



DAI-ICHI

**50th ANNUAL REPORT
2009-2010**

DAI-ICHI KARKARIA LIMITED

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Board of Directors:

Mr. D. M. Neterwala	<i>Chairman</i>
Mrs. S. F. Vakil	<i>Vice-Chairperson & Managing Director</i>
Mr. J. H. C. Jehangir	
Mr. A. H. Jehangir	
Mr. K. D. Patel	
Dr. A. M. Naik	
Dr. K. R. Bharucha	
Mr. J. S. Bilimoria	
Mrs. Kavita Thadeshwar	<i>Company Secretary</i>

Bankers:

Bank of India
The Saraswat Co-operative Bank Ltd.

Auditors:

Deloitte Haskins & Sells.
Chartered Accountants, Mumbai

Solicitors:

Bharucha & Partners

Registered Office:

Liberty Building,
Sir Vithaldas Thackersey Marg,
Mumbai - 400 020.

Works:

- 105th Milestone, Mumbai-Pune Marg,
P.O. Kasarwadi, Pune 411 034.
- Kurkumbh Industrial Area, Plot No. D-13,
Village Kurkumbh, Tal. Daund, Dist. Pune.

Registrars and Transfer Agents:

Sharex Dynamic (India) Private Ltd.
Unit 1, Luthra Industrial Premises,
Andheri-Kurla Road, Safed Pool,
Andheri (E), Mumbai - 400 072
Tel: 2851 5606/2851 5644



NOTICE

NOTICE is hereby given that the Fiftieth Annual General Meeting of the Members of **DAI-ICHI KARKARIA LIMITED** will be held on Tuesday, the 31st day of August 2010 at 11.30 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai - 400 023 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2010 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To declare a dividend for the year ended 31st March 2010.
3. To appoint a Director in place of Dr. K. R. Bharucha, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. D. Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants (Registration No. 117366W), as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration as agreed upon by the Board of Directors and the Auditors.

Special Business

6. Re-appointment of Mrs. S. F. Vakil as Vice Chairperson and Managing Director:

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act or any statutory modification or re-enactment(s) thereof and subject to such permissions, consents and approvals from various authorities as may be required and subject to such conditions, if any, that may be imposed by any authority while granting their permissions, consents and approvals and which the Board of Directors is hereby authorised to accept, the Company hereby accords its consent and approval to the re-appointment of Mrs. S. F. Vakil as the Vice Chairperson and Managing Director of the Company for a period of 3 (three) years with effect from 1st June 2010, on the terms and conditions set out below in the explanatory statement annexed hereto which shall be deemed to form part hereof."

By Order of the Board
For Dai-ichi Karkaria Ltd.

Kavita Thadeshwar
Company Secretary

Registered Office:

Liberty Building,
Sir Vithaldas Thackersey Marg,
Mumbai - 400 020.

Place : Mumbai

Date : 10th May, 2010

NOTES:

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (2) An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the Annual General Meeting is annexed.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from 24th August 2010 to 31st August 2010 (both days inclusive) in connection with the Annual General Meeting.
- (4) Subject to provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Directors if declared at the meeting, will be payable to those Members whose names appear on the Register of Members as on 31st August 2010. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. and Central Depository Services (I) Ltd. for this purpose as on 23rd August 2010.
- (5) RBI vide it's Circular No. DPSS. (CO). EPPD. No. 191.04.01.01/2009-2010 dated July 29, 2009 has instructed banks to move to the NECS platform with effect from October 1, 2009. Consequently you are requested to provide your new account number allocated to you after implementation of Core Banking System by your Bank, failing which ECS credit to your old account may either be rejected or returned.

Please provide to the Share Registrars and Transfer Agents new Bank Account particulars alongwith a copy of the cheque duly cancelled by quoting your reference folio number in case of shares held by you in physical form. In case the shares are held in Dematerialised form, you may kindly provide the same to your depository participant, so that your future dividend payments can correctly be credited to your new account.
- (6) Pursuant to the provisions of sub-section (5) of Section 205A of the Companies Act, 1956, dividend for the financial year ended 31st March 2003 and thereafter which remains unclaimed for a period of seven years will be transferred to Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The Shareholders who have not claimed or encashed their dividend warrants for the financial year 2003 and subsequent years are therefore requested to approach the Company in writing with their folio numbers to facilitate payment.
- (7) Members whose shareholding is in physical mode are requested to immediately notify any change in their addresses to M/s. Sharex Dynamic (India) Pvt. Ltd. at Unit-1, Luthra Ind. Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 001 and members whose shareholding is in electronic mode are requested to direct change of their address notification and updations of saving bank accounts details to their respective Depository Participants.
- (8) The Shareholders desiring any information as regards Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
- (9) Members/proxies are requested to bring duly filled Attendance slips and their copies of annual report along with them as copies of the Report will not be distributed at the meeting.
- (10) In terms of Clause 49 of the listing agreement, the information relating to directors retiring by rotation and seeking re-appointment is as under:



