interests of the Company.  
Details of all related party transactions form a part of the accounts as required under Accounting Standard 18 as notified by the Companies (Accounting Standards) Rules, 2006 and the same are given in Note 40 to the Financial Statements.  
The omnibus approval of the Audit Committee is taken for all proposed related party transactions to be entered into during the forthcoming year and the details of all related party transactions actually entered into in the preceding quarter is placed before them.
- C) During preparation of financial statements during the period under review, no accounting treatment which was different from that prescribed in the Accounting Standards was followed.
- D) The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures have been imposed against it in the last three years.
- E) The Company has adopted a Risk Management Policy in the meeting of the Board of Directors held on March 3, 2006. Pursuant to the changing economic environment, the Board in its meeting held on December 11, 2018 has adopted an updated Risk Management Policy. It has laid down procedures to inform the Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.
- F) There were no material financial and commercial transactions where senior management of the Company had personal interest that may have potential conflict with the interest of the Company at large.
- G) The Company has adopted Whistle Blower Policy (Vigil Mechanism) for Directors and employees which has been placed in the website of the Company at the weblink, <http://www.dicindia ltd.co/policies.html>. No personnel has been denied access to the audit committee.
- H) Commodity price risk/foreign exchange risk and hedging activities:  
Commodity price risk and hedging activities – DIC India Limited purchases a variety of raw materials for manufacturing and finished products for trading. The Company manages the associated commodity price risks based on local and global information with the support of the parent group, subject to commercial negotiation with suppliers. There are no commodities where the exposure of the Company in the particular commodity is material.  
Foreign Exchange risk and hedging activities – DIC India Limited is exposed to foreign exchange risks on its imports of raw materials/trading goods and capital item purchases and export of finished goods. The Company has a robust internal policy, approved by its Audit Committee, to manage foreign exchange risks. Hedging is regularly carried out to mitigate the risks in line with the approved policy.

11. Means of Communication

- A) Half-Yearly Report sent to each household of shareholders : No
- B) Quarterly Results
- Newspapers published in : Business Standard (English Daily), Aajkal (Bengali daily)
  - Website where displayed : [www.dicindia ltd.co](http://www.dicindia ltd.co)

- |   |   |
|---|---|
| C) Audited Financial Results<br>■ Newspaper published in  | : Year ended December 31.12.2018<br>: Business Standard (English Daily),<br>Aajkal (Bengali daily)  |
| D) Whether the website also displays official news releases and presentations to institutional investors/analysts | : No presentation has been made to institutional investors/analysts. Audited/Unaudited Financial Reports including official news releases are displayed in the website. |
| E) Whether Management Discussion & Analysis Report is a part of Annual Report                                     | : The Report of the Directors, forming part of the Annual Report, includes all aspects of the Management Discussion & Analysis Report.                                  |

## 12. Code of Professional Conduct

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

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

In terms of the resolution passed by the Board of Directors in their meeting held on January 30, 2019 the Board has authorized Mr. Manish Bhatia, Managing Director & Chief Executive Officer to sign all Certificates as may be required, to comply with the statutory requirements.

Accordingly, a declaration from the Managing Director & Chief Executive Officer that all Board Members and Senior Management personnel have duly complied with the Code of Conduct for the financial year ended December 31, 2018 forms part of the Annual report.

## 13. CEO/CFO Certification

The Certificate duly signed by the Managing Director & Chief Executive Officer and the Chief Finance Officer in respect of the financial year ended December 31, 2018 has been placed before the Board at its meeting held on January 30, 2019 and forms a part of the Annual Report.

## 14. Familiarisation programme for Independent Directors

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

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

## II. NON-MANDATORY REQUIREMENTS

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

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

### 2. Shareholders' Rights

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

### 3. Modified Opinion in Audit Report

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

### 4. Separate posts of Chairman and CEO

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

### 5. Reporting of Internal Auditor

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

# Shareholder Information

## 1. Annual General Meeting

The 71<sup>st</sup> Annual General Meeting will be held at 11.00 A.M. on Wednesday, March 20, 2019 at Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhas Road, Kolkata - 700 001.

## 2. Financial Year

The Financial Year of the Company is January 1 to December 31. For the year ended on December 31, 2018, results were announced on:

Approval of	Board Meeting Date
Unaudited Results for 1 <sup>st</sup> quarter ended 31-03-2018	05-05-2018
Unaudited Results for 2 <sup>nd</sup> quarter ended 30-06-2018	27-07-2018
Unaudited Results for 3 <sup>rd</sup> quarter ended 30-09-2018	12-11-2018
Audited Results for financial year ended 31-12-2018	30-01-2019

## 3. Book Closure Date

The period of book closure is from March 14, 2019 to March 20, 2019, both days inclusive.

## 4. Dividend Payment Date

In view of the loss, the Board has not recommended any dividend.

## 5. Listing on Stock Exchanges

The equity shares of the Company are listed on:

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

## 6. Listing Fees to Stock Exchanges

The Annual Listing Fees for the year 2017-18 and 2018-19 has been paid to all these Stock Exchanges within the stipulated time.

## 7. Annual Custody Fees to Depositories

The Company has paid Annual Custody Fees for the year 2017-18 and 2018-19 to both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time.

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

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

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

Commodity price risk and hedging activities - DIC India Limited purchases a variety of raw materials for manufacturing and finished products for trading. The Company manages the associated commodity price risks based on local and global information with the support of the parent group, subject to commercial negotiation with suppliers. There are no commodities where the exposure of the Company in the particular commodity is material.

Foreign Exchange risk and hedging activities - DIC India Limited is exposed to foreign exchange risks on its imports of raw materials/trading goods and capital item purchases and export of finished goods. The Company has a robust internal policy, approved by its Audit Committee, to manage foreign exchange risks. Hedging is regularly carried out to mitigate the risks in line with the approved policy.

## 10. Market Price Data

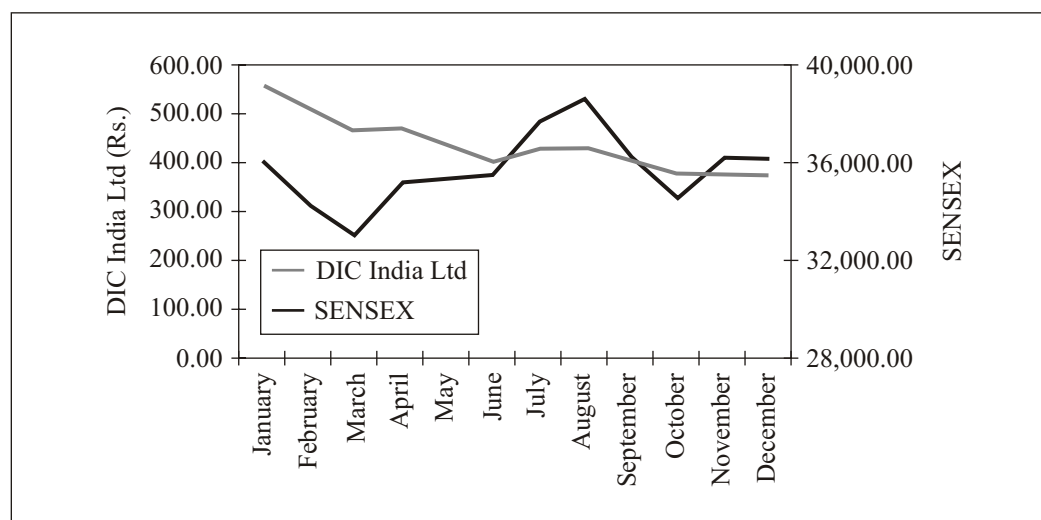
Monthly high and low price of Company's equity shares at the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the period from January 1, 2018 to December 31, 2018 are stated hereunder.

Month	NSE		BSE	
	High	Low	High	Low
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
January 2018	624.90	528.70	635.00	540.00
February 2018	556.00	500.00	550.00	501.10
March 2018	525.00	446.50	526.35	441.05
April 2018	508.00	461.15	520.00	465.00
May 2018	479.00	410.20	470.00	412.15
June 2018	430.00	386.20	473.00	386.00
July 2018	453.85	387.00	350.00	390.00
August 2018	469.90	413.00	480.00	400.00
September 2018	458.90	394.95	463.95	365.00
October 2018	429.00	329.00	421.00	332.00
November 2018	410.00	358.10	403.00	354.00
December 2018	407.60	360.05	415.00	358.00

There were no significant transactions on The Calcutta Stock Exchange Limited.

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

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



**12. Registrar and Share Transfer Agent**

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

**M/s C B Management Services (P) Limited**

P-22, Bondel Road, Kolkata - 700 019

Phone: 033-2280 6692-94/40116700

Facsimile: 033-2287 0263

E-mail: [rta@cbmsl.com](mailto:rta@cbmsl.com)

Website: [www.cbmsl.com](http://www.cbmsl.com)

**13. Investor Grievances**

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

**14. Share Transfer System**

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

**15. Shareholding Pattern**

Pattern of shareholding by ownership as on December 31, 2018

Category	No. of Shares	% to Share Capital
<b>(A) Promoter's Holding</b>		
Foreign Promoter	6,586,077	71.75
<b>Sub Total (A)</b>	<b>6,586,077</b>	<b>71.75</b>
<b>(B) Non-Promoters Holding</b>		
Financial Institutions/ Banks	179	0.00
Central/State Government/President of India	240	0.00
Public	25,61,895	27.92
Investor Education & Protection Fund	30,586	0.33
<b>Sub Total (B)</b>	<b>2,592,900</b>	<b>28.25</b>
<b>Grand Total (A+B)</b>	<b>9,178,977</b>	<b>100.00</b>

## 16. Distribution of Shareholding

Distribution of shareholding as on December 31, 2018 is as follows:

Slab	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 — 500	7,020	93.26	6,01,972	6.56
501 — 1000	237	3.15	1,82,423	1.99
1001 — 2000	132	1.75	1,90,583	2.08
2001 — 3000	44	0.58	1,10,035	1.20
3001 — 4000	27	0.36	92,304	1.01
4001 — 5000	16	0.21	74,409	0.81
5001 — 10000	25	0.33	1,93,718	2.11
10001 — 50000	20	0.27	3,47,395	3.78
50001 — 100000	2	0.03	1,28,982	1.40
100001 and above	4	0.05	72,57,156	79.06
<b>Total</b>	<b>7,572</b>	<b>100.00</b>	<b>91,78,977</b>	<b>100.00</b>

## 17. Reconciliation of Share Capital Audit

As stipulated by SEBI, M/s. T Chatterjee & Associates, Practicing Company Secretaries (Firm registration No. S2007WB097600) has been appointed to carry out the Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and to the Board of Directors. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

## 18. Dematerialization of Shares and Liquidity

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

As on December 31, 2018, 98.60% of the Company's total paid up capital representing 9,050,611 equity shares were held in dematerialized form and the balance 1.40% representing 128,366 equity shares were held in physical form.

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

As on December 31, 2018, there are no outstanding shares lying in the demat suspense account/unclaimed suspense account.

## 20. Address for correspondence with Depositories

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

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

Telephone No : 022-2499 4200  
Facsimile Nos : 022-2497 2993/6351  
E-mail : [info@nsdl.co.in](mailto:info@nsdl.co.in)  
Website : [www.nsdl.co.in](http://www.nsdl.co.in)

Telephone No : 022-2272 3333  
Facsimile Nos : 022-2272 3199/2072  
E-mail : [investors@cdslindia.com](mailto:investors@cdslindia.com)  
Website : [www.cdslindia.com](http://www.cdslindia.com)

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

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

**22. Dividend History (last 10 years)**

Sl. No.	Financial year	Dividend %	Total Dividend (Rs. in Million)
1	2018	Nil	0.00
2	2017	Nil	0.00
3	2016	40	36.72
4	2015	40	36.72
5	2014	Nil	0.00
6	2013	40	36.72
7	2012	40	36.72
8	2011	40	36.72
9	2010	50	45.89
10	2009	40	36.72

**23. Unclaimed Dividend**

Unclaimed dividend for the last three financial years, including 2010, has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, as per table given herein below:

Financial year ended	Dividend Identification No.	Date of Declaration of Dividend	Total Dividend (Rs.)	Unclaimed Dividend as on date of Transfer (Rs.)	Transferred to IEPF on
31.12.2008	61 <sup>st</sup>	12.05.2009	32,126,419.50	199,531.00	13.07.2016
31.12.2009	62 <sup>nd</sup>	02.06.2010	36,715,908.00	233,972.00	31.07.2017
31.12.2010	63 <sup>rd</sup>	28.04.2011	45,894,885.00	270,420.00	08.06.2018

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

Financial year ended	Dividend Identification No.	Date of Declaration of Dividend	Total Dividend (Rs.)	Unclaimed Dividend as on 31.12.2018 (Rs.)	Due for transfer to IEPF on
31.12.2011	64 <sup>th</sup>	29.05.2012	36,715,908.00	225,684.00	05.07.2019
31.12.2012	65 <sup>th</sup>	12.04.2013	36,715,908.00	235,624.00	12.05.2020
31.12.2013	66 <sup>th</sup>	27.06.2014	36,715,908.00	249,988.00	26.07.2021
31.12.2014	67 <sup>th</sup>	23.03.2015	Nil	Nil	NA
31.12.2015	68 <sup>th</sup>	22.04.2016	36,715,908.00	311,009.00	20.05.2023
31.12.2016	69 <sup>th</sup>	24.03.2017	36,715,908.00	329,516.00	21.04.2024
31.12.2017	70 <sup>th</sup>	22.03.2018	Nil	Nil	NA



**24. Plant Locations**

<b>Location</b>	<b>Address</b>
Kolkata	Transport Depot Road, Kolkata - 700 088
Noida	C - 55 A & B, Phase II, Dist. Gautam Budh Nagar, Noida - 201 305
Ahmedabad	Plot No. 633 & 634, G.I.D.C. Industrial Estate, Phase IV, Vatva, Ahmedabad - 382 445
Bengaluru	66A, Bommasandra Industrial Area, Hosur Road, Anekal Taluk, Bengaluru - 562 158

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

**Mr. Raghav Shukla**

General Manager - Legal & Company Secretary

**DIC INDIA LIMITED**

C 55 A&B, Phase-II, Noida - 201305

Phone : 0120- 4868589, Facsimile : 0120- 4868545

E-mail : [raghav.shukla@dic.co.in](mailto:raghav.shukla@dic.co.in); [investors@dic.co.in](mailto:investors@dic.co.in) Website : [www.dicindia ltd.co](http://www.dicindia ltd.co)

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

**CERTIFICATION**

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

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

For **DIC India Limited**

Sd/-

**Manish Bhatia**

Managing Director & CEO

DIN: 08310936

Sd/-

**Sandip Chatterjee**

Chief Finance Officer

PAN: ABVPC5782H

Place: : Noida

Date: January 30, 2019

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

This is to state that the Company had duly adopted a Code of Conduct in the meeting of the Board of Directors held on April 29, 2005 and thereafter on October 28, 2016 adopted an updated Code of Conduct. After adoption of the Code of Conduct, the same was circulated to all the Board Members and senior management personnel for compliance. The Code of Conduct has also been posted on the website of the Company. The Company has since received declaration from all the Board Members and senior management personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year December 31, 2018. The same has been duly noted by the Board in its meeting held on January 30, 2019.

For **DIC India Limited**

Sd/-

**Manish Bhatia**

Managing Director & CEO

DIN: 08310936

Place: : Noida

Date: January 30, 2019

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

### To the Members of DIC India Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 21 January, 2019.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of DIC India Limited (“the Company”), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 December 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 December, 2018.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS LLP**  
**Chartered Accountants**  
(Firm's Registration No. 117366W/W-100018)

Place: Gurugram  
Date: 30 January, 2019  
Ref: SR/19/1003

Sd/-  
(Sameer Rohatgi)  
Partner  
(Membership No. 094039)

# Report of the Directors & Management Discussion and Analysis Report

Your Directors have pleasure in presenting the Annual Report for the year ended December 31, 2018.

## ECONOMIC ENVIRONMENT

India has emerged as one of the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy.

India's GDP is estimated to have increased 6.6 per cent in 2017-18 and has grown 7.2-7.3 per cent in 2018-19.

Brent crude oil prices hit \$80 per barrel for the first time since November 2014 on supply deficit concerns. With India meeting more than 80% of its oil needs through imports, the world's third-largest oil consumer after US and China will feel the heat of the global development. This ongoing issue has affected the Indian economy

The value of the Indian Rupee, in this calendar year alone, has eroded 12% against the US dollar, making it one of the lowest performing currencies. It was mostly weighed down by rising global crude oil prices; India imports nearly 80% of its fuel needs.

In order to help MSME's on healthy cash flow, the Reserve Bank of India (RBI) has authorised players to operate the Trade Receivables Discounting System (TReDS), as a digitized platform where MSMEs can access capital by uploading their trade receivables. The smooth stream of liquidity through the platform will guarantee that MSMEs don't miss out on business openings because of the lack of assets.

In 2019 the global growth scenario is expected to temper oil prices, at least in the first half of the next calendar year. However, despite these swings, India's economic growth is expected to be around 7.3% in 2019 and 2020. Downside risks of a prolonged liquidity squeeze for non-bank financial institutions (NBFCs), which could lead to a slowdown in overall liquidity in the system, remain.

## PERFORMANCE REVIEW

The economic growth was slow during the year which impacted the consumption in the economy impacting the domestic demand. The impact of shortage of some key raw material globally, pressure from the macro economy side with unabated rise in crude prices and Rupee depreciation for major part of the year, impacted the raw material cost of the Company. Although the Company increased the sales price but the price realization was limited resulting in lower operating margin during the year.

Your Company recorded a turnover of Rs.8332.93 million as against Rs.7348.30 million resulting in a value growth of 13% with a volume growth of 8.5%. This being the first year of adoption of IndAS, the figures of the previous year have been restated to reflect the adjustment required under the new accounting standard. The Company operates in two segments printing Inks and Lamination Adhesives. The turnover of Printing Inks registered a growth of 11% at 7541.91 million in 2018 against a sale of 7348.30 million in 2017. The Adhesive segment registered a growth of 36% at 791 million in 2018 against 579.58 million in 2017. On an overall basis, the Company registered a loss before tax (including Other Comprehensive Income) of 64.34 million for the year ended 31<sup>st</sup> December, 2018 against a Loss before tax (before exceptional item but including Other Comprehensive Income) of 43.13 million in the previous years.

Particulars	Rs. in Million	Rs. in Million
	2018	2017
Sales/ Operating Revenue excluding Excise Duty	<b>8,379.60</b>	7382.91
Other Income	<b>145.51</b>	28.41
Total Revenue	<b>8,525.11</b>	7,411.32
Profit/ (Loss) before Taxation and Exceptional Item	<b>(58.90)</b>	(37.37)
Exceptional Item	-	(120.59)
Provision for Taxation including Deferred Taxation	<b>34.33</b>	(40.04)
Other Comprehensive Loss	<b>(5.45)</b>	(5.76)
Total Comprehensive Loss	<b>(98.68)</b>	(123.69)

## **OPPORTUNITIES, THREATS, RISKS AND CONCERNS**

### **Threats**

The Indian market is continuously evolving. While acceleration & innovation are much faster, the Indian market is cost conscious when it comes to paying for consumables viz. printing inks. Raw material cost has been consistently on the rise, mid 2017-2018 in particular saw major challenges on raw material pricing. Given that brand owners seek value creation and do not pass price advantage to consolidators and ink industries, the final price increase in Ink has not been in line with raw material prices. To offset this the industry is investing in the areas of efficiency improvements.