Dr. K. R. Bharucha:

Brief resume and nature of expertise:

Dr. K. R. Bharucha is a Director of the Company since 1994. He is 82 years of age. Dr. K. R. Bharucha is Ph.D. in organic chemistry from Imperial College of Science and Technology, England. Dr. K. R. Bharucha has published several articles in technical journals and has nearly 24 patents to his credit.

Dr. Bharucha is not holding any directorship of other Company. He does not hold any equity share of the Company.

Mr. K. D. Patel

Mr. Kavas Patel, age 63 years, is a Director of the Company since 2001. Mr. Patel is a Bachelor of Commerce from the University of Bombay and in 1972 became a Member of the Institute of Chartered Accountants in England and Wales.

His professional career started with Turquands Barton Mayhew a U.K. firm of Chartered Accountants in their Milan, Italy office.

He joined Polaroid Italia Spa. in 1974 followed by various international assignments for Polaroid over a 21 year career including Director of Finance for the Asia Pacific Region based in Tokyo and Country Director for India.

Mr. Patel is resident in Pune and is a Trustee of the Dastur Schools Trust, Pune. He is on the Board of Directors of the following companies:

Sr. No.	Name of the Company	Designation
1.	Phil Corporation Limited	Vice Chairman
2.	Tasty Bite Eatables Ltd.	Director
3.	INARCO Limited	Director
4.	Indian Oxides & Chemicals Limited	Director
5.	Uni Klinger Limited	Director
6.	ARI Consolidated Investments Limited	Director
7.	Zinnia Properties Pvt. Limited	Director
8.	Basic Oil Treating (India) Ltd.	Director

He is a member of the following Board Committees:

Sr. No.	Name of the Company	Committee	Designation
1.	Phil Corporation Limited	Audit Committee Shareholders Grievance Committee	Chairman Member
2.	Uni Klinger Limited	Audit Committee	Chairman

None of the other Directors are concerned/interested in the above resolutions. The Directors recommend the Resolutions for members' approval.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 REGARDING SPECIAL BUSINESS****Item No. 6:**

Subject to the approval of the shareholders and such other approvals as may be required, the Board of Directors at its meeting held on 10th May, 2010 have re-appointed Mrs. S. F. Vakil as Vice Chairperson and Managing Director of the Company for a tenure of three years w.e.f. 1st June, 2010 on the terms and conditions recommended by the Remuneration Committee of the Board at its meeting held on 10th May, 2010.

As required under clause (iv) of provision to paragraph 1(B) of Section II of Part II of the Schedule XIII to the Companies Act, 1956, the relevant details to be sent alongwith the notice convening the general meeting are as under:

(I) General Information:

1. Nature of Industry: Specialty Chemical Industry.
2. Date of commencement of commercial production: In the year 1963.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable
4. Financial performance based on given indicators:

Particulars for Financial year ended 31st March, 2010	Rs. in lacs
Gross Sales and other income	5,552.43
Operating Profit (before exceptional items, Interest, Depreciation and Tax)	669.22
Profit before Tax	556.83

5. Export Performance and net foreign collaborations:
The exports for the year ended 31st March, 2010 was Rs. 292.48 lacs. The Company does not have any foreign collaborations.
6. Foreign Investment or Collaborators, if any : In the oil field sector, the Company has tied up with a major U.S. based Company and will shortly form a Joint Venture, through its subsidiary.

(II) Information about the appointee:

- 1. Background Details:** Mrs. S. F. Vakil is the Vice Chairperson and Managing Director of the Company and Member of Share Transfer Committee of the Company.

Mrs. S. F. Vakil holds an M.B.A. degree from U.S.A. and has over 30 years of experience in business.

Mrs. S. F. Vakil has played a vital role in the success of the Company. In fact under her able and dynamic leadership the Company initiated and successfully accomplished the all round measures of cost cutting and restructuring of the business of the Company. Mrs. S. F. Vakil is shouldering the responsibilities of the Management and in house research and development. She also supervises marketing, finance and general administration.



2. Past remuneration: At Annual General Meeting held on 5th September, 2007, Mrs. S. F. Vakil was appointed as Managing Director, for a period of 3 years on the following terms and conditions:

(a) Salary: Rs. 1,60,000/- per month.

(b) Perquisites & Allowances: In addition to the above, perquisites and allowances which will be restricted to 65% of the Annual salary except those specifically excluded as per Schedule XIII of the Companies Act, 1956.

(c) Commission: In addition to the above, in the event of adequate profits the Managing Director will also be entitled to remuneration by way of commission calculated @ 1% of the net profits of the Company, subject to the overall ceiling stipulated in Section 198 and 309 of the Companies Act, 1956.

The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors of the Company or any Committees thereof.

3. Job profile and her suitability: Mrs. S. F. Vakil as Vice Chairperson and Managing Director of the Company is vested with substantial powers of management under the superintendence, control and direction of the Board of Directors. She is also involved in policy planning, vision and strategy and long term development activities of the Company, besides Corporate Governance and Board co-ordination.

4. Remuneration proposed: The Board of Directors of the Company at its meeting held on 10th May, 2010 approved the terms of remuneration for the tenure of three years w.e.f. 1st June, 2010 as under:

(a) Salary:

Rs. 2,00,000/- per month with annual increments of 15% effective from 1st June each year.

(b) Perquisites & Allowances:

In addition to the salary, Mrs. Vakil shall also be entitled to perquisites and allowances like Free of cost furnished accommodation or house rent allowance in lieu thereof, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, servants' salary, children's education benefit; Medical reimbursement, accident insurance, leave travel assistance, club fees and such benefits, and other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and the Managing Director. Such perquisites and allowances will be subject to a maximum of 75% of the Annual salary.

Provision for use of the Company's car together with reimbursement of chauffeur's salary for official duties and telephone at residence, cellular phones (including payment of local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Company's contribution to Provident Fund and Superannuation fund or Annuity to the extent these either singly or together are not taxable under the Income-tax Act, Gratuity payable as per the rules of the Company and to the extent not taxable under the Income-tax Act and encashment of leave at the end of her tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(c) Performance Linked Incentive: In addition an amount of Rs. 6 lacs p.a. will be payable subject to achievement of performance targets fixed by the Board.

Minimum Remuneration:

If in any financial year, the Company has no profits or its profits are inadequate, then in such an event, the remuneration by way of fixed pay, variable pay (performance linked incentives), perquisites, allowances and other benefits as specified above will be paid as minimum salary.

The Terms and conditions of her appointment may be varied, altered, increase, enhanced or widened from time to time by the Board of Directors, as they may, in its discretion, deem fit within the maximum amount payable in accordance with provisions of the Companies Act, 1956 or any amendments thereto.

Mrs. Vakil shall not be paid any sitting fees for attending the meeting of the Board of Directors of the Company or any Committee/s thereof.

5. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: The executive remuneration in the industry is on the rise. Appreciating this, the Central Government has also from time to time raised the ceiling specified in Schedule XIII dealing with managerial remuneration. The approval is granted by the Board of Directors, for the proposed remuneration after perusing the remuneration of managerial persons in the Speciality Chemical Industry and other companies comparable with the size of the Company, industry benchmarks in general, profile and responsibilities of Mrs. S. F. Vakil.

6. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: Besides the remuneration proposed, Mrs. S. F. Vakil does not have any pecuniary relationship with the Company. Mrs. S. F. Vakil is the relative of Mr. D. M. Neterwala, Chairman of the Company.

III. Other Information:

1. Reasons of inadequate profits: Intense competition from the unorganized sector in the domestic industry along with cheap imports from China and other low cost countries affected the margins of the Company. Progressively reduced import tariffs resulted in intense competitive activity. In addition, the business faced challenges on the cost front due to higher crude oil and raw material prices. Extreme volatile Crude prices influenced the prices of basic raw materials.

2. Steps taken or proposed to be taken for improvement:

The Company has taken the following steps for the improvement in performance:

- (a) Better Capacity Utilisation.
- (b) Reducing variable cost, whilst maintaining quality standards.
- (c) Development of new process intensive technologies that subvert the need for large scale production.
- (d) Focusing and Targeting on business areas where the Company can use its technical and technological expertise to advance higher value added business.
- (e) Constant up-gradation of product and focus on upstream intermediates.

3. Expected increase in productivity and profits in measurable terms:

Better capacity utilization and effective cost cutting has resulted in improvement in earnings this year. In addition, the Company expects to be able to pass on higher raw material costs more fully than in the past, due to a vibrant market, and the newer product portfolio. EBIT increased due to reduction



in costs and efficient raw material management. The Company successfully achieved significant cost savings through improved fiscal management and inventory control, process improvements, fuel cost reductions and operational efficiencies.