### **Opportunities**

There is a shift towards safer packaging & efficiency improvement, this is supported by 3-way collaboration- the ink makers, the converters and the print buyers, this is creating market for value added products and safety space for the consumers. The company being part of large global printing ink manufacturing it is in a good position to launch products in value added segment.

### **Risks**

Your company faces challenges from fluctuating raw material prices which are heavily indexed to crude and naphtha prices, (both of these have seen fluctuations over last 12 months and remain volatile in pricing). The company has a sizeable import content of raw material in its endeavour to provide global solutions to its customers. This continues to create pressure due to currency fluctuations of INR vs USD (which saw considerable depreciation of INR vs USD in 2018). The company is actively looking for import substitution opportunities.

### **Concerns**

Lack of price increase at converters, driven by brand owners' efforts to hold prices to drive volumes, lead to price increase not commensurate with input cost increases. Your company is constantly focussing on refreshing its portfolio to address these risks and put mitigation plans in place.

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

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

## **CHANGES IN THE NATURE OF BUSINESS**

There has been no fundamental change in the nature of business of the Company during the financial year ended December 31, 2018.

## **OUTLOOK**

At INR 300+ billion in 2017, the printing industry is growing at a healthy double digit rate with more than 250,000 big, medium & small printing companies and an estimated turnover USD 11 billion. (Source: Indian Printing Industry at a glance-2017-2018). The market of packaged printing sector was at USD 12.7 billion in 2017 comprising 43% of total print product sales (source same). The total print product industry is expected to grow at an annual rate of 6-8%.

Packaged food and associated packaging industry has grown at an annual rate of 17- 2X of GDP CAGR in the last 5 years and shall remain one of the biggest growth drivers in the coming 5 years as well.

With an estimated market size of 230,000 MTS (source Inks news ), printing inks is expected to grow at 8% CAGR for the coming 10 years backed by demand from key end users of packaging, newsprint publishing and commercial printing sectors and maintain a healthy growth rate. Newspaper & publication segment, a highly fragmented one

## **DIC INDIA LIMITED**

with top 10 customers accounting for 30% of the news ink market, however will show lack of growth post FY 20. Changing consumer behaviour in metros, advertisers' move towards digital media have deterred circulation of National dailies. The next round of growth is taking place in the Tier II & Tier III cities with rise in readership and literacy at such markets. Besides, Gravure and Flexo printing will catch up with the trends of food, pharma, fem & personal care products matching up by double digit growth in the next 5 years giving further fillip to high speed Gravure, CI & Narrow Web Flexo presses. India, predominantly a gravure market, has a large base of rotogravure presses; 2017-18, however, has seen a huge influx of high-end CI flexo presses. Flexo graphics quality is moving even closer to gravure, with HD flexo gaining grounds. Commercial Offset printing however has been clearly showing a rapid decline every year side by side the growth in packaging printing by offset.

### **TRANSFER TO RESERVES**

The Company has not transferred any sum to the Reserve for the financial year ended December 31, 2018.

### **DIVIDEND**

In view of the loss, your Directors regret their inability to recommend any dividend for the year.

### **CHANGE IN SHARE CAPITAL**

The paid up share capital of the Company as on December 31, 2018 was Rs. 91.79 million and there has been no change in the capital structure of the Company.

### **PUBLIC DEPOSITS**

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

### **BOARD MEETINGS**

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

During the financial year ended December 31, 2018, 7 (seven) Meetings of the Board of Directors of the Company were held.

The details of the Board Meetings held during the F.Y. 2018 have been furnished under Clause I(2)(D) in the Corporate Governance Report forming a part of this Annual Report.

### **DECLARATION BY INDEPENDENT DIRECTORS**

All the Independent Directors have given declaration to the Company stating their independence pursuant to Section 149(6) of the Companies Act, 2013 and the same have been placed and noted by the Board in its meeting held on January 30, 2018.

### **REMUNERATION POLICY**

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

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

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

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

Further, during the year there were no material related party contracts entered into by the Company and all contracts were at arm's length and in ordinary course of business.

## **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT 9 may be referred to, at the Company's official website at the weblink, <http://www.dicindia.co>.

## **ANNUAL EVALUATION OF BOARD'S PERFORMANCE**

According to Regulation 25(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of the Independent Directors was held on February 6, 2018 to inter alia, evaluate the performance of the Non-Independent Directors, including the Chairman. The Board thereafter in its meeting held on the same day evaluated the performance of the Independent Directors in terms of Schedule IV of the Companies Act, 2013.

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

The Nomination & Remuneration Committee evaluates and recommends to the Board the compensation and benefits of the executive Board members and Leadership team of the Company. The MD & CEO in consultation with the Corporate General manager - HR evaluates and decides the annual compensation of all other officers.

## **CAPITAL EXPENDITURE**

Capital Expenditure during the year, towards tangible & intangible assets, amounted to Rs. 171.17 million, a major part of which was spent on Plant & Machinery.

## **ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

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

## **SUBSIDIARY/ASSOCIATES/JOINT VENTURE COMPANIES**

The Company does not have any subsidiary/associate/joint venture company for the year ended December 31, 2018.

## **HUMAN RESOURCES**

DIC India believes that the Competence and Commitment of our employees are the key differentiating factors which enable our organization to create value by offering quality products & services to our customers. We strive to create a harmonious work environment & strengthen our work culture to drive high level of performance orientation. As a part of the culture, we are committed towards scaling up competence level of employees & offering them a long term career to attract & retain talent. As on December 31, 2018, the Company had 525 employees (previous year 522) on its direct pay roll.

Information in accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, forms part of this Report marked as **Annexure B**. As per the provisions of Section 136(1) of the Companies Act, 2013, the Annual

## **DIC INDIA LIMITED**

Report excluding the information on employee's particulars is being sent to the members which is, however, available for inspection at the Registered Office of the Company during working hours. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished without any fee.

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

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, your Company has in place a Policy for Prevention of Sexual Harassment of Women at Work Place and constituted an Internal Complaints Committees (ICC). No complaint has been raised during the year ended December 31, 2018.

### **WEBSITE OF THE COMPANY**

The Company maintains a website [www.dicindia.co](http://www.dicindia.co) where detailed information of the Company and its products are provided.

### **WHISTLE BLOWER MECHANISM**

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

### **INTERNAL CONTROL SYSTEMS**

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

### **LISTING WITH STOCK EXCHANGES**

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

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

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

### **AUDIT COMMITTEE**

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

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

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

Pursuant to the provisions of Sec 135 of the Companies Act, 2013 and applicable Rules and recent amendment, for the year ended December 31, 2018, the Company was not required to make any expenditure towards CSR. However, the Company made a voluntary expenditure of Rs. 2.44 million in continuation of the ongoing projects.



## **CORPORATE GOVERNANCE**

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

## **HEALTH, SAFETY AND ENVIRONMENT**

Your Directors give high importance to Safety and Health of our employees and environmental surroundings in which we operate. All ESH activities are being driven and monitored by Company's ESH function. In addition your Directors also take note of the quarterly ESH performance during their quarter end reviews. At a Corporate level all the activities of ESH function are periodically monitored and reviewed through the Group's regional office in Singapore.

At DIC India we believe in systems based approach which is ratified by Occupational Health & Safety System (OHSAS 18001), Environment Management System (ISO 14001), and Quality Management System (ISO 9001) re-certification for all of our four manufacturing plants in India.

Year 2018 was also good in terms of ESH performance. We improved our process of hazard recognition and near miss reporting, which helped us in having only 4 Loss Work Days due to Injury compared with 17 Loss Work Days last year.

On Environment front we have planted more than 200 trees at our Ahmedabad plant. We replaced our old equipment with energy efficient equipment and changed our Boiler liquid fuel to more efficient gas based fuels which helped us in reducing our normalized CO<sub>2</sub> emission by more than 7%. Our normalized water consumption has also reduced significantly by more than 23% compared with last year, as we have installed high efficiency chillers and started using recycled domestic waste water for gardening purposes.

## **INFORMATION SYSTEM**

Information Technology (IT) plays a vital role, facilitating informed decision-making to grow the business. Over the years, the Company has invested extensively in IT infrastructure, people and processes with the objective to capture, protect and transmit information with speed and accuracy. To align with the DIC Group requirement, the Company has installed SAP ERP suite for a reliable, comprehensive and integrated business solution. The integrated IT & SAP ERP Suite enables the Management team to make timely and informed business decisions based on MIS, which is directly derived from real time transactional data.

## **DIRECTORS**

During the year under review, Mr. Shailendra Singh resigned as Managing Director and CEO of the Company due to personal reasons. His resignation was effective December 11, 2018.

Mr. Manish Bhatia joined the Company as Chief Executive Officer effective December 11, 2018. Mr. Manish Bhatia has been further appointed as Managing Director and CEO effective January 30, 2019 for which Company is seeking approval of shareholders at the ensuing Annual General Meeting. The profile of Mr. Manish Bhatia is given in the Notice of the Annual General Meeting.

In terms of Articles of Association of the Company, Mr. Ho Yeu Guan retires from the Board by rotation and being eligible, offer himself for re-appointment.

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

1. Mr. Manish Bhatia – Managing Director & Chief Executive Officer
2. Mr. Sandip Chatterjee – Chief Financial Officer
3. Mr. Raghav Shukla – General Manager-Legal & Company Secretary

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

**COST AUDIT**

In accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company relating to the business of manufacturing printing inks. Accordingly, M/s. Sinha Chaudhuri & Associates, Cost Accountants (Firm regn. No. 000057) were appointed as the Cost Auditors for auditing the Company's cost accounts for the year ended December 31, 2018.

**STATUTORY AUDITORS**

As per the provisions of the Act, the Company appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors of the Company for a period of five years commencing from the conclusion of the ensuing 70th Annual General Meeting held on March 22, 2018.

**STATUTORY AUDITORS' OBSERVATIONS**

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

**SECRETARIAL STANDARDS**

The Company has in place proper system to ensure compliance with the provisions of the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and such systems are adequate and operating effectively.

**SECRETARIAL AUDITOR**

The provisions of Section 204 read with Section 134(3) of the Companies Act, 2013 mandates Secretarial Audit of the Company to be done from the financial year commencing on or after April 1, 2014 by a Company Secretary in Practice. The Board in its meeting held on February 6, 2018 appointed M/s. T. Chatterjee & Associates, Practicing Company Secretary (Firm Registration No. S2007WB097600) as the Secretarial Auditor for the financial year ending December 31, 2018. The Secretarial Auditors' Report for the financial year ending December 31, 2018 is annexed to the Boards' Report. There are no qualification, reservation, adverse remark of disclaimer in the said report and do not call for any further comments.

## **TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND**

During the financial year ended December 31, 2018, unpaid or unclaimed dividend for the financial year ended December 31, 2010 amounting to Rs. 0.27 million were transferred to the Investor Education and Protection Fund established by the Central Government, in compliance with section 125 of the Companies Act, 2013.

## **RESEARCH & DEVELOPMENT**

The In-house R&D facilities at Kolkata, Bengaluru and Noida are registered with the Department of Scientific and Industrial Research (DSIR), Government of India, Ministry of Science and Technology, New Delhi. The necessary approval for In-house R&D facilities u/s 35(2AB) of Income Tax Act, 1961 for the above facilities was valid till March 31, 2018 and the Company has filed necessary application for renewal. The approval is awaited.

## **RISKS & MITIGATING STEPS**

The Board has adopted a risk management policy where various risks faced by the Company have been identified and a framework for risk mitigation has been laid down. Even though not mandated, the Company has constituted a Risk Management Committee to monitor, review and control risks. The risks and its mitigating factors are discussed in the Board.

## **ACKNOWLEDGEMENT**

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

On behalf of the Board

Sd/-

**Dipak Kumar Banerjee**

*Chairman*

DIN: 00028123

Sd/-

**Manish Bhatia**

*Managing Director & CEO*

DIN: 08310936

Place : Noida

Date: January 30, 2019

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

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

**A. Conservation of Energy**

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

- Conventional air compressors replaced with energy efficient VFD based air compressors at Noida & Bengaluru.
- TDI & Blender Cleaning process changed at Bengaluru plant to save fuel.& electricity.
- Kolkata chilling plant replaced with energy efficient chilling plant to save energy.
- All plants started to monitor O<sub>2</sub> % in TFH to save fuel.

**FORM - A**

**CONSERVATION OF ENERGY FOR THE ACCOUNTING PERIOD ENDED DECEMBER 31, 2018**

**(A) Power and Fuel Consumption**

<b>(a)</b>	<b>Fuel consumption</b>	<b>Units</b>	<b>2018</b>	<b>2017</b>
<b>1</b>	<b>Electricity</b>			
(i)	Purchased from Electricity Board			
	KWH	Million	<b>4.75</b>	5.07
	Total Amount	Rs. in Million	<b>39.97</b>	42.46
	Average Rate	Rs./Units	<b>8.42</b>	8.37
(ii)	Purchased from Others			
	KWH	Million	<b>6.45</b>	6.33
	Total Amount	Rs. in Million	<b>55.58</b>	54.39
	Average Rate	Rs./Units	<b>8.62</b>	8.59
(iii)	<b>Own Generation-through Diesel Generator</b>			
	KWH	Million	<b>0.24</b>	0.20
	Unit generated per litre of diesel	Kwh	<b>3.27</b>	3.38
	Average Rate	Rs./Units	<b>17.6</b>	14.91
<b>2.</b>	<b>HSD Used (other than 1(iii) above)</b>			
	Ltrs	Million	<b>0.07</b>	0.06
	Total Amount	Rs in million	<b>4.61</b>	3.35
	Average Rate	Rs./Units	<b>64.53</b>	56.99
<b>3.</b>	<b>Furnace Oil/ PNG</b>			
	Ltrs (PNG)*	Million	<b>0.40</b>	0.38
	Total Amount	Rs in million	<b>14.63</b>	15.31
	Average Rate	Rs./Units	<b>37.01</b>	40.56

**(II) Steps taken for utilizing alternate sources of energy**

- Introduction of CNG TFH & Boiler at Bengaluru plant from LPG.

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

- VFD COMP at Noida & Bangluru – 3M INR
- Chilling plant at Kolkata – 4M INR

(IV) Consumption per Unit of Production

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

## **B. Research & Development**

### **1. Specific areas in which R&D efforts have been put in by the Company**

- Development of Volatile Organic Content free color range for Sheetfed application
- Development of environment friendly water based inks for flexible packaging
- Development of aromatic solvent free inks for food packaging
- Development of Water based primer and online UV varnish for twin coater application
- Development of solvent free adhesive to reduce Volatile Organic Content

### **2. Benefits derived as a result of R&D**

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

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

### **3. Future Plan of Action**

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

### **4. Expenditure on R&D**

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

- Capital Expenditure of Rs. 7.51 million
- Recurring Expenditure of Rs. 55.94 million,
- Total Expenditure Rs. 63.45 million and
- Total R&D Expenditure as a percentage to total Turnover was 0.74%.

## **C. Technology Absorption, Adoption and Innovation**

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

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

**2. Benefits derived as a Result of above Efforts**

As a result of the aforesaid efforts, the Company has been able to become more environment friendly and worked on sustainable packaging.

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

The Company has executed an Agreement with its Parent Company, DIC Corporation (formerly Dainippon Ink & Chemicals Inc.) Japan on 1<sup>st</sup> April 2007 (with effect from 1<sup>st</sup> January 2007 till 31<sup>st</sup> December 2018) to import technology and technical information for manufacturing poly-ester poly-urethane poly-urea resin solely for captive consumption. Poly-ester poly-urethane poly-urea resin is used to manufacture gravure inks, a finished product of the company and comes under the segment of liquid ink. Poly-ester poly urethane poly-urea resins are presently being imported and such manufacture in India through DIC technology will reduce the company's dependence on imported items. Further, it will reduce the cost of the company to a great extent.

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

**D. Foreign Exchange Earnings and Outgo**

Exports during the year stood at Rs. 702.68 million (from Rs. 580.10 million in 2017), registering a increase of 21.13%. Earnings in foreign exchange through exports and other earnings amounted to Rs. 729.43 million (FY2017: Rs. 598.40 million). Outgo of foreign exchange on import of raw materials, spare parts, capital goods, traded goods and also in respect of royalty, dividend and other matters amounted to Rs. 2,335.47 million (FY2017: Rs. 2,295.48 million).

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

**(i) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year**

Sl. No	Name of Director / KMP and designation	Remuneration during the financial year 2018 (Rs in million)	% increase in remuneration in the financial year 2018	Ratio of remuneration of each director to median remuneration of employees
1	Mr. Shailendra Hari Singh Managing Director & CEO <sup>@</sup> .	10.85	0 %	15.66*
2	Mr. Dipak Kumar Banerjee Independent Director	0.156	NA	0.16
3	Mr. Subir Bose Independent Director	0.135	NA	0.14
4	Mr. Utpal Sengupta Independent Director	0.255	NA	0.27
5	Dr. Reena Sen Independent Director	0.120	NA	0.13
6	Mr. Partha Mitra Independent Director	0.177	NA	0.19
7	Mr. Paul Koek Non-executive Director	Nil	NA	NA
8	Mr. Masahiro Kikuchi, Non-executive Director	Nil	NA	NA
9	Mr. Ho Yeu Guan Non-executive Director	Nil	NA	NA
10	Mr. Sandip Chatterjee Chief Finance Officer	7.03	0 %	7.40
11	Mr. Raghav Shukla General Manager - Legal & Company Secretary	5.06	0 %	5.32
12	Manish Bhatia <sup>#</sup> Chief Executive Officer	1.10	NA	29.30*

<sup>@</sup> Mr. Shailendra Hari Singh resigned as Managing Director and Chief Executive Officer w.e.f. December 11, 2018.

\* Ratio of remuneration to median remuneration of employees has been arrived at after considering the Annual Remuneration.

<sup>#</sup> Mr. Manish Bhatia was Appointed as Chief Executive Officer w.e.f. December 11, 2018 and subsequently appointed as Managing Director & Chief Executive Officer w.e.f. January 30, 2019.  
(Median of the employees: 0.95 MINR)

**(ii) Percentage increase in the median remuneration of employees in the financial year**

The percentage increase in the median remuneration of all management employees in the financial year 2018 was 4.59%.

The pay structure and increment of the graded staff/workers were on the basis of Union Agreement (Agreement) which is valid till December 2019.

**(iii) Number of permanent employees on the rolls of company**

The Company had 525 permanent employees on its rolls as on December 31, 2018.

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

Average percentile increase, other than managerial personnel was 4.59%.