The Company's policy to constantly innovate its products, and create long term value for itself and its customers, has resulted in a reasonable increase in turnover from newly developed products. New products specifically in the Textile, Paint & Oil Field Chemical segments, will contribute significantly to the volume of business and has good potential for the future.

An abstract under section 302 of the Companies Act, 1956, in respect of this item has already been circulated separately to all the shareholders within the prescribed time.

The Resolution is recommended to the shareholders for passing as a Special Resolution.

Mrs. S. F. Vakil (Vice Chairperson and Managing Director) and Mr. D. M. Neterwala (Director) being the relative of Mrs. S. F. Vakil are concerned and interested in the above matter. None of the other directors are concerned or interested in the aforesaid resolution.

By Order of the Board
For Dai-ichi Karkaria Ltd.

Kavita Thadeshwar
Company Secretary

Registered Office:

Liberty Building,
Sir Vithaldas Thackersey Marg,
Mumbai - 400 020.

Date: 10th May, 2010

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fiftieth Annual Report together with the audited accounts for the year ended March 31, 2010.

1. FINANCIAL RESULTS:

Operational Performance

	2010	2009
	(Rs. in millions)	(Rs. in millions)
Gross Sales	542.17	572.60
Less: Excise duty	37.34	58.49
Net Sales	504.83	514.11
PBDIT	66.92	*97.81
EPS (Rs.)	5.30	11.36
Book Value of Shares (Rs.)	77.11	73.28

* included exceptional items.

2. DIVIDEND:

The Directors have recommended a dividend of Rs. 2/- per equity share, having face value of Rs. 10/- each, for the year ended 31st March 2010. The dividend payout will aggregate to Rs. 149.02 lacs and the tax on distributable profits payable by the Company would amount to Rs. 24.75 lacs.

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

INDUSTRY STRUCTURE & DEVELOPMENT: OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

India continues to be the second largest growing economy in the world.

The Indian Chemical Sector is a significant contributor to the Economy at \$50 billion. Today the Industry is the third largest in Asia.

The Indian Specialty Chemical market accounts for 33% of this value and is growing at twice the global industry rate. A strong domestic demand and increased outsourcing, has lead to the development of value added products that perform in various applications under different Industry Verticals.

The year 2009 began on an optimistic note for the country, peppered with some uncertainty, and caution carried over from the downturn of the quarter before. Though Quarter I of the fiscal year started on a cautious note, Quarter II showed fairly robust growth of 9% in the economy.

The recent rise in inflation rates driven, primarily by fuel prices, could spread to the manufacturing sector and will continue to be high in 2010-11 as per the analysts. This would to some extent have its impact on growth projections for the coming year for the Economy.

Exports, which are inevitably determined by the global trade environment, showed improvement in the year, but will also be strongly linked to the Exchange rate behaviour. The rupee is likely to appreciate further during 2010-11, and will have some impact on export competitiveness.

The Indian Chemical Industry faces tough challenges as it tries to grow globally. International treaties and non-tariff barriers could impede its progress in global markets.

In addition, the number of taxes and levies internally across States makes the Indian chemical companies less competitive against imports.

SECTOR-WISE PERFORMANCE:

Specialty Chemicals: This is one Reportable Business segment consisting of Performance chemicals used in the Paint, Textile, Metal Cleaning, Oil Field Chemicals & related Industries, using Surfactants & Polymers.



The Company is well positioned to continue to service the growing Specialty Chemical Industry (which is anticipated to grow at 13-15%). With its close interaction with customers, the Company continues to develop and supply solutions to the customers' application needs. Each year the Company's performance based Portfolio of Products is growing with continued focus on the Paint, Textile & Oil Field Chemicals & Refinery Sectors. Whilst some effects of the global economic scene still persist, the coming year promises to show an upward trend with sustainable growth.

The Overall growth in tonnage for 2009-10 was 12%. Despite some challenges, the Company registered positive growth of over 15% and close to 20% in the Paint & Textile Sectors respectively. However, the impact of deficient monsoons was also reflected in the Company's performance in certain sectoral products like Pesticide Emulsifiers and Polyacrylamides.

The Company has improved its market presence in Textile chemicals and hopes to capture larger market share with major approvals from new customers. The Company's growth in this area is expected to be close to 20% in the year to come.

In the export of PPDs, the Company achieved over 100% growth over the previous year. The growth in PPDs has come from the concerted effort of the Company to focus on export markets and appoint key agents in the Middle East. Currently, the Company is looking at the U.S. market, leveraging its association with its new partner in the Oil & Refinery Sector to promote this business.

The Company's performance in establishing its newly developed products for new Textile applications, and for new generation Surfactants for the Paint Industry, though delayed, saw some approvals for these products from major customers in the last Quarter. This should have a positive impact in the coming year.

Though the Company expected some growth in the Spin Finish area, customer related setbacks, have limited the growth. However, approvals for the Company's new FDY finish from major customers will augment Sales in this sector for the coming year.

In the Oil Field Sector, the Company has tied up with a major U.S. based Company and will shortly form a Joint Venture, through its subsidiary. This will enable the Company to access world wide technology in this area and enable it to expand substantially in the growing Indian market.

The Company is examining various options with regard to its Ethoxylation business.

FINANCIALS:

The Company continues as a zero debt Company with no long or short term borrowings. Ratio of Inventory to Sales 10.73%, Receivable to Sales 16.67%, and Net Working Capital to Sales 26.81%, shows effective working capital management. Funds surplus to the operational requirements have been invested in safe and relatively risk free instruments to earn a reasonable return.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate system of internal controls in all business spheres of its activities which are commensurate with the size and the nature of its business. It ensures adequate protection of the Company's resources, provision of accurate and speedy financial statements and reports, and compliance with the Company policies and procedures and other statutory and legal obligations. The internal control is supplemented by effective and independent internal audit being carried out by M/s. B. K. Khare & Co., Chartered Accountants. The Management regularly reviews the findings of the Internal Auditors and effective steps to implement any suggestions/observations of the Internal Auditors are taken and mentioned regularly. In addition, the Audit Committee of the Board regularly addresses significant issues raised by the Internal and the Statutory Auditors.

MATERIAL DEVELOPMENTS ON HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

The Company believes that motivated employees are the most important resource for the Company to attain business growth and retain the customers. Development and harmonization of the knowledge and skills of the employees have gone a long way in fulfilling the organizational goal of delivering the best value to the Customers and honouring the mission of optimizing the performance of our customers processes – time and time again.

The Company has initiated many steps in the career and personality development of the employees belonging to different departments. The employees attend various seminars/workshops to enhance their skills and knowledge.

As on 31st March 2010, the total number of employees on the payrolls of the Company at all the locations are 255.

CAUTIONARY NOTE:

Certain statements in the Management and Discussion Analysis section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

4. BUY BACK OF EQUITY SHARES:

The Board of Directors of the Company at its meeting held on 28th April, 2009 had announced a buy-back of its fully paid-up Equity Shares for an aggregate amount not exceeding Rs. 212.40 lacs at a maximum price of Rs. 36/- per share from the open market through Stock Exchanges. The buy-back commenced on 25th May, 2009 and closed on 27th April, 2010. An aggregate of 1,55,171 Equity Shares at an average price of Rs. 35.74/- per share were bought back absorbing a total amount of Rs. 55.47 lacs. Accordingly, the paid-up Equity share capital of the Company stands reduced to Rs. 745.12 lacs as against Rs. 760.64 lacs as on 31st March, 2009.

5. SUBSIDIARY COMPANIES:

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts alongwith the report of the Board of Directors of the Company's subsidiaries, Basic Oil Treating (India) Ltd. and Dai-ichi Gosei Chemicals (India) Limited and respective Auditor's Report thereon for the year ended 31st March, 2010 are annexed.

6. FIXED DEPOSITS:

The Company has discontinued its fixed deposit scheme during the financial year 2007-2008. Fixed Deposits amounting to Rs. 17.65 lacs are repaid during the year 2009-10. With this repayment the only deposits that are outstanding as on 31st March 2010 are the matured but unclaimed deposits which amount to Rs. 5.35 lacs.

7. DIRECTORS:

Mr. K. D. Patel and Dr. K. R. Bharucha retire from the Board of Directors by rotation, in pursuance of the provisions of the Companies Act, 1956 and Articles of Association of the Company. Being eligible for reappointment, they have offered themselves for re-appointment.

The information required to be furnished under Clause 49 of the Listing Agreement is given in the Notice of the 50th Annual General meeting.

The Board of Directors recommends their re-appointment.



8. INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956:

- (a) There are no employees other than the Managing Director covered under the purview of Section 217(2A) of the Companies Act, 1956 and the rules framed there under.
- (b) The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in the annexure to this Report.

9. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies have been selected and applied consistently, and have 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 as at March 31, 2010, and of the profit of the Company for the period April 1, 2009 to March 2010;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

10. CORPORATE GOVERNANCE:

The Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreement of the Bombay Stock Exchange Limited with which the Company is listed are complied with. A separate report on Corporate Governance is attached as a part of the Annual Report along with the Auditors' statement on its compliance.