**(v) Affirmation that the remuneration is as per the remuneration policy of the company**

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

# Secretarial Audit Report

## FORM MR-3

(For the period 01-01-2018 to 31-12-2018)

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

To,  
The Members of  
**DIC India Ltd.**

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period ended on **31<sup>st</sup> December, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the audit period ended on 31<sup>st</sup> December, 2018 according to the provisions of:
  - I. The Companies Act, 2013 (**the Act**) and the rules made thereunder;
  - II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the rules made thereunder;
  - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - V. Secretarial Standards as prescribed by Institute of Company Secretaries of India.
  - VI. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the company :-
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
    - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
    - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
    - g. The Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015;

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited.



During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above.

**2. We further report that:**

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

**For T. Chatterjee & Associates**  
FRN No. - P2007WB067100

Sd/-

**Binita Pandey - (Partner)**

Membership No: 41594

COP No. : 19730

Place: Kolkata

Date: 21<sup>st</sup> January, 2019

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

To,  
The Members of  
**DIC India Ltd.**

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

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

**For T. Chatterjee & Associates**

FRN No. - P2007WB067100

Sd/-

**Binita Pandey - (Partner)**

Membership No: 41594

COP No. : 19730

Place: Kolkata

Date: 21<sup>st</sup> January, 2019

# Independent Auditor's Report

**To the Members of DIC India Limited**

## **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of DIC India Limited (“the Company”), which comprise the Balance Sheet as at 31 December, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## **Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### Other Matters

The comparative financial information of the Company for the year ended 31 December 2017 and the transition date opening balance sheet as at 1 January, 2017 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 December, 2017 and 31 December, 2016 dated 6 February, 2018 and 8 February, 2017 respectively expressed an unmodified opinion on those financial statements, and have been restated to comply with Ind AS. The adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the backup of the books of account and other records and papers maintained in electronic mode has not been maintained on servers physically located in India.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on 31 December, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 'b' above that the backup of books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; (Refer Note no 32(a) of the Ind AS financial statements)
    - ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts. (Refer Note no 44 of the Ind AS financial statements)
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. (Refer Note no 32(c) of the Ind AS financial statements)
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

(Sameer Rohatgi)  
Partner  
(Membership No. 094039)

Gurugram, January 30, 2019

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **DIC India Limited** (“the Company”) as of 31 December, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by the Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 December, 2018, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

(Sameer Rohatgi)  
Partner  
(Membership No. 094039)

Gurugram, January 30, 2019

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the Balance Sheet date except as mentioned below. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as Lease prepayments in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement except as mentioned below:

(Amount Rs in Lakhs)

No. of Cases	Asset Category	Gross Block as at 31 December, 2018	Net Block as at 31 December, 2018	Remarks
1	Freehold Land	4.08	4.08	The title deeds are in the name of 'Coates of India Limited' (erstwhile name of the Company) and the mutation of the name is pending.
4	Leasehold Land	128.77	91.73	
2	Building	15.03	4.85	

- ii. As explained to us, the inventories (other than goods in transit) were physically verified during the year by the Management at reasonable intervals and no material discrepancies have been noticed on physical verification.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order 2016 is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have any unclaimed deposits and accordingly, the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Services Tax, Custom Duty, Value Added Tax and Cess with the appropriate authorities.

- (b) There are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Services Tax, Custom Duty, Value Added Tax and Cess in arrears as at 31 December, 2018 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income tax, Sales Tax, Service Tax, Custom Duty and Excise Duty which have not been deposited as on 31 December, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the amount relates	Amount involved (Rupees in Lakhs)	Amount unpaid (Rupees in Lakhs)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2013-14 and 2012-13	312.70	-
		Hon'ble High court at Calcutta	1989-1990 and 1988-1989	27.77	27.77
Central sales Tax Act, 1956	Central Sales tax	Appellate and Revisional Board	2005-06 and 2014-15	66.92	66.67
		Commercial Taxes Tribunal	2008-09	6.00	6.00
		Additional Commissioner (Appeals)	2013-14 and 2014-15	88.76	86.87
		Joint commissioner of Sales Tax (Appeals)	2010-11, 2012-13 and 2013-14, 2015-16	70.48	43.32
		Deputy Commissioner	2003-04, 2011-12	1.42	1.42
West Bengal Value Added Tax Act, 2003	Value Added Tax	Appellate and Revisional Board	2005-06, 2013-14 & 2014-15	84.81	79.10
		Joint commissioner of Sales Tax (Appeals)	2015-16	38.49	34.88
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	Commercial Taxes Tribunal	2009-10, 2010-11, 2011-12 and 2012-13	36.63	17.03
		Additional Commissioner (Appeals)	2013-14, 2014-15 and 2016-17	24.21	16.79
Maharashtra Value Added Tax Act, 2002	Value Added Tax	Joint Commissioner of Sales Tax	2013-14	6.08	5.76
Haryana Value Added Tax Act, 2003	Value Added Tax	Excise & Taxation Officer cum Assessing Authority	2013-14	148.03	148.03
Central Excise Act, 1944	Excise Duty	Custom, Excise & Service Tax Appellate Tribunal	1994-95 to 1996-97, 2008-09	89.74	87.78
		Commissioner of Central Excise	1997-98	120.24	120.24
		Commissioner (Appeals)	1994-95, 1997-98, 2005-06 to 2010-11	94.85	93.85



Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the amount relates	Amount involved (Rupees in Lakhs)	Amount unpaid (Rupees in Lakhs)
Finance Act, 1944	Service Tax	Custom, Excise & Service Tax Appellate Tribunal	2001-02	56.60	53.77
		Commissioner (Appeals)	2001-02 to 2011-12	265.76	265.76
Custom Act, 1962	Customs Duty	Custom, Excise & Service Tax Appellate Tribunal	1999-2000	68.56	34.28
		Customs, Excise & Service Tax Appellate Tribunal	2005-06, 2009-10 to 2010-11	254.02	250.01

We have been informed that there are no dues of Goods and Services Tax which have not been deposited as on 31 December, 2018 on account of disputes.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has neither obtained any loan or borrowings from government or financial institution nor has it issued any debentures.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

(Sameer Rohatgi)  
Partner  
(Membership No. 094039)

Gurugram, January 30, 2019

# Balance Sheet

As at 31st December 2018

All amounts in Rupees in Lakhs, unless otherwise stated

Particulars	Note No.	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
<b>A ASSETS</b>				
1 <b>Non-current assets</b>				
(a) Property, plant and equipment	5	5,699.11	5,362.11	6,734.66
(b) Capital work-in-progress	5	303.24	658.50	360.38
(c) Intangible assets	6	28.65	16.25	48.52
(d) Financial assets				
(i) Other financial assets	7	451.08	301.62	331.32
(e) Deferred tax assets (net)	8	-	464.09	333.10
(f) Other non-current assets	9	2,117.15	398.95	185.60
(g) Non-current tax assets (net)	10	787.10	804.39	469.43
<b>Total Non - Current Assets</b>		<b>9,386.33</b>	8,005.91	8,463.01
2 <b>Current assets</b>				
(a) Inventories	11	13,941.20	12,172.30	11,621.39
(b) Financial assets				
(i) Trade receivables	12	24,497.89	22,026.86	19,616.87
(ii) Cash and cash equivalents	13	1,478.31	3,402.21	2,156.52
(iii) Bank balances other than (ii) above	13	1,664.37	17.22	15.91
(iv) Other financial assets	14	4,271.19	711.81	670.08
(c) Other current assets	15	4,965.16	2,846.47	1,951.44
		<b>50,818.12</b>	41,176.87	36,032.21
Assets classified as held for sale	16	4.23	-	-
<b>Total Current Assets</b>		<b>50,822.35</b>	41,176.87	36,032.21
<b>Total Assets (1+2)</b>		<b>60,208.68</b>	49,182.78	44,495.22
<b>B EQUITY AND LIABILITIES</b>				
1 <b>Equity</b>				
(a) Equity share capital	17	917.90	917.90	917.90
(b) Other equity	17.1	27,070.22	28,057.05	29,735.79
<b>Total Equity</b>		<b>27,988.12</b>	28,974.95	30,653.69
2 <b>Non-current liabilities</b>				
(a) Provisions	18	371.83	405.61	347.04
<b>Total Non - Current Liabilities</b>		<b>371.83</b>	405.61	347.04
3 <b>Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	19	5,070.64	3,500.00	-
(ii) Trade payables	20			
Total outstanding dues of Micro Enterprises and Small enterprises		224.34	604.48	372.96
Total outstanding dues of creditors other than Micro Enterprises and small enterprises		18,994.39	13,001.47	11,141.04
(iii) Other financial liabilities	21	1,233.53	893.91	627.42
(b) Provisions	22	174.30	72.28	22.03
(c) Other current liabilities	23	6,151.53	1,730.08	1,331.04
<b>Total Current Liabilities</b>		<b>31,848.73</b>	19,802.22	13,494.49
<b>Total Liabilities</b>		<b>32,220.56</b>	20,207.83	13,841.53
<b>Total Equity and Liabilities (1+2+3)</b>		<b>60,208.68</b>	49,182.78	44,495.22

See accompanying notes to the Ind AS financial statements

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**Sameer Rohatgi**  
Partner

Place: Gurugram  
Date : 30 January 2019

For and on behalf of the Board of Directors

**Partha Mitra**  
Director  
**Raghav Shukla**  
Company Secretary

Place: Noida  
Date : 30 January 2019

**Manish Bhatia**  
Managing Director & CEO  
**S. Chatterjee**  
Chief Finance Officer

# Statement of Profit & Loss

For the year ended 31st December 2018

All amounts in Rupees in Lakhs, unless otherwise stated

Particulars	Note No.	Year ended 31 December 2018	Year ended 31 December 2017
<b>I</b> Revenue from operations	24	<b>83,795.97</b>	77,782.26
<b>II</b> Other income	25	<b>1,455.15</b>	281.43
<b>III Total Income (I + II)</b>		<b>85,251.12</b>	78,063.69
<b>IV Expenses</b>			
(a) Cost of materials consumed	26(a)	<b>61,859.44</b>	52,169.27
(b) Purchases of Stock-in-Trade	26(b)	<b>4,949.39</b>	3,171.28
(c) Changes in stock of finished goods, stock-in-trade and work-in-progress	27	<b>(1,164.95)</b>	(325.53)
(d) Excise duty on sale of goods	24	-	3,953.08
(e) Employee benefits expense	28	<b>6,436.12</b>	6,018.37
(f) Finance costs	29	<b>583.02</b>	289.72
(g) Depreciation and amortisation expense	30	<b>1,329.96</b>	1,559.20
(h) Other expenses	31	<b>11,847.11</b>	11,602.05
<b>V Total expenses</b>		<b>85,840.09</b>	78,437.44
<b>VI Loss before exceptional item and tax (V - III)</b>		<b>(588.97)</b>	(373.75)
<b>VII Exceptional Item - Loss (Note 5.2)</b>		-	1,205.92
<b>VIII Loss before tax (VI - VII)</b>		<b>(588.97)</b>	(1,579.67)
<b>IX Tax Expense</b>			
(1) Current tax			
(i) Current tax expense		-	-
(ii) Excess provision for tax relating to prior years		<b>(90.20)</b>	(300.00)
(2) Deferred tax expense/(income)	8	<b>433.58</b>	(100.48)
<b>Total tax expense</b>		<b>343.38</b>	(400.48)
<b>X Loss for the year (VIII - IX)</b>		<b>(932.35)</b>	(1,179.19)
<b>XI Other comprehensive loss</b>			
<b>A</b> (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement loss of the defined benefit liabilities. (Refer to note 35)		<b>(23.97)</b>	(88.15)
(ii) Income tax charge/ (credit) on above		<b>(30.51)</b>	30.51
		<b>(54.48)</b>	(57.64)
<b>XII Total comprehensive loss for the year (X + XI)</b>		<b>(986.83)</b>	(1,236.83)
<b>XIII Earnings per equity share (of Rs 10 each):</b>			
(1) Basic (Rs.)	42	<b>(10.16)</b>	(12.85)
(2) Diluted (Rs.)	42	<b>(10.16)</b>	(12.85)

See accompanying notes to the Ind AS financial statements

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**Sameer Rohatgi**  
Partner

Place: Gurugram  
Date : 30 January 2019

For and on behalf of the Board of Directors

**Partha Mitra** **Manish Bhatia**  
Director *Managing Director & CEO*

**Raghav Shukla** **S. Chatterjee**  
*Company Secretary* *Chief Finance Officer*

Place: Noida  
Date : 30 January 2019

# Cash Flow Statement

**For the year ended 31st December 2018**

All amounts in Rupees in Lakhs, unless otherwise stated

Particulars	Year ended 31 December, 2018	Year ended 31 December, 2017
<b>A. Cash flow from Operating Activities:</b>		
Loss for the year	(588.97)	(1,579.67)
<b>Adjustments for:</b>		
Exceptional item- impairment loss	-	1,205.92
Finance costs	583.02	289.72
Depreciation and amortisation	1,329.96	1,559.20
Bad trade receivables, other assets and financial assets written off	72.48	2.55
(Gain)/ loss on disposal of property, plant and equipment (net)	(5.25)	21.97
Property, plant and equipment written off	17.44	-
Provision for impairment loss recognised on trade receivables (net)	120.63	8.80
Liabilities no longer required written back	(327.98)	(153.88)
Interest income	(955.59)	(11.56)
Unrealised foreign exchange loss/ (gain)	19.66	(0.94)
<b>Operating Profit Before Working Capital changes</b>	<b>265.40</b>	<b>1,342.11</b>
<b>Adjustments for changes in Working Capital :</b>		
- Increase in trade payables	5,961.58	2,257.83
- Increase/(decrease) in short term provisions	78.05	(37.90)
- (Decrease)/increase in long term provisions	(33.78)	58.57
- Increase/(decrease) in other current liabilities	51.45	(970.96)
- Increase in other financial liabilities	209.56	173.79
- Increase/(decrease) in other non current assets	19.43	(176.21)
- (Increase)/decrease in non current financial assets	(149.46)	29.70
- Increase in inventories	(1,768.90)	(550.91)
- Increase in trade receivables	(2,704.62)	(2,432.40)
- Increase in current financial assets	(794.79)	(40.63)
- Increase in other current assets	(2,118.69)	(895.03)
<b>Cash used in Operating Activities</b>	<b>(984.77)</b>	<b>(1,242.04)</b>
- Net income tax refunds/ (paid)	107.49	(34.96)
<b>Net cash used in Operating Activities</b>	<b>(877.28)</b>	<b>(1,277.00)</b>
<b>B. Cash flow from Investing Activities:</b>		
Purchase of property, plant and equipment	(1,359.66)	(1,675.37)
(Acquisition)/ disposal of leasehold land	(1,754.92)	-
Proceeds from sale of property, plant and equipment	8.96	4.63
Advance received for sale of land	4,370.00	1,370.00
Amount paid on behalf of buyer for proposed sale of land	(2,025.08)	-
Change in bank balances other than cash and cash equivalents	(1,647.15)	(1.31)
Interest received	211.09	6.05
<b>Net cash used in Investing Activities</b>	<b>(2,196.76)</b>	<b>(296.00)</b>

## Cash Flow Statement (Contd.)

All amounts in Rupees in Lakhs, unless otherwise stated

Particulars	Year ended 31 December, 2018	Year ended 31 December, 2017
<b>C. Cash flow from Financing Activities:</b>		
Proceeds from borrowings	1,570.64	3,500.00
Dividend paid on equity shares	-	(367.16)
Dividend distribution tax on dividend paid	-	(74.75)
Finance costs paid	(420.50)	(239.40)
<b>Net Cash generated from Financing Activities</b>	<b>1,150.14</b>	<b>2,818.69</b>
<b>Net (decrease)/increase in Cash &amp; Cash equivalents</b>	<b>(1,923.90)</b>	<b>1,245.69</b>
<b>Cash and Cash equivalents as at 1st January (Opening Balance)</b>	<b>3,402.21</b>	<b>2,156.52</b>
<b>Cash and Cash equivalents as at 31st December (Closing Balance)</b>	<b>1,478.31</b>	<b>3,402.21</b>
<b>Cash and Cash equivalents comprise</b>		
Cash on hand	1.11	1.95
Balance with banks	1,477.20	3,400.26
	<b>1,478.31</b>	<b>3,402.21</b>

See accompanying notes to the Ind AS financial statements

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**Sameer Rohatgi**  
Partner

Place: Gurugram  
Date : 30 January 2019

For and on behalf of the Board of Directors

**Partha Mitra**    **Manish Bhatia**  
Director    Managing Director & CEO

**Raghav Shukla**    **S. Chatterjee**  
Company Secretary    Chief Finance Officer

Place: Noida  
Date : 30 January 2019

# Statement of changes in equity

**For the year ended 31 December 2018**

All amounts in Rupees in Lakhs, unless otherwise stated

<b>a. Equity share capital</b>	<u><b>Amount</b></u>
<b>Balance as at 1 January 2017</b>	917.90
Changes in equity share capital during the year	-
<b>Balance as at 31 December 2017</b>	917.90
Changes in equity share capital during the year	-
<b>Balance as at 31 December 2018</b>	<u>917.90</u>

**b. Other equity**

Particulars	Reserves and Surplus				Total
	General reserves	Securities premium	Capital reserve	Retained earnings	
<b>Balance as at 1 January 2017</b>	6,559.12	6,548.08	0.59	16,628.00	29,735.79
Loss for the year	-	-	-	(1,179.19)	(1,179.19)
Dividend paid on Equity Shares	-	-	-	(367.16)	(367.16)
Dividend Distribution Tax on Dividend paid	-	-	-	(74.75)	(74.75)
Other comprehensive loss, net of tax	-	-	-	(57.64)	(57.64)
<b>Balance as at 31 December 2017</b>	<b>6,559.12</b>	<b>6,548.08</b>	<b>0.59</b>	<b>14,949.26</b>	<b>28,057.05</b>
Loss for the year	-	-	-	(932.35)	(932.35)
Other comprehensive loss, net of tax	-	-	-	(54.48)	(54.48)
<b>Balance as at 31 December 2018</b>	<b>6,559.12</b>	<b>6,548.08</b>	<b>0.59</b>	<b>13,962.43</b>	<b>27,070.22</b>

**Notes:**

Securities premium: This represents the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve: This is created by an appropriation from one component of other equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.

Retained earnings: This represents the cumulative profits of the Company and effects of re-measurement of defined benefit obligations. This can be utilised in accordance with the provisions of Companies Act, 2013.

See accompanying notes to the Ind AS financial statements

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**Sameer Rohatgi**  
Partner

Place: Gurugram  
Date : 30 January 2019

**For and on behalf of the Board of Directors**

**Partha Mitra** **Manish Bhatia**  
Director Managing Director & CEO

**Raghav Shukla** **S. Chatterjee**  
Company Secretary Chief Finance Officer

Place: Noida  
Date : 30 January 2019

# Notes to the financial statements

## for the year ended December 31, 2018

All amounts in Rupees in Lakhs, unless otherwise stated

### 1. General information

DIC India Limited ('DIC' or 'the Company') [CIN: L24223WB1947PLC015202] is a public limited company incorporated on April 02, 1947. The Company is a subsidiary of DIC Asia Pacific Pte Limited, Singapore and the ultimate holding Company is DIC Corporation, Japan. The Company is listed on Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE). The Company is engaged in the business of manufacturing of printing inks, which covers newsprint ink, offset ink and liquid ink used in newspapers, other publications and packaging industries. The Company also provides lamination adhesive, synthetic resins, press room chemicals, and rubber blankets. The Company has four manufacturing plants one each at Kolkata (West Bengal), Noida (Uttar Pradesh), Ahmedabad (Gujarat) and Bangalore (Karnataka) and its registered office is situated at Kolkata, West Bengal, India.

The accompanying Indian Accounting Standards (Ind AS) (as amended) financial statements reflect the results of the activities undertaken by the Company during the year ended 31 December 2018.

### 2. Application of new and amended Ind AS

On 16 February 2015, the Ministry of Corporate Affairs ("MCA") notified the Companies (Indian Accounting Standards) Rules, 2015. The rules specify the Indian Accounting Standards (Ind AS) applicable to certain class of companies and set out dates of applicability. The Company is required to apply the standards as specified in Companies (Indian Accounting Standards) Rules 2015 and accordingly, the Company has adopted Ind AS (as amended time to time) from annual period beginning from January 1, 2018 with transition date as January 1, 2017.

As at the date of authorisation of the financial statements, the Company has not applied the following Ind AS (as amended from time to time) that have been issued by MCA but are not yet effective:

- (i) Ministry of Corporate affairs has notified Ind AS 115 - Revenue from Contract with Customers: On 28 March 2018, Ministry of Corporate Affairs has notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:
  - Retrospective approach- Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
  - Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and its impact on the financial statements.

- (ii) Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from 1 April 2018. These amendments are not expected to have material effect on Company's financial statements.

## NOTES TO FINANCIAL STATEMENT

(iii) Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses.

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. The Company is evaluating the requirements of the amendment and its impact on the financial statements.

(iv) Amendments to Ind AS 40 - Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments.

An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Company do not have any investment property, therefore this amendment is not applicable to the Company.

(v) Amendments to Ind 112 Disclosure of Interests in Other Entities:

Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments are not applicable to the Company.

(vi) Ind AS 28 Investments in Associates and Joint Ventures Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment by- investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which:
  - (a) the investment entity associate or joint venture is initially recognised;
  - (b) the associate or joint venture becomes an investment entity; and
  - (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 April 2018. The Company do not have any investment in associates and joint ventures, therefore this amendment is not applicable to the Company.



## NOTES TO FINANCIAL STATEMENT

### 3. Significant accounting policies

#### 3.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS') as notified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Upto the year ended December 31, 2017, the Company prepared its financial statements in accordance with the requirements of the Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is January 1, 2017. Refer to Note 4.2 for the details of first-time adoption exemptions availed by the Company.

#### 3.2 Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Ind AS as issued by the MCA under Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. These financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on above basis, except measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The principal accounting policies are set out below.

#### 3.3 Revenue recognition

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of estimated returns and allowances, trade discount and volume rebates.

Sales are recognised in accordance with the terms and conditions agreed with respective customers, which coincides with the following:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods,

## NOTES TO FINANCIAL STATEMENT

- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The sales include excise duty but are net of GST/sales tax/ VAT and returns. Excise duty is presented as expense in the statement of profit and loss.

### 3.4. Other income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Claims/counter-claims/penalties/awards are accounted for in the year of its settlement.

### 3.5. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold lands where the ownership of the land will not be transferred to Company at the end of lease period are classified as operating leases. Upfront operating lease payments are recognized as prepayments and amortised on a straight-line basis over the term of the lease.

### 3.6 Foreign currencies

The functional currency of the Company is Indian Rupees (INR) which represents the currency of the primary economic environment in which it operates.

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange difference arising in respect of foreign currency monetary items is recognised in the statement of profit and loss.

### 3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

## NOTES TO FINANCIAL STATEMENT

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### 3.8 Employee benefits

#### (a) Short-term Employee Benefits

All employee benefits which are expected to be settled in twelve months at the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

#### (b) Post-employment benefits:

Post employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

##### (i) Defined Contribution Plans

Contributions to defined contribution schemes such as superannuation scheme are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The Company contributes a certain percentage of the eligible salary for employees covered under the scheme towards superannuation fund administered by the Trustees. The Company has no further obligations for future superannuation benefits other than its contributions. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

##### (ii) Defined Benefit Plans

Defined benefit plans comprises of gratuity, provident fund, pension fund and retirement benefit plan and are explained as mentioned below:

##### 1. Gratuity

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by the Gratuity Fund Trustees fund managers. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method.

##### 2. Provident Fund

Certain employees of the Company receive provident fund benefits, which are administered by the Provident Fund Trust set up by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Contribution is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. Company's contribution to the provident fund is charged to Statement of Profit and Loss.

##### 3. Pension Fund

The Company has discontinued the Defined Pension Benefit scheme with effect from 1 May 2009 and all the employees who were members of the erstwhile Defined Pension Benefit scheme have been brought under the Defined Contribution superannuation scheme. The Company's obligation in respect of pension plan till 30 April 2009 is actuarially determined at the end of each year by discounting the present value of crystallised pension as at 30 April 2009.

## NOTES TO FINANCIAL STATEMENT

### 4. Retirement Benefits

Liability accrued during the year in respect of retirement benefit payable to certain employees governed by agreement with the unions representing them are treated as a defined benefit plan. As per the scheme, a lumpsum benefit is paid to the eligible employees on cessation of service with the Company.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and remeasurement

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

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits. The cost of providing other long-term employee benefits (Leave Encashment) is determined using Projected Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Statement of Profit and Loss for the period in which they occur. Other long-term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

#### (d) Termination Benefits

Termination benefits are recognised as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Cost are recognised immediately in the Statement of Profit and Loss for the period in which they occur.

### 3.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as a Deferred tax asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

## NOTES TO FINANCIAL STATEMENT

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### **3.10 Property, plant and equipment**

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. Cost includes net of interest on capital advances and duty credits and is inclusive of freight, duties, taxes (not recoverable) and other incidental expenses. In respect of assets due for capitalization, where final bills/claims are to be received/passed, the capitalisation is based on the engineering estimates. Final adjustments, for costs and depreciation are made retrospectively in the year of ascertainment of actual cost and finalisation of claim. Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with this Ind AS 16 when they meet the definition of property, plant and equipment.

Capital work in progress (CWIP) is stated at cost. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary. CWIP are not yet ready for their intended use and the cost of assets not put to use before the Balance Sheet date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of Profit or Loss during the reporting period in which they are incurred.

#### **3.10.1 Depreciation and amortisation**

Depreciable amount for assets is the cost of an asset less its estimated residual value.

Depreciation on property, plant & equipment has been provided as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in the case of the certain categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

## NOTES TO FINANCIAL STATEMENT

The estimated useful life of various property, plant & equipment is as under:-

- (a) Buildings- 3 to 60 years, written down value method
- (b) Vehicles- 2 to 16 years, written down value method
- (c) Furniture and fixtures- 2 to 30 years, written down value method
- (d) Office equipment- 2 to 30 years, written down value method
- (e) Computer- 3-10 years, straight-line method
- (f) Plant and equipment used in manufacturing- 2 to 20 years, straight-line method

On Computer and Plant and equipment as mentioned above in (e) and (f) above, depreciation is provided on straight line method over the useful lives. On all other tangible assets, depreciation is provided on written down value method over the useful lives.

Freehold land is not depreciated.

The estimated useful life, residual life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. In respect of assets whose useful lives has been revised, the unamortised depreciable amount is charged over the revised remaining useful lives of the assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3.11 Intangible Assets

Expenditure on computer software, which is not an integral part of hardware, is capitalised as an intangible asset. The cost of software includes license fee and implementation cost and is capitalised in the year of its implementation. Computer Software are amortised on a straight-line basis over their estimated useful life of four years.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

### 3.12 Impairment of Non-financial assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Component of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

## NOTES TO FINANCIAL STATEMENT

### 3.13 Inventories

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

Cost is determined on first-in-first-out formula for all categories of inventories except stores and spare parts for which it is determined under weighted average formula. Cost includes expenditure incurred in the normal course of business in bringing inventories to its present location, condition, direct labour and related production overheads, where applicable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

### 3.14 Provisions, Contingent Liabilities & Contingent assets

#### a. Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### b. Contingent Liabilities

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

### 3.15 Earnings per share (EPS)

Basic earnings per share ('EPS') is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the result would be anti-dilutive.

### 3.16 Cash and Cash equivalent

In the cash flow statement cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 3.17 Segment Reporting

The Companies' segmental reporting is in accordance with Ind AS 108 Operating Segments. Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors, which is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the chief operating decision maker.

### 3.18 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

## NOTES TO FINANCIAL STATEMENT

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.19 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

#### 3.19.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 3.19.4.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### 3.19.1 Classification of financial assets

Interest income is recognised in statement of profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to statement of profit or loss.

For the impairment policy on debt instruments at FVTOCI, refer Note 3.19.4.

All other financial assets are subsequently measured at fair value.

#### 3.19.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments. Interest income is recognised in statement of profit or loss and is included in the "Other income" line item.

#### 3.19.3 Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.



## NOTES TO FINANCIAL STATEMENT

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

### 3.19.4 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

### 3.19.5 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## NOTES TO FINANCIAL STATEMENT

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognised in the statement of profit and loss.

### 3.19.6 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

## 3.20 **Financial liabilities and equity instruments**

### 3.20.1 Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### 3.20.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

### 3.20.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

#### 3.20.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

#### 3.20.3.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## NOTES TO FINANCIAL STATEMENT

### 3.20.3.3 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

### 3.20.3.4 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 3.21 **Derivative financial instruments**

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss.

### 3.22 **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

## 4. **Critical accounting estimates and assumptions**

In the application of the Company's accounting policies, which are described in note 2, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 4.1 **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## NOTES TO FINANCIAL STATEMENT

a) Defined benefit plans

The cost of the defined benefit plan and the present value are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b) Useful life of Property, plant and equipment

Property, plant and equipment (asset) represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

c) Impairment of Property, plant and equipment and Capital work in progress (CWIP)

The management of the Company reviewed the potential generation of economic benefit from property, plant and equipment & capital work in progress as per Ind AS 36- Impairment of assets for its printing ink business. In view of the management, the net recoverable value (higher of discounted cash flow and net realisable value) of its ink business is more than it's the carrying value and no impairment is required to be recognised under Ind AS 36. Refer note 5.2 and 5.3 to the financials statements for details.

d) Taxes

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. In assessing the probability, the Company considers whether the entity has sufficient taxable temporary differences, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

In view of continuing losses, the Company is of view that it is no longer probable that sufficient taxable income will be available and hence brought forward deferred tax assets amounting to Rs 464.09 Lakhs as at December 31, 2017 has been charged off in books of account, as required under IND- AS 12 'Income Taxes'. Refer Note 8 for further details.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 4.2 First-time Ind-AS adoption reconciliation

#### 4.2.1 First-time adoption of Ind-AS

The Company has prepared the opening balance sheet as per Ind AS as on January 1, 2017 (the transition date) by recognising all assets and liabilities whose recognition is required as per Ind AS and not recognising items of assets or liabilities which are not permitted as per Ind AS. Further, items from previous GAAP have been reclassified as per Ind AS and applying Ind AS in measurement of the recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as on the transition date.

#### 4.2.2 Exceptions and Exemptions applied

Ind AS 101 allows first-time adopters certain exceptions and exemptions from the retrospective application of certain requirements under Ind AS.

**For transition to Ind AS, the Company has applied the following exceptions:**

(i) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively. However, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

(ii) Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after January 1, 2017 (transition date).

(iii) Business combination

In accordance with Ind AS transitional provision, the Company opted not to restate business combination which occurred prior to the transition date.

(iv) Estimates

Estimates made under Ind AS at January 1, 2017 are consistent with the estimates as under previous GAAP.

(v) Classification and measurement of Financial Assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**For transition to Ind AS, the Company has applied the following exemptions:**

(i) Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as on January 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as on the transition date.

(ii) Arrangements containing a lease

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based on conditions in place as at the date of transition.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

**4.2.3 Reconciliations of total equity between Previous GAAP and Ind AS**

<b>A. Equity share capital</b>	<b>Note</b>	<b>31 December 2017</b>	<b>1 January 2017</b>
As reported under Previous GAAP		917.90	917.90
Adjustments		-	-
Balance as per Ind AS (A)		917.90	917.90
<b>B. Capital reserve</b>	<b>Note</b>	<b>31 December 2017</b>	<b>1 January 2017</b>
As reported under Previous GAAP		0.59	0.59
Adjustments		-	-
Balance as per Ind AS (B)		0.59	0.59
<b>C. Securities premium</b>	<b>Note</b>	<b>31 December 2017</b>	<b>1 January 2017</b>
As reported under Previous GAAP		6,548.08	6,548.08
Adjustments		-	-
Balance as per Ind AS (C)		6,548.08	6,548.08
<b>D. General reserve</b>	<b>Note</b>	<b>31 December 2017</b>	<b>1 January 2017</b>
As reported under Previous GAAP		6,559.12	6,559.12
Adjustments		-	-
Balance as per Ind AS (D)		6,559.12	6,559.12
<b>E. Retained earnings</b>	<b>Note</b>	<b>31 December 2017</b>	<b>1 January 2017</b>
As reported under Previous GAAP		14,950.94	16,187.84
Adjustment on account of			
(i) Impact of discounting of lease deposits	4	(1.68)	(1.75)
(ii) Dividend and tax thereon	7	-	441.91
<b>Total adjustments</b>		(1.68)	440.16
Balance as per Ind AS (E)		14,949.26	16,628.00

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 4.2.4 First time Ind AS adoption reconciliations - Effect of Ind AS adoption on the balance sheet as at December 31, 2017 and January 01, 2017

Particulars	Notes	31 December 2017			01 January 2017		
		As per previous GAAP	Effect of transition to Ind AS	As per Ind AS	As per previous GAAP	Effect of transition to Ind AS	As per Ind AS
<b>A. ASSETS</b>							
<b>1. Non-current assets</b>							
(a) Property, plant and equipment	2 & 3	5,467.73	(105.62)	5,362.11	6,844.79	(110.13)	6,734.66
(b) Capital work-in-progress		658.50	-	658.50	360.38	-	360.38
(c) Intangible assets		16.25	-	16.25	48.52	-	48.52
(d) Financial assets							
i. Investments	3	0.01	(0.01)	-	0.01	(0.01)	-
ii. Other financial assets	4	326.44	(24.82)	301.62	346.82	(15.50)	331.32
(e) Deferred tax assets (net)		464.09	-	464.09	333.10	-	333.10
(f) Other non-current assets	2 & 4	274.69	124.26	398.95	66.23	119.37	185.60
(g) Non-current tax assets (net)		804.39	-	804.39	469.43	-	469.43
<b>Total non current assets</b>		<b>8,012.10</b>	<b>(6.19)</b>	<b>8,005.91</b>	<b>8,469.28</b>	<b>(6.27)</b>	<b>8,463.01</b>
<b>2. Current assets</b>							
(a) Inventories		12,172.30	-	12,172.30	11,621.39	-	11,621.39
(b) Financial assets							
i. Trade receivables		22,026.86	-	22,026.86	19,616.87	-	19,616.87
ii. Cash and cash equivalents		3,419.43	(17.22)	3,402.21	2,172.43	(15.91)	2,156.52
iii. Bank balances other than (ii) above		-	17.22	17.22	-	15.91	15.91
iv. Other Financial assets		711.81	-	711.81	670.08	-	670.08
(c) Other current assets	2 & 4	2,841.96	4.51	2,846.47	1,946.92	4.52	1,951.44
<b>Total current assets</b>		<b>41,172.36</b>	<b>4.51</b>	<b>41,176.87</b>	<b>36,027.69</b>	<b>4.52</b>	<b>36,032.21</b>
<b>TOTAL ASSETS (1+2)</b>		<b>49,184.46</b>	<b>(1.68)</b>	<b>49,182.78</b>	<b>44,496.97</b>	<b>(1.75)</b>	<b>44,495.22</b>
<b>B. EQUITY AND LIABILITIES</b>							
<b>1. Equity</b>							
(a) Equity Share Capital		917.90	-	917.90	917.90	-	917.90
(b) Other Equity	7 & 8	28,058.73	(1.68)	28,057.05	29,295.63	440.16	29,735.79
<b>Total Equity</b>		<b>28,976.63</b>	<b>(1.68)</b>	<b>28,974.95</b>	<b>30,213.53</b>	<b>440.16</b>	<b>30,653.69</b>
<b>2. Non-Current Liabilities</b>							
(a) Provisions		405.61	-	405.61	347.04	-	347.04
<b>Total non current liabilities</b>		<b>405.61</b>	<b>-</b>	<b>405.61</b>	<b>347.04</b>	<b>-</b>	<b>347.04</b>
<b>3. Current liabilities</b>							
(a) Financial liabilities							
i. Borrowings		3,500.00	-	3,500.00	-	-	-
ii. Trade payables							
Total outstanding dues of micro enterprises and small enterprises		604.48	-	604.48	372.96	-	372.96
Total outstanding dues of creditors other than micro enterprises & small enterprises		13,001.47	-	13,001.47	11,141.04	-	11,141.04
iii. Other financial liabilities		893.91	-	893.91	627.42	-	627.42
(b) Provisions	7	72.28	-	72.28	463.94	(441.91)	22.03
(c) Other current liabilities		1,730.08	-	1,730.08	1,331.04	-	1,331.04
<b>Total current liabilities</b>		<b>19,802.22</b>	<b>-</b>	<b>19,802.22</b>	<b>13,936.40</b>	<b>(441.91)</b>	<b>13,494.49</b>
<b>Total Liabilities</b>		<b>20,207.83</b>	<b>-</b>	<b>20,207.83</b>	<b>14,283.44</b>	<b>(441.91)</b>	<b>13,841.53</b>
<b>TOTAL EQUITY AND LIABILITIES (1+2+3)</b>		<b>49,184.46</b>	<b>(1.68)</b>	<b>49,182.78</b>	<b>44,496.97</b>	<b>(1.75)</b>	<b>44,495.22</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