11. LISTING:

The Equity Shares of your Company are presently listed on The Bombay Stock Exchange Ltd. and the Company has paid the annual listing fees for the financial year 2010-2011.

12. RELATED PARTY DISCLOSURES:

The Company has made disclosures in compliance with the Accounting Standard on Related Party Disclosures as required by clause 32 of the Listing Agreement of The Bombay Stock Exchange Ltd.

13. CONSOLIDATED ACCOUNTS:

The Company has also published the consolidated financial statements in respect of the Company and its subsidiary as required by clause 32 of the Listing Agreement of The Bombay Stock Exchange Ltd.

14. HEALTH, SAFETY & ENVIRONMENT:

Safety, Health & Environment protections continue to remain one of the priority areas of the Company. The Company continues to put special emphasis on environment, health and safety from conception and design of new products, optimization of process, to commercial manufacturing and delivery of goods to the customers.

(a) HEALTH:

A special committee ensures good sanitation and hygienic condition in the plants and canteen. Medical examination of all employees is done annually and six monthly medical examinations are conducted for employees who are working in Hazardous area.

(b) **SAFETY:**

- (i) Periodic safety audits and meetings are conducted. The recommendations at the meetings are implemented and reviewed in the following meetings to ensure compliance. All minor incidents are reported, investigated and steps taken to avoid recurrence of such incidents.
- (ii) Periodic training programmes on safety are conducted for all the personnel and Periodic Mock Drills of "On site Emergency Control Plan" are conducted to check employees' response to the emergency calls. Employees are always alert, prompt and capable of tackling emergency situations in the plants.
- (iii) Safety requirements are built – into the high design of the facility.
- (iv) Electrical fire hydrant pump was installed to cater the emergency need.

(c) **ENVIRONMENT:**

- (i) Environmental impact assessment and HAZOP studies of our process are performed right from the development stage to scale up at various levels and further up to commercial production. Our commitment is to select operationally safer and environmentally cleaner processes right from R & D stage itself, with constant up gradation of existing production technologies.
- (ii) The Company has taken several measures to reduce effluent generation. The Effluent Treatment Plant has operated efficiently to meet the Pollution Control Board norms.
- (iii) Periodic Air monitoring of the work place is being carried out to ensure the Environment remains pollution free.

15. **INDUSTRIAL RELATIONS:**

The wage agreement with the workers of the Company expired on 30th November, 2008. Conciliation proceedings have commenced before the Labour Commissioner, Pune for arriving at a settlement.

16. **Form A & B Report:**

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo:

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of particulars in respect of Board of Directors) Rules 1988 are given in Annexure 'A' to this report.

17. **AUDITORS:**

M/s. Deloitte Haskins & Sells, the Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and being eligible are recommended for re-appointment to audit the accounts of the Company for the financial year 2010-2011.

18. **ACKNOWLEDGEMENT:**

Your Directors wish to place on record their appreciation of the contribution made by the employees of the Company. The Directors wish to convey their appreciation to the Banks, dealers and other business associates and the shareholders for their continuous trust and support.

For and on behalf of the Board

Mrs. S. F. Vakil

Mr. Jimmy Bilimoria

Vice Chairperson & Managing Director

Director

Place : MUMBAI

Date : May 10, 2010

**ANNEXURE TO THE DIRECTORS' REPORT**

INFORMATION REQUIRED AS PER SECTION 217(1)(E) OF THE COMPANIES ACT 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2010.

I. Conservation of Energy:**(a) ENERGY CONSERVATION MEASURES TAKEN:**

The Company has been giving high priority to conservation of energy on continuous basis through improved operational and maintenance practice.

1. Installed Variable frequency drives for air compressor in sulphonation plant to conserve electrical energy.
2. The usage of water emulsion in Furnace Oil for steam and hot oil generation units is being continued to reduce FO consumption.
3. Installed solar water heater for canteen.
4. Close monitoring and control of the power factor to maintain it as unity.
5. Continuous in house training and education of employees on wastage of energy whilst working.
6. Close monitoring and arresting of steam leakages in process plants.
7. Process optimization done in such a way that the consumption of steam has reduced.
8. The Usage of Generated power was reduced, through effective planning.

(b) ADDITIONAL INVESTMENT PROPOSAL IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY:

1. Process modification will continue to reduce the use of generated units.
2. Process modification will continue to reduce the consumption of steam.
3. Pump House: Installation of auto operation pumps to reduce energy consumption.
4. Use of solar water heating system for Boiler feed water.