## 4.2.5 Effect of Ind AS adoption on the statement of profit and loss for the year ended December 31, 2017

Particulars	Notes	Year ended 31 December 2017		
		As per previous GAAP	Effect of transition to Ind AS	Ind AS
<b>1</b> Revenue from operations	6	73,829.18	3,953.08	77,782.26
<b>2</b> Other income	4	277.04	4.39	281.43
<b>3 Total income (1 + 2)</b>		<b>74,106.22</b>	<b>3,957.47</b>	<b>78,063.69</b>
<b>4 Expenses</b>				
(a) Cost of materials consumed		52,169.27	-	52,169.27
(b) Purchases of stock-in-trade		3,171.28	-	3,171.28
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress		(325.53)	-	(325.53)
(d) Excise duty on sale of goods	6	-	3,953.08	3,953.08
(e) Employee benefits expense	1	6,106.52	(88.15)	6,018.37
(f) Finance costs		289.72	-	289.72
(g) Depreciation and amortisation expense	2	1,563.71	(4.51)	1,559.20
(h) Other expenses	2 & 4	11,593.22	8.83	11,602.05
<b>Total expenses</b>		<b>74,568.19</b>	<b>3,869.25</b>	<b>78,437.44</b>
<b>5 Loss before exceptional items and tax (3 - 4)</b>		<b>(461.97)</b>	<b>88.22</b>	<b>(373.75)</b>
<b>6 Exceptional item - Loss (Note 5.2)</b>		1,205.92	-	1,205.92
<b>7 Loss before tax (5 - 6)</b>		<b>(1,667.89)</b>	<b>88.22</b>	<b>(1,579.67)</b>
<b>8 Tax expense</b>				
(a) Current tax				
(i) Current tax expense		-	-	-
(ii) Excess provision for tax relating to prior years		(300.00)	-	(300.00)
(b) Deferred tax expense/ (income)	1	(130.99)	30.51	(100.48)
<b>Total tax expense</b>		<b>(430.99)</b>	<b>30.51</b>	<b>(400.48)</b>
<b>9 Loss for the year (7 - 8)</b>		<b>(1,236.90)</b>	<b>57.71</b>	<b>(1,179.19)</b>
<b>10 Other comprehensive loss</b>				
Remeasurement of the defined benefit plans		-	(88.15)	(88.15)
Income tax (charge)/ credit on above		-	30.51	30.51
<b>Total other comprehensive loss for the year</b>	1 & 5	<b>-</b>	<b>(57.64)</b>	<b>(57.64)</b>
<b>Total comprehensive loss for the year (9+10)</b>		<b>(1,236.90)</b>	<b>0.07</b>	<b>(1,236.83)</b>

## 4.2.6 Effect of Ind AS adoption on the Statement of Cash Flow for the year ended December 31, 2017

Particulars	Notes	Year ended December 31, 2017		
		As per previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash (used in) operating activities		(1,277.00)	-	(1,277.00)
Net cash (used in) investing activities		(296.00)	-	(296.00)
Net cash flows generated from financing activities		2,818.69	-	2,818.69
<b>Net increase in cash and cash equivalents</b>		<b>1,245.69</b>	<b>-</b>	<b>1,245.69</b>
Cash and cash equivalents at the beginning of the year		2,156.52	-	2,156.52
<b>Cash and cash equivalents at the end of the year</b>		<b>3,402.21</b>	<b>-</b>	<b>3,402.21</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 4.2.7 Note on key reconciliation Ind AS adjustments

1. Under previous GAAP, actuarial gain and losses were recognised in statement of profit and loss. Under Ind AS 19, the actuarial gains and losses from part of re-measurement of the net defined benefit obligation which are recognised in other Comprehensive Income. The change does not effect other equity. However, there is a decrease in employee benefit expenses for the year ended December 31, 2017. The deferred tax on above has also been recognised to other comprehensive income.
2. As per exemption available under Ind AS 101, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as on January 01, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as on the transition date. Also as per the previous GAAP, lease hold land was classified under fixed assets. Under Ind AS 17, as the ownership of the leasehold land at the end of the lease period does not pass on to the lessee or the upfront payment made at the time of obtaining lease does not equal to fair value of the leasehold land obtained, the upfront payments for the leasehold land is classified as prepayment instead of being classified under Property and Plant & Equipment. Consequently, lease hold prepayment net of accumulated depreciation as on December 31, 2017 has been reversed and the corresponding amount has been taken under other non-current assets and other current assets. Also, depreciation for the year ended 31 December 2017 for leasehold land has been transferred to rent expenses.
3. Under previous GAAP, long term investment in cooperative society were measured at cost. The investment were made to purchase the flats. On the date of transition to Ind AS, the value of investment has been added to the cost of building because the investment denotes the Company's right to the flats and the Company has availed deemed cost exemption as stated in point 2 above. This change does not affect loss after tax for the year ended December 31, 2017 because the investment has been reclassified to Property plant and equipment.
4. Under Previous GAAP, the interest free lease security deposits are recognised at their transaction value. Under Ind AS 109, these deposits are initially recognised at fair value and subsequently measured at amortized cost at the end of each reporting date. Accordingly, the difference between the transaction and fair value of these security deposits is recognized as Deferred lease expense and is amortized over the period of the lease term (along with current and non- current classification). Further, interest is accreted on the present value of these security deposits.
5. Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains, or losses are required to be presented in other comprehensive income.
6. Under the previous GAAP, excise duty on sale of goods was reduced from sales to present the revenue from operations. Whereas, under Ind AS, this excise duty is included in the revenue from operations and the corresponding expense is included as a part of total expenses. The change does not affect total equity as at January 01, 2017 and December 31, 2017, loss before tax or total loss for the year ended December 31, 2017.
7. Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements was considered as an adjusting event. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings.
8. Other equity as at transition date and as at 31 December 2017 has been adjusted consequent to the above Ind AS adjustments.
9. Previous GAAP figures have been regrouped and reclassified based on the disclosure requirement under Ind AS.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

5. Property, plant and equipment and capital work-in-progress

Carrying amount of	As at	As at	As at
	31 December 2018	31 December 2017	1 January 2017
Land-freehold	96.07	97.21	97.21
Buildings	1,129.92	1,244.80	1,437.90
Plant and equipment	4,299.77	3,838.93	4,990.34
Furniture and fixtures	90.55	88.26	106.43
Vehicles	1.02	1.81	4.19
Office equipment	3.75	4.46	5.58
Computers	78.03	86.64	93.01
<b>Total</b>	<b>5,699.11</b>	<b>5,362.11</b>	<b>6,734.66</b>
Capital work-in-progress (CWIP)	303.24	658.50	360.38
	<b>6,002.35</b>	<b>6,020.61</b>	<b>7,095.04</b>

Description of assets	Land-Freehold	Buildings	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total
<b>I. Cost or deemed cost (Refer note 5.1)</b>								
Balance as at 1 January 2017	97.21	1,437.90	4,990.34	106.43	4.19	5.58	93.01	6,734.66
Additions during the period	-	253.79	983.06	52.18	-	-	53.61	1,342.64
Deletions during the period	-	-	24.32	1.23	0.50	0.07	0.48	26.60
<b>Balance as at 31 December 2017</b>	<b>97.21</b>	<b>1,691.69</b>	<b>5,949.08</b>	<b>157.38</b>	<b>3.69</b>	<b>5.51</b>	<b>146.14</b>	<b>8,050.70</b>
Balance as at 1 January 2018	97.21	1,691.69	5,949.08	157.38	3.69	5.51	146.14	8,050.70
Additions during the period	-	43.66	1,538.19	49.72	-	0.38	47.38	1,679.33
Deletions during the period	-	2.62	58.08	0.77	0.30	0.42	3.17	65.36
Reclassified as held for sale	1.14	3.09	-	-	-	-	-	4.23
<b>Balance as at 31 December 2018</b>	<b>96.07</b>	<b>1,729.64</b>	<b>7,429.19</b>	<b>206.33</b>	<b>3.39</b>	<b>5.47</b>	<b>190.35</b>	<b>9,660.44</b>
<b>II. Accumulated depreciation and impairment</b>								
Balance as at 1 January 2017	-	-	-	-	-	-	-	-
Depreciation expense	-	157.96	1,259.06	53.24	1.88	1.05	53.74	1,526.93
Eliminated on disposal of assets	-	-	-	-	-	-	-	-
Impairment losses recognised in profit or loss	-	288.93	851.09	15.88	-	-	5.76	1,161.66
<b>Balance as at 31 December 2017</b>	<b>-</b>	<b>446.89</b>	<b>2,110.15</b>	<b>69.12</b>	<b>1.88</b>	<b>1.05</b>	<b>59.50</b>	<b>2,688.59</b>
Balance as at 1 January 2018	-	446.89	2,110.15	69.12	1.88	1.05	59.50	2,688.59
Depreciation expense	-	152.94	1,061.37	46.81	0.54	0.67	54.62	1,316.95
Eliminated on disposal of assets	-	0.11	42.10	0.15	0.05	-	1.80	44.21
<b>Balance as at 31 December 2018</b>	<b>-</b>	<b>599.72</b>	<b>3,129.42</b>	<b>115.78</b>	<b>2.37</b>	<b>1.72</b>	<b>112.32</b>	<b>3,961.33</b>
<b>Net block (I-II)</b>								
Balance as at 31 December 2018	96.07	1,129.92	4,299.77	90.55	1.02	3.75	78.03	5,699.11
Balance as at 31 December 2017	97.21	1,244.80	3,838.93	88.26	1.81	4.46	86.64	5,362.11
Balance as at 1 January 2017	97.21	1,437.90	4,990.34	106.43	4.19	5.58	93.01	6,734.66

**Note:**

5.1 As per Ind-AS 101, the Company has elected to continue with the carrying value of all of its property, plant and equipment including CWIP recognised as of 1 January 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as on the transition date. In consequence to adoption of deemed cost exemption as on transition date, the gross block of the fixed assets (excluding leasehold land) amounting to Rs. 18,934.42 Lakhs has been netted off with accumulated depreciation Rs. 12,199.76 Lakhs.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 5. Property, plant and equipment and Capital work-in-progress (Cont'd)

5.2 During the previous year, consequent to losses incurred in adhesive division and after evaluation of the expected future performance of the division, the management had performed an impairment testing of property, plant and equipment and capital work-in-progress of the adhesive division and impaired the value of its property, plant and equipment and capital work-in-progress (Refer Note 5 for asset class-wise breakup) to the extent of Rs. 1161.66 Lakhs and capital work-in-progress to the extent of Rs.44.26 Lakhs. The same has been disclosed as an 'Exceptional Item' in the Statement of Profit and Loss. While recognising the impairment loss, the Company had considered its adhesive business division as a cash generating unit, in keeping with the accounting policy on Impairment set out in Note 3.12, and the value in use as the recoverable amount. The Company had used a discount rate of 12% for discounting future cash flows while estimating the value in use.

During the current year, the management has carried out an assessment of impaired adhesive division as per Ind AS 36- Impairment of assets. In view of the management, there is no change in the impairment indicators and accordingly management has continued with the impairment charge recorded in the previous year in respect of Adhesive division.

5.3 During the current year, the management has carried out an assessment as per Ind AS 36- Impairment of assets for its printing ink business. In view of the management, the net recoverable value (higher of discounted cash flow and net realisable value) of its ink business is more than its the carrying value and no impairment is required to be recognised under Ind AS 36.

### 6. Intangible assets

#### Carrying amount of

	<b>As at 31 December 2018</b>	<b>As at 31 December 2017</b>	<b>As at 1 January 2017</b>
Computer software	<b>28.65</b>	16.25	48.52

Description of Assets	Computer Software
<b>I. Cost or deemed cost (Refer note 6.1)</b>	
Balance as at 1 January 2017	48.52
Additions during the period	-
Deletions during the period	-
<b>Balance as at 31 December 2017</b>	<b>48.52</b>
Deemed cost as at 1 January 2018	48.52
Additions during the period	25.41
Deletions during the period	-
<b>Balance as at 31 December 2018</b>	<b>73.93</b>
<b>II. Accumulated depreciation and impairment</b>	
Balance as at 1 January 2017	-
Amortisation expense	32.27
Eliminated on disposal of assets	-
<b>Balance as at 31 December 2017</b>	<b>32.27</b>
Balance as at 1 January 2018	32.27
Amortisation expense	13.01
Eliminated on disposal of assets	-
<b>Balance as at 31 December 2018</b>	<b>45.28</b>
<b>Net block (I-II)</b>	
Balance as at 31 December 2018	28.65
Balance as at 31 December 2017	16.25
Balance as at 1 January 2017	48.52

#### Note

6.1 As per Ind-AS 101, the Company has elected to continue with the carrying value of all of its Intangible Assets recognised as of 1 January 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. In consequence to adoption of deemed cost exemption as on transition date, the gross block of the intangible assets amounting to Rs. 565.11 Lakhs has been netted off with accumulated depreciation Rs. 516.59 Lakhs.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
<b>7. Other financial assets</b>			
<b>Unsecured, considered good unless otherwise stated</b>			
(a) Deposits with Lessors and others	449.20	296.99	324.71
(b) Advance to employees	1.88	4.63	6.61
<b>Total other financial assets</b>	<b>451.08</b>	<b>301.62</b>	<b>331.32</b>
<b>8. Deferred tax assets (net)</b>			
The following is the analysis of deferred tax assets/ (liabilities) presented in the balance sheet:			
Deferred tax assets	-	464.09	772.61
Deferred tax Liabilities	-	-	(439.51)
	-	464.09	333.10

Particulars	Balance as on 1 January 2017	Recognised in profit and Loss	Recognised in other comprehensive loss	Balance as on 31 December 2017
Deferred tax assets				
(i) Provision for impairment loss of trade receivables	120.59	3.05	-	123.64
(ii) Provision for employee benefits	264.81	(184.74)	30.51	110.58
(iii) Property, plant and equipment and intangible assets	-	61.06	-	61.06
(iv) Expenses allowable for tax purpose on payment	387.21	(218.40)	-	168.81
	<b>772.61</b>	<b>(339.03)</b>	<b>30.51</b>	<b>464.09</b>
Deferred tax Liabilities				
(i) Property, plant and equipment and intangible assets	439.51	(439.51)	-	-
	<b>439.51</b>	<b>(439.51)</b>	-	-
<b>Net deferred tax assets</b>	<b>333.10</b>	<b>100.48</b>	<b>30.51</b>	<b>464.09</b>

Particulars	Balance as on 1 January 2018	Recognised in profit and Loss	Recognised in other comprehensive loss	Balance as on 31 December 2018
Deferred tax assets				
(i) Provision for impairment loss of trade receivables	123.64	(123.64)	-	-
(ii) Provision for employee benefits	110.58	(80.07)	(30.51)	-
(iii) Property, plant and equipment and intangible assets	61.06	(61.06)	-	-
(iv) Expenses allowable for tax purpose on payment	168.81	(168.81)	-	-
	<b>464.09</b>	<b>(433.58)</b>	<b>(30.51)</b>	-
<b>Net deferred tax assets</b>	<b>464.09</b>	<b>(433.58)</b>	<b>(30.51)</b>	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 8.1 Unrecognised deductible temporary differences and unused tax losses

Particulars	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:			
- Business losses*	500.42	202.53	-
- Deductible temporary differences	472.25	-	-
	972.67	202.53	-

\* The above tax losses will expire upto year 2025-26.

Note:

In view of continuing losses, the Company is of view that it is no longer probable that sufficient taxable income will be available and hence brought forward deferred tax assets amounting to Rs 464.09 Lakhs as at December 31, 2017 has been charged off in books of account, as required under IND- AS 12 'Income Taxes'.

### 9. Other non current assets

Particulars	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
<b>Unsecured - considered good</b>			
(a) Capital advances	76.69	98.97	66.24
(b) Prepaid expenses	161.35	175.71	-
(c) Deferred rent expense	23.08	23.16	13.74
(d) Prepaid lease payments	1,856.03	101.11	105.62
<b>Total other non current assets</b>	2,117.15	398.95	185.60

### 10. Non current tax assets (net)

Advance tax and tax deducted at source receivable	7,254.20	7,361.69	7,368.03
Provision for income tax	(6,467.10)	(6,557.30)	(6,898.60)
<b>Total non current tax assets</b>	787.10	804.39	469.43

### 11. Inventories (measured at lower of cost or net realisable value)

(a) Raw material	6,493.70	5,926.75	5,197.01
(b) Work-in-progress	1,436.46	1,434.40	1,490.55
(c) Finished Goods	4,991.89	4,203.77	4,331.48
(d) Stock- in- trade	639.97	265.20	306.25
(e) Store and spares	218.35	204.67	170.75
(f) Containers	160.83	137.51	125.35
<b>Total inventories</b>	13,941.20	12,172.30	11,621.39

Details of stock in transit included above:

(a) Raw materials	1,419.49	845.12	683.00
(b) Work-in-progress	-	66.29	44.00
(c) Finished Goods	1,130.99	831.87	701.70
(d) Stock- in- trade	207.73	3.84	103.30
(e) Store and spares	2.27	7.08	1.10
(f) Containers	-	4.60	0.10
<b>Total goods-in-transit</b>	2,760.48	1,758.80	1,533.20

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

11.1 The cost of inventories recognised as an expense during the year in respect of operations was Rs.68,550.98 Lakhs (for the year ended December 31, 2017: Rs. 57,576.06 Lakhs).

11.2 The cost of inventories recognised as an expense/ (income) includes Rs. 23.10 Lakhs in respect of write-downs of inventory to net realisable value and write back in December 2017 amounting to Rs. 5.57 Lakhs. The closing provision as at yearend is Rs. 64.56 Lakhs (December 2017: Rs. 41.46 Lakhs). Previous write-downs have been reversed as a result of increased sales prices in certain markets.

11.3 The mode of valuation of inventories has been stated in note 3.13.

**12. Trade receivables**

Particulars	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
Current			
(a) Secured, considered good	713.95	564.99	397.79
(b) Unsecured, considered good	23,783.94	21,461.87	19,219.08
(c) Unsecured and considered doubtful	477.89	357.26	348.46
	<b>24,975.78</b>	22,384.12	19,965.33
Less: Allowance for doubtful debts (expected credit loss allowance)	477.89	357.26	348.46
<b>Total trade receivables</b>	<b>24,497.89</b>	22,026.86	19,616.87

12.1 The average credit period on sales of goods is 30 to 120 days. No interest is charged on the trade receivables for the amount overdue above the credit period. There are no customers who represent more than 5% of the total balance of trade receivables.