(c) IMPACT OF THE MEASURES AT (1) & (2) ABOVE FOR REDUCTION OF ENERGY CONSERVATION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS.

The above measures will result in further energy saving, and consequent reduction in the cost of production.

(d) TOTAL ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A:

	2009-2010	2008-2009
A. POWER & FUEL CONSUMPTION		
(a) ELECTRICITY		
1. Purchased:		
(i) Units (KWH)	16,62,010	16,30,077
(ii) Purchased Cost of Units (Rs.)	92,11,335	80,71,647
(iii) Rate per Unit Purchased	5.54	4.95

DAI-ICHI KARKARIA LIMITED

	2009-2010	2008-2009
2. Own Generation		
— Through Diesel Generator		
(i) No. of Units Generated (KWH)	67,625	90,714
(ii) Diesel Oil Consumed (KL)	23.97	30.12
(iii) Cost of Diesel Oil Consumed (Rs.)	9,15,905	11,82,789
(iv) Cost of Diesel/Unit Generated (Rs.)	13.54	13.04
— Through Steam Turbine		
(b) COAL USED		
(i) No. of Units consumed Kg.	—	—
(ii) Purchase Cost Rs.	—	—
(iii) Rate per unit Kg.	—	—
(c) FURNACE OIL		
(i) Furnace Oil Consumed (KL)	742.75	713.12
(ii) Cost of Furnace Oil Consumed (Rs.)	1,72,04,661	1,69,85,029
(iii) Average Rate (Rs./Litre)	23.16	23.82
(d) OTHER INTERNAL GENERATION		
(i) Low Sulphur Heavy Stock	NIL	NIL
(ii) Internally Generated Fuel	NIL	NIL
 B. CONSUMPTION PER UNIT OF PRODUCTION IN MT :		
Electricity – KWH/Tons	312.83	335.04

FORM B FOR DISCLOSURE OF PARTICULARS WITH RESPECT OF TECHNOLOGY ABSORPTION

II. Research & Development

1. Specific areas in which research & development activities were carried out by the Company:
 - (i) Product Improvement.
 - (ii) Process optimization.
 - (iii) Application Development.
 - (iv) Development of a new range of products in the areas of Textiles, Construction and Paint & Coating industries.



2. Benefits derived from these research and development projects:
 - (i) New value added products are introduced to the market.
 - (ii) Generation of more application data for the customer.
 - (iii) Standardization of the production processes.
3. The future plan for research & development activities:

R & D would continue to work on similar fields of application with respect to New Product development, new applications and cost reduction.
4. Expenditure on R & D during the year

Capital	–	Rs. 12.12 lacs
Recurring	–	Rs. 75.70 lacs
5. Total R & D expenditure as a percentage of turnover : 1.62%

III. Technology absorption, adaptation and innovation:

- (i) 14 new products have been developed and all have been scaled up in the pilot plant.
- (ii) 13 new products have been scaled up at the production level and commercialized.
- (iii) During last 5 years no technology was imported.

IV. Foreign Exchange Earning and outgo:

Foreign Exchange Earned	Rs. 293.81 lacs
Foreign Exchange used for imports and other remittance	Rs. 631.34 lacs

CORPORATE GOVERNANCE DISCLOSURE

The following Corporate Governance Report is attached as a part of the Directors’ Report of the Company for the year 2009-2010.

CORPORATE GOVERNANCE DISCLOSURE

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and practice as followed by Company:

1. COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE:

Since its inception, the Company has been founded on moral and ethical codes that strongly emphasize total transparency and complete value based governance. The Company understands that corporate governance is a combination of voluntary practices and full compliance with laws and regulations leading to effective control and management of the organization. Good corporate governance leads to long term shareholder value and enhances interest of stake holders. The Company continues to place uncompromising emphasis on integrity and regulatory compliances. The Company is committed to providing high quality products and services to its customers and stakeholders.

2. BOARD OF DIRECTORS:

The Board of Directors consists of 8 (Eight) Directors. The Board comprises of a Non-Executive Chairman, a Managing Director and six other Non-Executive Directors. Out of the six Non-Executive Directors, four members are Independent Directors. The Non-Executive Chairman is a promoter of the Company. The Board’s composition meets with the stipulated requirement of at least one-half of the Board comprising of independent Directors.

During the financial year under review eight Board Meetings were held on 28th April 2009, 29th June 2009, 31st July 2009, 9th September 2009, 22nd October 2009, 25th November 2009, 22nd January 2010, 17th March 2010.