12.2 The Company assesses the potential customer's credit quality and defines credit limits customer wise.

12.3 The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due. For computation of expected credit loss allowance, the Company excludes intercompany balances and trade receivables which are secured by dealer deposits. Based on internal assessment which is driven by the historical experience and current facts available in relation to default and delays in collection thereof, the credit risk for these trade receivables is considered low. The provision matrix at the end of the reporting period is as follows:

<u>Ageing</u>	<u>Expected credit loss (%)</u>
Within the credit period	0% - 2.32%
90 days overdue	0.43% - 3.14%
91-180 days overdue	1.72% - 9.87%
181-270 days overdue	20% - 63.40%
271-365 days overdue	100.00%
More than 365 days overdue	100.00%

<u>Age of Receivables</u>	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
Within the credit period	19,937.23	18,873.50	16,294.59
90 days overdue	4,359.25	2,997.89	3,316.75
91-180 days overdue	394.51	224.13	155.29
181-270 days overdue	56.16	103.63	67.96
271-365 days overdue	107.65	33.54	18.42
More than 365 days overdue	120.98	151.43	112.32
	<b>24,975.78</b>	<b>22,384.12</b>	<b>19,965.33</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 12. Trade receivables (Cont'd)

<u>Movement in the expected credit loss allowance</u>	Year ended 31 December 2018	Year ended 31 December 2017
Balance at the beginning of the year	357.26	348.46
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	120.63	8.80
<b>Balance at the end of the year</b>	<b>477.89</b>	<b>357.26</b>

### 13. Cash and cash equivalents

Particulars	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
1. Cash and cash equivalents			
(a) Cash on hand	1.11	1.95	1.81
(b) Bank balances			
(i) in current accounts	1,477.20	3,400.26	2,154.71
<b>Total-Cash and cash equivalents [A]</b>	<b>1,478.31</b>	<b>3,402.21</b>	<b>2,156.52</b>
2. Other bank balances			
(a) Balance with banks			
(i) In deposit accounts (with original maturity of more than 3 months upto 12 months)	1,650.85	1.18	0.80
(ii) Balances with banks in unpaid dividend accounts	13.52	16.04	15.11
<b>Total-Other bank balances [B]</b>	<b>1,664.37</b>	<b>17.22</b>	<b>15.91</b>
<b>Cash and cash equivalents (A+B)</b>	<b>3,142.68</b>	<b>3,419.43</b>	<b>2,172.43</b>

### 14. Other current financial assets

#### Unsecured, considered good measured at amortised cost

(a) Deposits with lessors and others	51.46	20.71	-
(b) Receivables from related parties	671.96	522.74	551.46
(c) Advance to employees	149.74	69.35	86.18
(d) Interest accrued on deposits	40.32	5.46	4.36
(e) Amount paid on behalf of buyer of Mumbai land (Refer note 16(i))	2,025.08	-	-
(f) Interest accrued on late payment against the proposed sale of land (Refer note 16(i))	704.65	-	-
(g) Others			
(i) Duty drawback receivable	57.19	59.45	16.96
(ii) Insurance Claim receivable	25.06	19.16	9.88
(iii) Goods and services tax refund receivable	541.13	-	-
(iv) Other receivables	2.98	14.94	1.24

#### Measured at Fair Value- Derivative instrument

(a) Fair value of foreign currency forward contracts	1.62	-	-
<b>Total other current financial assets</b>	<b>4,271.19</b>	<b>711.81</b>	<b>670.08</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

**15. Other current assets**

Particulars	As at	As at	As at
	31 December 2018	31 December 2017	1 January 2017
(a) Prepaid expense	87.88	100.51	89.42
(b) Advance to vendor	832.49	528.57	523.82
(c) Prepaid lease payments	22.56	4.52	4.52
(d) Balance with government authorities			
(i) CENVAT credit receivable	-	-	1,010.08
(ii) Vat credit receivable	4.10	4.05	45.24
(iii) Service tax credit receivable	-	95.43	278.36
(iv) Goods and services tax credit receivable	4,018.13	2,113.39	-
<b>Total other current assets</b>	<b>4,965.16</b>	<b>2,846.47</b>	<b>1,951.44</b>

**16. Assets classified as held for sale**

Freehold land held for sale (Refer note (i))	1.14	-	-
Building held for sale (Refer note (i))	3.09	-	-
<b>Total assets classified as held for sale</b>	<b>4.23</b>	<b>-</b>	<b>-</b>

- (i) The Company entered into a Memorandum of understanding (MOU) cum agreement including a related addendum thereto, to sell its freehold land at Mumbai which was previously used for Company's ink operations. As at 31 December, 2018, the Company has received as per MOU, an advance of Rs 5,740.00 lakhs from the buyer (Refer note 23) and paid Rs 2,025.08 lakhs on behalf of buyer (Refer note 14). Pending completion of the transaction relating to sale of Land at Mumbai, the Company is entitled to claim interest amounting to Rs 704.65 lakhs on delayed payments from the buyer. The same has been disclosed as part of other income. (Refer note 14 and note 25)

No impairment loss was recognised on reclassification of the land held for sale as at 31 December 2018 as the Company expected fair value less costs to sell is higher than the carrying amount.

**17. Equity Share Capital**

Particulars	As at 31 December 2018		As at 31 December 2017		As at 1 January 2017	
	No. of shares	Rs in lakhs	No. of shares	Rs in lakhs	No. of shares	Rs in lakhs
<b>Authorised share capital:</b>						
Equity shares of Rs 10 each with voting rights	15,000,000	1,500.00	15,000,000	1,500.00	15,000,000	1,500.00
<b>Issued, Subscribed and Fully paid:</b>						
Equity shares of Rs 10 each with voting rights	9,178,977	917.90	9,178,977	917.90	9,178,977	917.90
<b>Total</b>	<b>9,178,977</b>	<b>917.90</b>	<b>9,178,977</b>	<b>917.90</b>	<b>9,178,977</b>	<b>917.90</b>

**(i) Rights, preferences and restrictions attached to Equity Shares:**

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 17. Equity Share Capital (Contd.)

#### (ii) Details of shares held by the holding company and its subsidiary:

Particulars	As at 31 December 2018		As at 31 December 2017		As at 1 January 2017	
	No. of shares	(% of holding)	No. of shares	(% of holding)	No. of shares	(% of holding)
DIC Asia Pacific Pte. Limited, Singapore- Holding Company	6,586,077	71.75	6,586,077	71.75	6,586,077	71.75

#### (iii) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31 December 2018		As at 31 December 2017		As at 1 January 2017	
	No. of shares	(% of holding)	No. of shares	(% of holding)	No. of shares	(% of holding)
DIC Asia Pacific Pte. Limited, Singapore- Holding Company	6,586,077	71.75	6,586,077	71.75	6,586,077	71.75

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

### 17.1 Other equity

Particulars	Reserves and Surplus				Total
	General s reserve	Securities premium	Capital reserve	Retained earnings	
<b>Balance as at 1 January 2017</b>	6,559.12	6,548.08	0.59	16,628.00	29,735.79
Loss for the year	-	-		(1,179.19)	(1,179.19)
Dividend paid on equity shares	-	-		(367.16)	(367.16)
Dividend distribution tax on dividend paid	-	-		(74.75)	(74.75)
Other comprehensive loss, net of tax	-	-		(57.64)	(57.64)
<b>Balance as at 31 December 2017</b>	<b>6,559.12</b>	<b>6,548.08</b>	<b>0.59</b>	<b>14,949.26</b>	<b>28,057.05</b>
Loss for the year	-	-		(932.35)	(932.35)
Other comprehensive loss, net of tax	-	-		(54.48)	(54.48)
<b>Balance as at 31 December 2018</b>	<b>6,559.12</b>	<b>6,548.08</b>	<b>0.59</b>	<b>13,962.43</b>	<b>27,070.22</b>

Note: For nature and purpose of reserves, refer to statement of changes in equity.

### 18. Long term provisions

Particulars	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
<b>Provision for employee benefits (Refer note 35)</b>			
Compensated absence	304.15	363.91	290.95
Retirement benefits	67.68	41.70	56.09
<b>Total long term provisions</b>	<b>371.83</b>	<b>405.61</b>	<b>347.04</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

**19. Borrowings**

Particulars	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
<b>Unsecured- at amortised cost</b>			
Loan repayable on demand			
(a) From a Bank working capital loan (Refer note (i))	4,500.00	3,500.00	-
<b>Secured- at amortised cost</b>			
(a) Bank overdraft (Refer note (ii))	570.64	-	-
<b>Total borrowings</b>	<b>5,070.64</b>	<b>3,500.00</b>	<b>-</b>

Note:

- (i) The weighted average rate of interest on above borrowings is 7.63% (31 December 2017: 7.40%)
- (ii) The Company's borrowings from the Consortium of Banks (bank overdraft) are secured by first pari pasu charge on inventory, trade receivables, and entire current assets of the Company, both present and future.

**20. Trade payables**

Particulars	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
Total outstanding dues of micro enterprises and small enterprises (Refer note 34)	224.34	604.48	372.96
Total outstanding dues of creditors other than micro enterprises and small enterprises	18,994.39	13,001.47	11,141.04
<b>Total trade payables</b>	<b>19,218.73</b>	<b>13,605.95</b>	<b>11,514.00</b>

**21. Other current financial liabilities**

Particulars	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
<b>Measured at amortised cost</b>			
(a) Payables on purchase of property, plant and equipment	13.22	45.68	3.30
(b) Deposit from customers	839.10	621.84	434.65
(c) Interest payable on customer deposits	367.67	205.15	154.83
(d) Director's commission payable	-	-	15.70
(e) Unclaimed dividend	13.54	16.04	15.11
<b>Measured at Fair Value- Derivative instrument</b>			
(a) Fair value of foreign currency forward contracts	-	5.20	3.83
<b>Total other current financial liabilities</b>	<b>1,233.53</b>	<b>893.91</b>	<b>627.42</b>

**22. Short term provisions**

Particulars	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
<b>Provision for employee benefits (Refer note 35)</b>			
(a) Gratuity obligation	23.89	23.69	2.60
(b) Compensated absence	108.59	25.25	12.91
(c) Retirement benefit	5.77	2.90	5.65
(d) Pension	36.05	20.44	0.87
<b>Total short term provisions</b>	<b>174.30</b>	<b>72.28</b>	<b>22.03</b>

**23. Other current liabilities**

Particulars	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
(a) Advances from customers	34.06	43.14	43.00
(b) Statutory remittances	377.47	316.94	1,288.04
(c) Advance for sale of land (Refer note 16(i))	5,740.00	1,370.00	-
<b>Total other current liabilities</b>	<b>6,151.53</b>	<b>1,730.08</b>	<b>1,331.04</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 24. Revenue from operations

The following is an analysis of the company's revenue for the year from operations.

	Year ended 31 December 2018	Year ended 31 December 2017
(a) Revenue from sale of goods (including excise duty) (Refer note 24(i))	83,329.27	77,436.08
(b) Other operating income (Refer note 24(ii))	466.70	346.18
<b>Total revenue from operations</b>	<b>83,795.97</b>	<b>77,782.26</b>
<b>24(i)</b> Consequent to introduction of Goods and Service tax (GST) w.e.f 1 July 2017, Central excise, Value added tax etc. have been subsumed into GST. In accordance with Indian Accounting Standard-18 on Revenue and Schedule III of the Companies Act, 2013 unlike excise duty, GST is not part of revenue. Accordingly revenue for the Year ended 31 December 2018 and 31 December 2017 are strictly not comparable. The following additional information is being provided to facilitate such understanding:-		
(a) Revenue from operations	83,329.27	77,436.08
(b) Excise duty on sales included in above	-	3,953.08
Revenue from operations (Excluding excise duty) [a-b]	83,329.27	73,483.00
<b>24(ii) Other operating income comprises of</b>		
(a) Sale of containers	167.64	159.40
(b) Commission income	135.40	85.37
(c) Duty drawback	88.93	75.59
(d) Insurance Claim	48.73	25.82
(e) Bad debts recovered	26.00	-
	<b>466.70</b>	<b>346.18</b>
<b>25. Other income</b>		
(a) Interest income from financial assets		
- Interest on deposit	200.26	11.56
- Interest on delayed payment on proposed sale of land (Refer note 16(i))	704.65	-
(b) Interest on refund of Income tax	50.68	-
(c) Management/ service fees	140.83	107.05
(d) Liabilities no longer required written back	327.98	153.88
(e) Gain on disposal of property, plant and equipment (net)	5.25	-
(f) Miscellaneous receipts	25.50	8.94
<b>Total other income</b>	<b>1,455.15</b>	<b>281.43</b>
<b>26(a) Cost of materials consumed</b>		
<b>(i) Raw material</b>		
Opening stock	5,926.75	5,197.01
Add: Purchases	58,311.50	49,246.77
	<b>64,238.25</b>	<b>54,443.78</b>
Less: Closing stock	6,493.70	5,926.75
<b>Cost of materials consumed- Raw material</b>	<b>57,744.55</b>	<b>48,517.03</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

	Year ended 31 December 2018	Year ended 31 December 2017
<b>26(a) Cost of materials consumed (Cont'd)</b>		
<b>(ii) Containers</b>		
Opening stock	137.51	125.35
Add: Purchases	4,138.21	3,664.40
	<u>4,275.72</u>	<u>3,789.75</u>
Less: Closing stock	160.83	137.51
<b>Cost of materials consumed- Containers</b>	<u>4,114.89</u>	<u>3,652.24</u>
<b>Total of Cost of materials consumed</b>	<u>61,859.44</u>	<u>52,169.27</u>
<b>26(b) Purchase of stock in trade</b>		
Purchase of stock in trade	4,949.39	3,171.28
<b>Total Purchase of stock in trade</b>	<u>4,949.39</u>	<u>3,171.28</u>
<b>27 Changes in inventories of finished goods, work in progress and stock in trade</b>		
<u>Inventories at the end of the year:</u>		
Finished goods	4,991.89	4,203.77
Work-in-progress	1,436.46	1,434.40
Stock-in-trade	639.97	265.20
	<u>7,068.32</u>	<u>5,903.37</u>
<u>Inventories at the beginning of the year:</u>		
Finished goods	4,203.77	4,331.48
Work-in-progress	1,434.40	1,490.55
Stock-in-trade	265.20	306.25
	<u>5,903.37</u>	<u>6,128.28</u>
Excise duties on increase/ (decrease) of finished goods	-	(550.44)
<b>Net increase in inventory</b>	<u>(1,164.95)</u>	<u>(325.53)</u>
<b>28. Employee benefits expense</b>		
(a) Salaries and wages, including bonus	5,377.36	5,138.82
(b) Contribution to provident and other fund (Refer note 35)	509.18	466.21
(c) Staff welfare expenses	549.58	413.34
<b>Total employee benefit expense</b>	<u>6,436.12</u>	<u>6,018.37</u>
<b>29. Finance cost</b>		
Interest cost		
(a) Borrowings	386.67	232.62
(b) Other Borrowing Costs		
- Interest on dealer deposit	52.10	33.05
- Interest on trade payable	95.66	-
- Interest others	48.59	24.05
<b>Total Finance cost</b>	<u>583.02</u>	<u>289.72</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

	Year ended 31 December 2018	Year ended 31 December 2017
<b>30. Depreciation and amortisation expenses</b>		
(a) Depreciation on property, plant and equipment (Refer note 5)	1,316.95	1,526.93
(b) Amortisation of intangible assets (Refer note 6)	13.01	32.27
<b>Total depreciation and amortisation expenses</b>	<b>1,329.96</b>	<b>1,559.20</b>
<b>31. Other Expenses</b>		
(a) Consumption of stores and spare parts	907.50	796.20
(b) Power and fuel	1,345.99	1,308.08
(c) Rent (Refer note 37)	509.20	433.41
(d) Repairs and maintenance - buildings	69.68	48.98
(e) Repairs and maintenance - machinery	411.78	362.97
(f) Repairs and maintenance - others	33.67	41.62
(g) Insurance	96.83	153.96
(h) Rates and Taxes, excluding taxes on income	161.93	576.32
(i) Selling agents commission	591.26	1,061.50
(j) Travelling expenses	453.08	561.73
(k) Freight and forwarding	3,180.00	2,755.53
(l) Processing charges	653.61	456.76
(m) Royalty	1,013.64	941.97
(n) Net Loss on foreign currency transaction, translation and derivatives	191.73	90.48
(o) Provision for impairment loss recognised on trade receivables (net)	120.63	8.80
(p) Bad trade receivables, other assets and Financial assets written off	72.48	2.55
(q) Payments to auditors (Refer Note (i) below)	66.97	49.38
(r) Loss on disposal of property, plant and equipment (net)	-	21.97
(s) Expenditure towards corporate social responsibility activities (Note (ii))	11.93	36.76
(t) Property, plant and equipment written off	17.44	-
(u) Legal and professional expenses	297.15	323.46
(v) Communication expenses	98.62	103.90
(w) Printing and stationery	32.81	41.92
(x) Outsource expense	365.06	359.13
(y) Miscellaneous expenses	1,144.12	1,064.67
<b>Total other expense</b>	<b>11,847.11</b>	<b>11,602.05</b>

Notes:

**(i) Payments to auditors**

(a) Payments to auditors includes (excluding service tax/ GST):		
(i) For audit (including quarterly reviews)	33.00	29.50
(ii) For taxation matters	12.00	11.50
(iii) For other services	18.18	6.00
(iv) For reimbursement of expenses	3.79	2.38
	66.97	49.38

Note: Audit fees for year ended 31 December 2017 has been paid to the previous auditors.

**(ii) Expenditure on corporate social responsibility**

Section 135(5) of the Companies Act, 2013 as amended via Notification No.1/2018 read with the Companies (Corporate social responsibility policy) Rules, 2014, requires that the board of directors of every eligible Company, shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The company has loss during the immediately preceding financial year. Accordingly, the Company is not required to contribute to the CSR activities during the year. The details of corporate social responsibility expenditure made in previous year is as follows:

(a) Gross amount required to be spent by the Company during the year	-	36.00
(b) Amount spent during the year on:		
- Construction/ acquisition of any asset	-	-
- On Other purposes (paid)	11.93	36.76

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

**32. Contingent Liabilities and commitments**

<b>(a) Contingent Liabilities</b>	<b>As at 31 December 2018</b>	<b>As at 31 December 2017</b>	<b>As at 01 January 2017</b>
Claims against the Company not acknowledged as debt:			
(a) Income tax matters	<b>340.40</b>	346.40	843.80
(b) Disputed indirect tax matters for which appeals before the relevant authorities are pending disposal are as follows :			
i) Custom duty matters	<b>235.87</b>	201.60	201.60
ii) Excise duty matters	<b>302.83</b>	306.80	444.90
iii) Service tax matters	<b>322.37</b>	368.80	410.50
iv) Sales tax / Value added tax / Entry tax matters	<b>474.15</b>	423.30	263.00
(c) Other Cases	<b>211.24</b>	211.24	211.24

The Company has been legally advised that the above demand are likely to be either deleted or substantially reduced and accordingly no provision has been made in the books of account.

**(b) Commitment**

- (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) **235.57** 33.55 10.05
- (ii) The Company has other commitments, for purchase orders which are issued after considering requirements per operating cycle for purchase of services, employee's benefits. The Company does not have any other long term commitments or material non-cancellable contractual commitments /contracts, including derivative contracts for which there were any material foreseeable losses.
- (c) There has been no delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**33. Transfer Pricing**

The company has established a comprehensive system on maintenance of information and documents as required by the transfer pricing legislation under 92-92F of the Income Tax Act, 1961 and has documented Transfer Pricing Benchmarking study for the financial year 2016-17. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the International transactions entered into with the holding Company and other associated enterprises during the year and expects such records to be in existence latest by the due date s required under law. The management is of the opinion that its international transactions are at arms-length and the aforesaid legislation will not have any impact on the financial statements.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 34. Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

In terms of notification dated September 4, 2015 issued by the Central Government of India, the disclosure related trade payables as at December 31, 2018 are as follows:

Particulars	As at 31 December 2018	As at 31 December 2017	As at 01 January 2017
<b>Balance of trade payables as at the end of the year</b>			
Total outstanding dues of Micro enterprises and Small enterprises	224.34	604.48	372.96
Total outstanding dues of creditors other than micro enterprises and small enterprises	18,994.39	13,001.47	11,141.04
	<b>19,218.73</b>	<b>13,605.95</b>	<b>11,514.00</b>
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	223.92	604.49	373.00
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.42	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	884.98	268.54	353.70
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	14.14	3.81	5.60
(v) The amount of interest accrued & remaining unpaid at the end of the accounting year	47.15	33.01	29.20
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	14.14	3.81	5.60

# The above disclosure is based on information available with the Company regarding status of the suppliers as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006. This has been relied upon by the auditors.

### 35 Employee benefit plan

#### 35.1 Defined contribution plans

During the year the Company has recognised an amount of Rs. 196.50 Lakhs (31 December 2017 Rs. 202.24 Lakhs) as expenditure towards defined contribution plans of the Company.

#### 35.2 Defined benefit plans

The Company offers the employee benefit schemes of Pension (funded), Gratuity (funded) and Retirement benefit (unfunded) to its employees. Benefits payable to eligible employees of the Company with respect to these schemes, defined benefit plans are accounted for on the basis of an actuarial valuation as at the balance sheet date.

The present value of defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

**35 Employee benefit plan (Contd.)**

These plans typically expose the Company to actuarial risks such as:

Investment risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**The principal assumptions used for the purposes of the actuarial valuations were as follows**

Financial assumption	Valuation as at		
	As at 31 December 2018	As at 31 December 2017	As at 01 January 2017
<u>Pension Fund</u>			
Interest rate for discounting	7.36%	7.34%	6.93%
Salary increase rate	0.00%	0.00%	0.00%
Expected rate of return on plan assets	7.36%	6.93%	7.92%
<u>Gratuity Obligation</u>			
Interest rate for discounting	7.50%	7.59%	6.93%
Salary increase rate:			
(a) Management staff	5.00%	5.00%	5.00%
(b) Union staff	4.00%	4.00%	4.00%
Expected rate of return on plan assets	7.50%	6.93%	7.92%
<u>Retirement Benefit</u>			
Interest rate for discounting	7.50%	7.61%	6.93%
Salary increase rate	0.00%	0.00%	0.00%



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 35 Employee benefit plan (Cont'd)

#### (i) Amount recognised in the Balance sheet are as follows

		Pension	Gratuity	Retirement benefit
Present value of defined benefit obligation	2018	234.90	1,055.27	73.45
	2017	253.62	985.46	66.90
	2016	277.10	901.40	61.70
Fair value of plan assets	2018	198.85	1,031.38	-
	2017	233.18	961.77	-
	2016	276.20	898.80	-
Net asset / (liability)	2018	(36.05)	(23.89)	(73.45)
	2017	(20.44)	(23.69)	(66.90)
	2016	(0.90)	(2.60)	(61.70)
Experience adjustments on plan assets [gain/ (loss) during the year]	2018	3.99	(5.96)	-
	2017	(5.44)	3.03	-
	2016	18.80	18.80	-
Experience adjustments on obligations [(gain)/ loss during the year]	2018	37.02	(23.19)	0.08
	2017	20.49	122.04	8.69
	2016	13.00	11.30	2.70

#### (ii) Amount recognised in the Statement of Profit and Loss and Other comprehensive loss are as follows

		Pension	Gratuity	Retirement benefit
Current service cost	2018	-	67.98	3.90
	2017	-	66.12	1.80
	2016	-	62.40	2.10
Interest cost	2018	0.84	(2.54)	4.91
	2017	17.20	(3.72)	4.10
	2016	20.50	59.90	4.00
Expected return on plan assets	2018	-	-	-
	2017	(17.20)	-	-
	2016	(20.20)	(65.60)	-
Actuarial loss/(gain)-Other comprehensive loss	2018	32.83	(9.55)	0.69
	2017	21.44	61.69	5.30
	2016	(6.70)	43.50	7.10
Past service cost	2018	-	59.31	-
	2017	-	-	-
	2016	-	-	-
<b>Total expense*</b>	2018	33.67	115.20	9.50
	2017	21.44	124.09	11.20
	2016	(6.40)	100.20	13.20
Recognised in statement of Profit and Loss	2018	0.84	124.75	8.81
	2017	-	62.40	5.90
	2016	0.30	56.70	6.10
Actuarial loss/(gain) recognised in Other comprehensive loss	2018	32.83	(9.55)	0.69
	2017	21.44	61.69	5.30
	2016	(6.70)	43.50	7.10

\* Recognised under "Contribution to Provident and Other Funds" in Note 28 for Pension, Gratuity and under "Staff welfare expenses" in Note 28 for retirement benefit.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

**35 Employee benefit plan (Cont'd)****(iii) Reconciliation of Opening and Closing Balances of the Present Value of Defined Benefit Obligation**

		<b>Pension</b>	<b>Gratuity</b>	<b>Retirement benefit</b>
Opening present value of defined benefit obligation	2018	253.62	985.46	66.95
	2017	277.06	901.41	61.74
	2016	272.29	795.55	53.54
Current service cost	2018	-	127.29	3.90
	2017	-	66.12	1.80
	2016	-	62.40	2.10
Interest cost	2018	16.03	69.72	4.91
	2017	18.22	64.20	4.47
	2016	20.50	59.90	4.00
Actuarial loss/(gain)	2018	36.82	(15.51)	0.69
	2017	16.00	64.72	4.94
	2016	12.10	62.30	7.10
Benefits paid	2018	(71.57)	(111.69)	(3.00)
	2017	(57.66)	(110.99)	(6.00)
	2016	(27.80)	(78.80)	(5.00)
Closing present value of defined benefit obligation	2018	234.90	1,055.27	73.45
	2017	253.62	985.46	66.95
	2016	277.09	901.35	61.74

**(iv) Reconciliation of Opening and Closing Balances of the Fair Value of plan assets**

		<b>Pension</b>	<b>Gratuity</b>
Opening fair value of plan assets	2018	233.18	961.77
	2017	276.19	898.81
	2016	271.30	843.20
Expected return on plan assets	2018	15.19	72.26
	2017	18.22	67.92
	2016	20.20	65.60
Actuarial gain/ (loss)	2018	3.99	(5.96)
	2017	(5.44)	3.03
	2016	18.80	18.80
Contributions by employer	2018	18.06	115.00
	2017	1.87	103.00
	2016	(6.30)	50.00
Benefits paid	2018	(71.57)	(111.69)
	2017	(57.66)	(110.99)
	2016	(27.80)	(78.80)
Closing fair value of plan assets	2018	198.85	1,031.38
	2017	233.18	961.77
	2016	276.20	898.80

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 35 Employee benefit plan (Cont'd)

#### (v) Major categories of plan assets as a percentage of Fair Value of the total plan assets

		Pension	Gratuity
Govt. of India Securities/Deposits	2018	40%	10%
	2017	67%	9%
	2016	67%	10%
PSU Bonds / State Securities	2018	0%	0%
	2017	22%	0%
	2016	19%	0%
Corporate bonds	2018	5%	10%
	2017	4%	11%
	2016	4%	12%
Insurance managed funds	2018	4%	77%
	2017	4%	78%
	2016	5%	77%
Bank balances	2018	51%	2%
	2017	3%	2%
	2016	5%	1%
Total	2018	100%	100%
	2017	100%	100%
	2016	100%	100%

#### (vi) Actual return on plan assets

	2018	2017	2016
Pension	15.81	12.78	39.00
Gratuity	66.30	70.95	84.40

#### (vii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	As at 31 December 2018		As at 31 December 2017		As at 01 January 2017	
	Discount rate	Salary increase	Discount rate	Salary increase	Discount rate	Salary increase
<u>Pension Fund</u>						
Decrease in Defined benefit obligation due to increase by 1%	(9.23)	-	(10.33)	-	30.64	-
Increase in Defined benefit obligation due to decrease by 1%	10.06	-	11.23	-	211.57	-
<u>Gratuity Obligation</u>						
Decrease in Defined benefit obligation due to increase by 1%	(80.44)	92.50	(77.57)	76.53	30.64	197.04
Increase in Defined benefit obligation due to decrease by 1%	92.00	(82.04)	88.98	(71.42)	211.57	37.49
<u>Retirement Benefit</u>						
Decrease in Defined benefit obligation due to increase by 1%	(5.25)	-	(5.05)	-	(4.47)	-
Increase in Defined benefit obligation due to decrease by 1%	5.93	-	5.72	-	5.05	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

**Employee benefit plan (Cont'd)**

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**35.3 Defined benefit plans- Provident Fund**

In terms of Guidance on implementing Ind AS 19 on Employee Benefits issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (ICAI), a provident fund set up by the Company is treated as a defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest.

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the Balance Sheet date. Further during the year, the Company's contribution of Rs. 187.78 Lakhs (2017 - Rs. 206.59 Lakhs) to the Provident Fund Trust has been expensed under the 'Contribution to Provident and Other Funds' in Note 28. Disclosures given hereunder are restricted to the information available as per the Actuary's Report.

	<b>Valuation as at</b>		
	<b>As at 31 December 2018</b>	<b>As at 31 December 2017</b>	<b>As at 01 January 2017</b>
Discount rate	<b>7.50%</b>	7.59%	6.93%
Expected yield on plan assets	<b>9.47%</b>	9.51%	9.50%
Guaranteed interest rate	<b>8.55%</b>	8.65%	8.65%

**36. Financial Instruments****(i) Capital management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance. The Company is not subject to any externally imposed capital requirements. The Company's Board of Directors reviews the capital structure of the Company on a periodic basis. As part of this review, the Board of directors considers the cost of capital and the risks associated with capital. The Company's gearing ratio at the end of the reporting period was as follows:

<b>Particulars</b>	<b>As at</b>		
	<b>31 December 2018</b>	<b>31 December 2017</b>	<b>01 January 2017</b>
(a) Debt- Borrowings	<b>5,070.64</b>	3,500.00	-
(b) Cash and cash equivalents	<b>(1,478.31)</b>	(3,402.21)	(2,156.52)
(c) Net debt	<b>3,592.33</b>	97.79	(2,156.52)
(d) Equity*	<b>27,988.12</b>	28,974.95	30,653.69
Net debt to equity ratio	<b>12.84%</b>	<b>0.34%</b>	<b>0.00%</b>

\* Equity includes all capital and reserves of the Company that are managed as capital.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 36. Financial Instruments (Contd.)

(ii) Category wise details as to carrying value, fair value and the level of fair value measurement hierarchy of the Company's financial instruments are as follows:

	Level	As at 31 December 2018	As at 31 December 2017	As at 01 January 2017
<b>Financial assets</b>				
<u>Measured at amortised cost</u>				
(a) Trade receivables		<b>24,497.89</b>	22,026.86	19,616.87
(b) Cash and cash equivalents		<b>1,478.31</b>	3,402.21	2,156.52
(c) Bank balances other than Cash and Cash equivalents		<b>1,664.37</b>	17.22	15.91
(d) Other financial assets		<b>4,720.65</b>	1,013.43	1,001.40
<u>Measured at fair value through profit and loss</u>				
(a) Other financial asset- Fair value of Derivative instrument	Level 2	<b>1.62</b>	-	-
<b>Financial liabilities</b>				
<u>Measured at amortised cost</u>				
(a) Borrowings		<b>5,070.64</b>	3,500.00	-
(b) Trade payables:		<b>19,218.73</b>	13,605.95	11,514.00
(c) Other financial liabilities		<b>1,233.53</b>	888.71	623.59
<u>Measured at fair value through profit and loss</u>				
(a) Other financial liability- Fair value of derivative instrument	Level 2	-	5.20	3.83

#### Method/ assumption used to estimate the fair value:

- The carrying value of trade receivables, Cash and Cash equivalents, bank deposits, trade payables, other current financial assets and other current financial liabilities measured at amortised cost approximate their fair value due to the short-term maturities of these instruments.
- The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.
- There were no transfers between Level 1, Level 2 and Level 3 of financial assets and liabilities.

#### (iii) Financial risk management objectives

The Company's management monitors and manages key financial risks relating to the operations of the Company by analysing exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of currency risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### (iv) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include foreign currency receivables, deposits and borrowings.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

**36. Financial Instruments (Contd.)**

The Company enters into a derivative financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk arising on the imports.

**(v) Foreign Currency risk management**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Company uses a foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Company generally enters into forward exchange contracts to cover specific foreign currency payments to reduce foreign exchange fluctuation risk.

The carrying amounts of the company's foreign currency denominated monetary assets (trade receivables) and monetary liabilities (trade payables) at the end of the reporting period are as follows:

Currency	Liabilities as at			Assets as at		
	31 December 2018	31 December 2017	01 January 2017	31 December 2018	31 December 2017	01 January 2017
USD	31.00	34.07	29.92	23.20	19.23	14.57
Equivalent amount in INR	2,163.91	2,177.81	2,033.39	1,619.25	1,229.58	989.88
EUR	3.53	0.81	5.08	1.08	1.05	0.69
Equivalent amount in INR	281.83	62.14	363.63	86.39	79.87	49.50
JPY	488.67	1,246.14	1,358.76	47.22	227.25	178.40
Equivalent amount in INR	309.03	706.82	791.07	29.86	128.90	103.87
CHF	-	-	0.34	-	-	0.35
Equivalent amount in INR	-	-	22.67	-	-	23.10
GBP	-	0.09	-	-	-	-
Equivalent amount in INR	-	7.50	-	-	-	-
AUD	0.13	1.10	0.09	-	-	-
Equivalent amount in INR	6.36	54.76	4.40	-	-	-
THB	0.18	-	-	-	-	-
Equivalent amount in INR	0.39	-	-	-	-	-
SGD	-	0.14	-	-	-	-
Equivalent amount in INR	-	6.84	-	-	-	-

Of the above foreign currency denominated monetary assets and monetary liabilities, foreign currency exposures which have been hedged are as below:

Currency	Liabilities as at			Assets as at		
	31 December 2018	31 December 2017	01 January 2017	31 December 2018	31 December 2017	01 January 2017
USD	6.60	11.00	6.00	-	-	-
Equivalent amount in INR	460.47	703.18	407.73	-	-	-
EUR	-	-	2.70	-	-	-
Equivalent amount in INR	-	-	193.37	-	-	-
JPY	87.00	150.00	400.00	-	-	-
Equivalent amount in INR	55.02	85.08	232.88	-	-	-

The Company has hedged it's trade payable for Import of raw material. Accordingly, the year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given:

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 36. Financial Instruments (Contd.)

Currency	Liabilities as at			Assets as at		
	31 December 2018	31 December 2017	01 January 2017	31 December 2018	31 December 2017	01 January 2017
USD	24.40	23.07	23.92	23.20	19.23	14.57
Equivalent amount in INR	1,703.44	1,474.64	1,625.66	1,619.25	1,229.58	989.88
EUR	3.53	0.81	2.38	1.08	1.05	0.69
Equivalent amount in INR	281.83	62.14	170.26	86.39	79.87	49.50
JPY	401.67	1,096.14	958.76	47.22	227.25	178.40
Equivalent amount in INR	254.01	621.73	558.19	29.86	128.90	103.87
CHF	-	-	0.34	-	-	0.35
Equivalent amount in INR	-	-	22.67	-	-	23.10
GBP		0.09			-	-
Equivalent amount in INR		7.50			-	-
AUD	0.13	1.10	0.09	-	-	-
Equivalent amount in INR	6.36	54.76	4.40	-	-	-
THB	0.18	-	-	-	-	-
Equivalent amount in INR	0.39	-	-	-	-	-
SGD	-	0.14	-	-	-	-
Equivalent amount in INR	-	6.84	-	-	-	-

#### (v) (a) Foreign Currency sensitivity analysis

The Company is mainly exposed to the fluctuation in the value of USD and JPY. The following table details the company sensitivity to a 10% increase and decrease in INR against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust there translation at the period end for a 10% change in foreign currency rate. A positive number below indicates an increase in profit or equity where the Rs. strengthens 10% against the relevant currency. For a 10% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity.

	As at 31 December 2018	As at 31 December 2017	As at 01 January 2017
<b>USD Impact</b>			
Impact on profit or loss for the year (Gain/Loss)	(8.42)	(24.51)	(63.58)
Impact on total equity as at the end of the reporting period	(8.42)	(24.51)	(63.58)
<b>JPY Impact</b>			
Impact on profit or loss for the year (Gain/Loss)	(22.41)	(49.28)	(45.43)
Impact on total equity as at the end of the reporting period	(22.41)	(49.28)	(45.43)

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 10%.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

**36. Financial Instruments (Contd.)****(vi) Interest rate risk management**

The Company is subject to variable interest rate on its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company's exposure to interest rates on financial liabilities are detailed in the liquidity risk management.

**(vi) (a) Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate borrowings, the analysis is prepared assuming the amount of the borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used for disclosing the sensitivity analysis.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's loss for the year ended December 31, 2018 would increase/decrease by Rs 19.34 Lakhs (for the year ended December 31, 2017: increase/decrease by Rs 12.95 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**(vii) Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

**Trade Receivable and other financial assets**

The company has adopted a policy of dealing with creditworthy counterparties and obtaining deposits, where appropriate, as a means of mitigating the risk of financial loss from defaults. Before accepting any new customer, the Company assess the potential customers credit quality and defines credit limit by customers. Limits attributed to customer are reviewed annually. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Concentration of credit risk to any counterparty did not exceed 10% of total monetary assets at any time during the year.

**Cash and Cash equivalents and bank deposits**

The Company maintains its cash and cash equivalents and bank deposits with reputed banks. The credit risk on these instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

**(viii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of financial liabilities based on contractual undiscounted payments.

Particulars	31 December 2018		31 December 2017		01 January 2017	
	Carrying amount	Due in 1st year	Carrying amount	Due in 1st year	Carrying amount	Due in 1st year
<b>Financial Liabilities</b>						
(a) Borrowings	5,070.64	5,070.64	3,500.00	3,500.00	-	-
(b) Trade payables	19,218.73	19,218.73	13,605.95	13,605.95	11,514.00	11,514.00
(c) Other financial liabilities	1,233.53	1,233.53	888.71	888.71	623.59	623.59



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All amounts in Rupees in Lakhs, unless otherwise stated

### 37 Operating Lease arrangements

- (a) The Company's significant leasing arrangements are in respect of operating leases for premises (like residential property, office premises, godowns, etc). These leasing arrangements, which are cancellable, range between 1 year to 6 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals in this regard amounting to Rs. 509.20 Lakhs (2017 - Rs. 433.41 Lakhs) are charged as rent under Note 31.
- (b) The Company acquired certain assets under Operating lease, which are non-cancellable for a period of 4 years with an option to renew the same for a further period at a minimum rent. Details of Lease payments outstanding as at 31st December 2018 are given below:

#### Non-cancellable operating lease commitments

	Year ended 31 December 2018	Year ended 31 December 2017
Not later than one year	80.96	82.60
Later than one year and not later than five years	146.36	225.60
Lease Payment recognised in the Statement of Profit and Loss (Note 31)	74.76	36.40

### 38 Amount remitted during the year in Foreign Currency on account of Dividend

	Year ended 31 December 2018	Year ended 31 December 2017
Amount Remitted - (INR)	-	263.44
<i>USD Value Nil Lakhs (2017- 4.00 Lakhs)</i>		
Year to which such dividend relates	-	2016
Number of Non-Resident Shareholders	-	One
Number of shares held by Non-Resident Shareholder(s) on which the dividends were due	-	6,586,077

### 39 Expenditure on research and development

	Year ended 31 December 2018	Year ended 31 December 2017
Revenue Expenditure includes on account of research and development	559.40	285.80
Capital Expenditure includes on account of Research and Development	75.10	196.60
	<b>634.50</b>	<b>482.40</b>

### 40 Related Parties Disclosures

#### i) Related Parties :

##### Names of Related Parties

##### Relationship

##### (A) Where control exists

DIC Corporation, Japan

Ultimate Holding Company

DIC Asia Pacific Pte Ltd., Singapore

Holding Company

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

**40 Related Parties Disclosures (Contd.)****i) Related Parties (Cont'd) :****(B) Others with whom transactions have taken place during the year**

<b>Names of Related Parties</b>	<b>Relationship</b>
Benda-Lutz Werke GmbH	Fellow Subsidiary
DIC (Malaysia) Sdn. Bhd.	Fellow Subsidiary
DIC (Shanghai) Co., Ltd.	Fellow Subsidiary
DIC Alkylphenol Singapore Pte., Ltd.	Fellow Subsidiary
DIC Australia Pty Ltd	Fellow Subsidiary
DIC Compounds (Malaysia) Sdn. Bhd.	Fellow Subsidiary
DIC Europe GmbH	Fellow Subsidiary
DIC Fine Chemicals Private Limited	Fellow Subsidiary
DIC Graphics (Guangzhou) Ltd.	Fellow Subsidiary
DIC Graphics Corporation	Fellow Subsidiary
DIC Graphics (Thailand) Co. Ltd.	Fellow Subsidiary
DIC Performance Resins GmbH	Fellow Subsidiary
DIC Lanka (Private) Ltd.	Fellow Subsidiary
DIC (Vietnam) Co. Ltd.	Fellow Subsidiary
DIC Pakistan Ltd.	Fellow Subsidiary
DIC New Zealand Ltd.	Fellow Subsidiary
Hartmann Druckfarben GmbH	Fellow Subsidiary
Nantong DIC Color Co., Ltd.	Fellow Subsidiary
PT. DIC Graphics	Fellow Subsidiary
Siam Chemical Industry Co., Ltd.	Fellow Subsidiary
Sun Chemical AG	Fellow Subsidiary
Sun Chemical B.V.	Fellow Subsidiary
Sun Chemical Canada	Fellow Subsidiary
Sun Chemical Group S.p.A.	Fellow Subsidiary
Sun Chemical N.V./S.A.	Fellow Subsidiary
Sun Chemical ZAO	Fellow Subsidiary
Sun Chemical (South Africa) (Pty.) Ltd.	Fellow Subsidiary
Sun Chemical S.A.U	Fellow Subsidiary
Sun Chemical Limited	Fellow Subsidiary
Sun Chemical de Guatemala, S.A	Fellow Subsidiary
Sun Chemical Peru S.A.	Fellow Subsidiary
Sun Chemical Turkey	Fellow Subsidiary
Sun Chemical Trading (Shanghai) Co.	Fellow Subsidiary
Sun Chemical Group GmbH	Fellow Subsidiary
Sun Chemical Inks S.A.	Fellow Subsidiary
Sun Chemical Colombia S.A.S.	Fellow Subsidiary
Sun Chemical S.A.S	Fellow Subsidiary
Sun Chemical Corporation	Fellow Subsidiary
Sun Chemical (Chile) S.A.	Fellow Subsidiary
Sun Chemical Sp (z.o.o)	Fellow Subsidiary
DIC (Taiwan) Ltd.	Fellow Subsidiary
Sun Chemical matbaa Murekkepleri Ve Gerecleri Sanayii Ve Ticaret A.S.	Fellow Subsidiary
Sun Chemical S.A.	Fellow Subsidiary
Tintas S.A.S.	Fellow Subsidiary
Mr. Shailendra Hari Singh (up to 10th December, 2018)	Key Management Personnel
Mr. Manish Bhatia (From 11th December, 2018)	Key Management Personnel

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 40 Related Parties Disclosures (Contd.)

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

	Year ended 31 December 2018	Year ended 31 December 2017
<b>A. Transactions during the year</b>		
<b>(i) Revenue from sale of goods</b>		
<i>Ultimate Holding Company</i>	-	1.47
<i>Fellow Subsidiary</i>		
DIC Pakistan Ltd	939.57	-
DIC Australia Pty Ltd	1,597.11	1,593.60
Others	1,015.37	189.38
<b>(ii) Commission Income</b>		
<i>Ultimate Holding Company</i>	129.23	85.56
<i>Fellow Subsidiary</i>		
Others	6.17	-
<b>(iii) Management Fee Income</b>		
<i>Ultimate Holding Company</i>	126.77	100.14
<i>Holding Company</i>	14.06	6.90
<b>(iv) Purchases of Goods</b>		
<i>Ultimate Holding Company</i>	2,215.15	1,912.90
<i>Holding Company</i>	2,602.10	1,886.69
<i>Fellow Subsidiary</i>		
DIC Fine Chemicals Private Limited	1,593.51	1,232.84
Others	3,350.08	2,569.42
<b>(v) Travel/ miscellaneous expenses incurred</b>		
<i>Ultimate Holding Company</i>	83.35	78.58
<i>Holding Company</i>	405.32	362.58
<i>Fellow Subsidiary</i>		
DIC Fine Chemicals Private Limited	95.66	-
Others	9.19	19.83
<b>(vi) Royalty Expense</b>		
<i>Ultimate Holding Company</i>	1,013.64	941.97
<b>(vii) Dividend Paid</b>		
<i>Holding Company</i>	-	263.40
<b>(viii) Remuneration of expenses</b>		
<i>Key Management Personnel</i>		
Short Term Benefits	109.06	90.48
Post-Employment Benefits	0.10	2.71
Termination Benefits	24.01	-
Other long term employee benefits	7.99	3.81
<b>(ix) Reimbursement of expenses</b>		
<i>Ultimate Holding Company</i>	538.64	443.86
<i>Holding Company</i>	387.08	326.36
<i>Fellow Subsidiary</i>		
DIC Fine Chemicals Private Limited	32.93	23.94
Others	6.89	19.30
<b>(x) Purchase of merchandise exports from India Scheme (MEIS) license</b>		
<i>Fellow Subsidiary</i>		
DIC Fine Chemicals Private Limited	96.10	126.78

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

All amounts in Rupees in Lakhs, unless otherwise stated

**40 Related Parties Disclosures (Contd.)****(ii) Disclosure of transactions with related parties during the year and outstanding balances**

	<b>Year ended 31 December 2018</b>	<b>Year ended 31 December 2017</b>
<b>B Outstanding as at year end:</b>		
<b>(i) Trade payable</b>		
<i>Ultimate Holding Company</i>	<b>1,465.51</b>	931.56
<i>Holding Company</i>	<b>992.86</b>	680.28
<i>Fellow Subsidiary</i>		
DIC Fine Chemicals Private Limited	<b>1,669.58</b>	694.01
Others	<b>613.52</b>	488.11
<b>(ii) Employee related liabilities</b>		
<i>Key Management Personnel</i>		
Post-employment benefits	<b>0.10</b>	4.50
Short term benefits	<b>0.47</b>	6.34
Leave travel allowance	-	1.42
<b>(iii) Trade receivable</b>		
<i>Fellow Subsidiary</i>		
DIC Australia Pty Ltd	<b>354.29</b>	543.68
Sun Chemical de Guatemala, S.A	<b>152.34</b>	-
Sun Chemical Inks S.A.	<b>90.91</b>	-
Others	<b>273.43</b>	24.99
<b>(iv) Other current financial assets</b>		
<i>Ultimate Holding Company</i>	<b>368.21</b>	312.01
<i>Holding Company</i>	<b>277.66</b>	133.99
<i>Fellow Subsidiary</i>		
Others	<b>26.09</b>	1.50

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in Rupees in Lakhs, unless otherwise stated

### 41 Segment Information

Information reported to the Chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on two segments i) Printing Inks and ii) Adhesives. The segment wise revenue, assets and liabilities, in accordance with the Indian Accounting Standard on Segment Reporting (AS-108) is as under:

	Printing Inks		Adhesives		Total	
	2018	2017	2018	2017	2018	2017
<b>REVENUE</b>						
External sales	75,885.74	71,986.51	7,910.23	5,795.75	83,795.97	77,782.26
<b>Total revenue</b>	<b>75,885.74</b>	<b>71,986.51</b>	<b>7,910.23</b>	<b>5,795.75</b>	<b>83,795.97</b>	<b>77,782.26</b>
<b>RESULTS</b>						
Segment results*	(67.68)	1,375.71	46.46	(1,604.51)	(21.22)	(228.80)
Unallocable expenses*					(1,106.65)	(1,188.70)
Unallocable income					1,121.92	127.55
Interest expenses (including other borrowing cost)					(583.03)	(289.72)
Tax (expense) / credit					(343.37)	400.48
<b>Profit / (loss) for the year</b>	<b>(67.68)</b>	<b>1,375.71</b>	<b>46.46</b>	<b>(1,604.51)</b>	<b>(932.35)</b>	<b>(1,179.19)</b>
<b>OTHER INFORMATION</b>						
Segment assets	41,281.04	37,549.62	3,803.50	3,454.88	45,084.54	41,004.50
Unallocable assets					15,124.14	8,178.28
<b>Total assets</b>	<b>41,281.04</b>	<b>37,549.62</b>	<b>3,803.50</b>	<b>3,454.88</b>	<b>60,208.68</b>	<b>49,182.78</b>
Segment liabilities	17,526.00	12,232.60	1,130.71	871.82	18,656.71	13,104.42
Unallocable liabilities					13,563.85	7,103.41
<b>Total liabilities</b>	<b>17,526.00</b>	<b>12,232.60</b>	<b>1,130.71</b>	<b>871.82</b>	<b>32,220.56</b>	<b>20,207.83</b>
Depreciation and amortisation	1,245.67	1,366.15	2.04	85.58	1,247.71	1,451.73
Unallocable depreciation					82.25	107.47
<b>Total depreciation</b>	<b>1,245.67</b>	<b>1,366.15</b>	<b>2.04</b>	<b>85.58</b>	<b>1,329.96</b>	<b>1,559.20</b>
<b>Impairment loss</b>				<b>1,205.92</b>		<b>1,205.92</b>
<b>Capital expenditure including CWIP</b>	<b>1,277.64</b>	<b>1,474.80</b>	<b>71.84</b>	<b>175.90</b>	<b>1,349.48</b>	<b>1,650.70</b>
<b>Non-cash expenditure other than depreciation and amortisation &amp; impairment</b>	<b>224.50</b>	<b>225.59</b>	<b>0.46</b>	<b>0.10</b>	<b>224.96</b>	<b>225.69</b>

\* Including exceptional item

#### Notes :

- The Company has considered business segment as the primary segment for disclosure on the basis that the risks and returns of the Company is primarily determined by the nature of products. The reporting segments are Printing Inks (including allied products) and Adhesives.
- The Segment wise revenue, results, assets and liabilities relate to the respective amounts identifiable to each of the segments. Unallocable income/ expenses refer to income/ expenses which relate to the Company as a whole and are not allocable to segments on a reasonable basis. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.
- The Company operates predominantly within the geographical limits of India and accordingly this segments have not been considered.
- Administrative and corporate expenses, interest expense, unallocated other income and provision for tax have not been allocated to reportable segments. Consequently, segment wise net profit has not been disclosed.



## MEMBERS UPDATION FORM

Date :

CB Management Services (P) Ltd.

Unit : DIC India Ltd.

P-22, Bondel Road, Kolkata 700 019

Dear Sirs,

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

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

\_\_\_\_\_  
**(Signature of 1st Holder)**

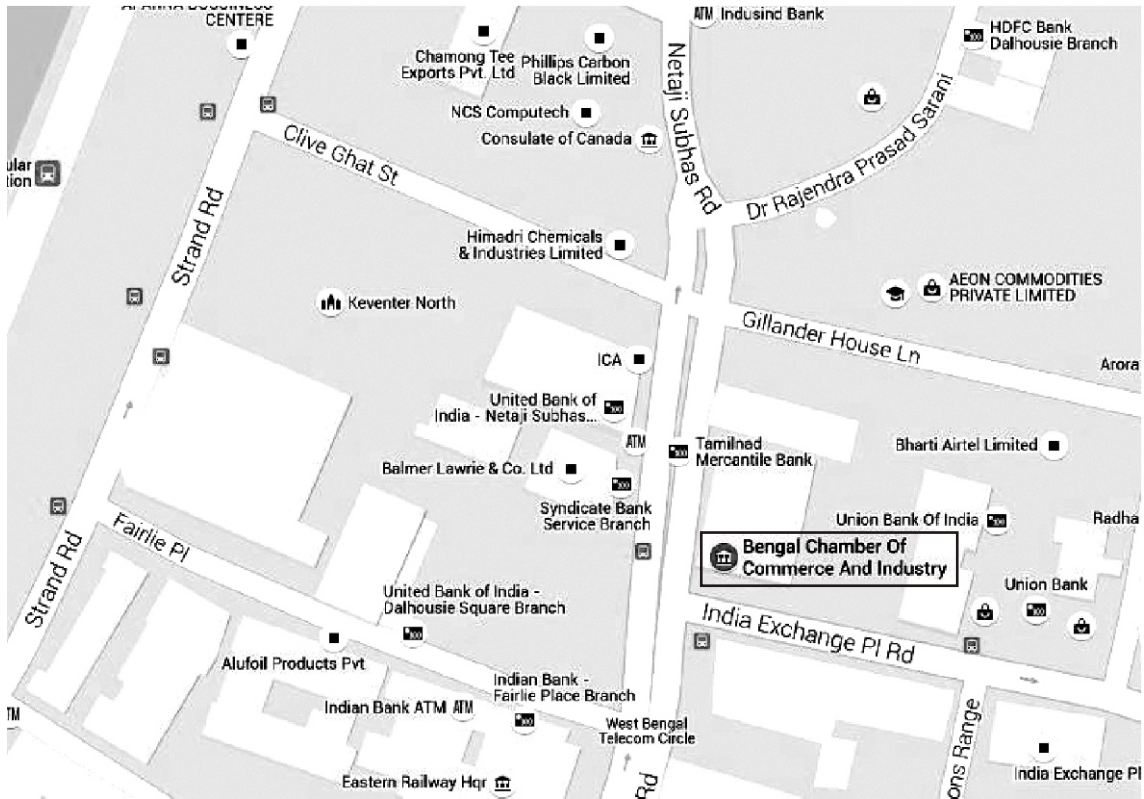
\_\_\_\_\_  
**(Signature of 2nd Holder)**

\_\_\_\_\_  
**(Signature of 3rd Holder)**

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

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

# AGM Venue Map







DIC INDIA LIMITED

### Proxy form

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

CIN: L24223WB1947PLC015202

Name of the company : DIC India Limited

Registered office : Transport Depot Road, Kolkata – 700088

Name of the member (s) : \_\_\_\_\_

Registered address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_

Folio No/ Client Id/ DP ID : \_\_\_\_\_

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

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

or failing him,

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

or failing him

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 71<sup>st</sup> Annual General Meeting of the Company, to be held on March 20, 2019 at 11.00 a.m. in the premises of The Bengal Chamber of Commerce & Industry, Royal Exchange, No. 6, Netaji Subhas Road, Kolkata - 700001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl.No.	Resolutions	Vote (See Note 4) (Please mention no. of shares)		
		For	Against	Abstain
1.	To consider and adopt the Financial Statements of the Company for the financial year ended December 31, 2018, and the Reports of the Board of Directors and the Auditors thereon			
2.	To appoint a Director in place of Mr. Ho Yeu Guan (DIN: 08066136), who retires by rotation and being eligible, seeks re-appointment			
3.	Appointment of Mr. Manish Bhatia (DIN: 08310936) as Director of the Company			
4.	To Appoint Mr. Manish Bhatia (DIN 08310936) as Managing Director and Chief Executive Officer of the Company			
5.	Remuneration of Cost Auditor			

Signed this ..... day of ..... 2019



Signature of shareholder : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

**Note:**

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
4. This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For', 'Against' or Abstain column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.

# DIC INDIA LIMITED

CIN - L24223WB1947PLC015202

## Registered Office

Transport Depot Road, Kolkata - 700 088

Phone: +91 33 2449 6591-95, 2449 3984-85; Fax: +91 33 2449 7033 / 2448 9039

Email: investors@dic.co.in; Website: www.dicindia ltd.co

## FACTORIES

### KOLKATA

Transport Depot Road

Kolkata - 700 088

Phone: +91 33 2449 6591-95, 2449 3984-85;

Fax: +91 33 2449 7033 / 2448 9039

### NOIDA

C-55A & B, Phase II

Dist. Gautam Buddh Nagar

Noida - 201 305, Uttar Pradesh

Phone: +91 120 486 8500

Fax: +91 120 486 8545

### AHMEDABAD

Plot No. 633 & 634

G.I.D.C. Industrial Estate, Phase IV, Vatva

Mehmedabad Highway

Ahmedabad - 382 445, Gujarat

Phone: +91 79 2589 0861 / 865 / 2583 2202

Fax: +91 79 2583 5706

### BENGALURU

66A, Bommasandra Industrial Area

Hosur Road, Anekal Taluk

Bengaluru - 560 099, Karnataka

Phone: +91 80 2783 1874 / 4865 5415

Fax: +91 80 4155 8548

## SALES DEPOTS & OFFICES

### MUMBAI

Unit No. B2-408, 4th Floor, Wing "B2",

"BOOMERANG",

Near Chandivali Studio, Chandivali Farm Road,

Andheri (E), Mumbai - 400 072

Phone: +91 22 2847 4655 / 56

### HYDERABAD

Plot No. B-7, IDA, Uppal,

Hyderabad- 500 039, Telangana

Phone: +91 40 2720 6821 / 6281

### KANPUR

301, Urbashi Apartment, 3rd Floor

Plot No.7/29, Tilak Nagar

Kanpur - 208 002, Uttar Pradesh

Phone: +91 522 2557 7001

### GREATER NOIDA

D 35-36, UPSIDC,

Surajpur Industrial Area

Greater Noida- 201 306, Uttar Pradesh

Phone: +91 95997 70950

### CHENNAI

Plot No. 4, 2nd Floor (Above Dominoz)

Phase - 1 Nolambur Mogappair West

Chennai - 600 037, Tamil Nadu

Phone: +91 44 4853 0416

### CHENNAI

Eastern Side Shed (Godown-1),

198/2, Nageshwar Rao 2nd Road,

Athipet, Ambattur

Chennai- 600 058, Tamil Nadu

Phone: +91 44 2688 0096

## **DIC INDIA LIMITED**

**CIN - L24223WB1947PLC015202**

### **Registered Office :**

Transport Depot Road, Kolkata - 700 088 (West Bengal)

Phone: +91 33 2449 6591-95, 2449 3984-85

Fax: +91 33 2449 7033 / 2448 9039

Email: [investors@dic.co.in](mailto:investors@dic.co.in)

Website: [www.dicindiaLtd.co](http://www.dicindiaLtd.co)

### **Corporate Office :**

C55 A&B, Phase - II, Noida - 201 305

Gautambudh Nagar (Uttar Pradesh)

Phone: +91 120 4868500

Fax: +91 120 4868545

Email: [noida@dic.co.in](mailto:noida@dic.co.in)

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