Attendance of each Director at the Board Meetings and last Annual General Meeting and number of other Directorships and Chairmanships/Memberships of Committees of each Director in various companies:

Name of Director	Category*	Designation	Board Meetings Attended	Attendance at last AGM	No. of Directorship in other Boards#	No. of Chairmanship/ Membership in other Board Committees\$
Mr. D. M. Neterwala (Promoter)	N.E.D	Chairman	5	Yes	12	1/4
Mrs. S. F. Vakil (Promoter)	E.D.	Vice-Chairperson & Managing Director	8	Yes	4	0/1
Mr. J. H. C. Jehangir (Promoter)	N.E.D.	Director	1	No	2	None
Mr. A. H. Jehangir (Promoter)	N.E.D	Director	4	Yes	None	None
Dr. K. R. Bharucha	I.& N.E.D.	Director	2	No	None	None
Mr. K. D. Patel	I.& N.E.D.	Director	6	Yes	7	2/3
Dr. A. M. Naik	I.& N.E.D.	Director	7	Yes	2	None
Mr. J. S. Bilimoria	I.& N.E.D.	Director	8	Yes	8	3/6

* E.D. – Executive Director, N.E.D. – Non-Executive Director, I. – Independent

The Directorships held by Directors as mentioned above, do not include Alternate Directorships, Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

\$ In accordance with Clause 49, Memberships/Chairmanships of only Audit Committees and Shareholders’/Investors’ Grievance Committees of all other public limited companies have been considered.

Mr. J. H. C. Jehangir and Mr. A. H. Jehangir are related being brothers. Mr. D. M. Neterwala and Mrs. S. F. Vakil are related being father and daughter.



3. BOARD COMMITTEES:

The Company follows procedures and practices in conformity with the code of corporate governance. In keeping with the spirit of the code, the Board had constituted the following committees:

(i) **Audit Committee:**

The terms of reference cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The Audit Committee comprises of Mr. K. D. Patel as Chairman, Dr. A. M. Naik, Mr. A. H. Jehangir, Dr. K. R. Bharucha and Mr. J. S. Bilimoria.

During the financial year under review, six Audit Committee Meetings were held on 28th April 2009, 29th June 2009, 31st July 2009, 22nd October 2009, 22nd January 2010 and 17th March 2010.

The attendance at the Audit Committee Meetings is as under:

Name of the Director	No. of meetings attended
Mr. K. D. Patel	4
Dr. A. M. Naik	6
Mr. A. H. Jehangir	2
Dr. K. R. Bharucha	2
Mr. J. S. Bilimoria	6

The statutory auditors and the internal auditors of the Company are invited to join the audit committee meetings.

(ii) **Share Transfer & Shareholders'/Investors' Grievances Committee:**

The Company has a Share Transfer & Shareholder's/Investor's Grievances Committee. It consists of Mr. D. M. Neterwala as Chairman, Mrs. S. F. Vakil, Mr. J. H. C. Jehangir and Mr. A. H. Jehangir as members. The Committee approves share transfers, transmissions, issue of duplicate share certificates, consolidation/split of share certificates, approval of demat position and matters related to Investors Grievances as and when received. During the year, 1 complaint was received from the shareholders and was resolved. There are no pending complaints or share transfers at the end of the year under review. The Committee holds fortnightly meetings.

(iii) **Buy Back Committee:**

In pursuance of the Buy Back Offer made by the Company and for the smooth implementation of the Buy Back, a Committee was constituted on April 28, 2009, consisting of Mr. D. M. Neterwala as Chairman, Mrs. S. F. Vakil, Dr. A. M. Naik and Mr. J. S. Bilimoria as Members. No meeting of the committee was held during the financial year under review.

The Committee is dissolved with the closure of Buy Back scheme w.e.f. 10th May, 2010.

(iv) **Remuneration Committee:**

The remuneration committee comprises of three Independent Directors, namely Mr. K. D. Patel as Chairman, Dr. A. M. Naik and Mr. J. S. Bilimoria as Members. The terms of reference cover the matters specified for Remuneration Committee under the Listing Agreement and the Companies Act, 1956. No meeting of the committee was held during the financial year under review.

4. REMUNERATION PAID TO DIRECTORS OF THE COMPANY:

(a) **Executive Directors:**

There is only one Executive Director on the Board, i.e. Vice Chairperson and Managing Director – Mrs. S. F. Vakil. Remuneration paid during the year includes Salary amounting to Rs. 19,20,000/- and perquisites valuing Rs. 11,84,074/-. The remuneration excludes, provision for gratuity and leave encashment, which are done based on actuarial value for Company as a whole.

(b) **Non-Executive Directors:**

The sitting fees paid to the Directors during the year under review are as under:

Name of Directors	Fees for Board meeting (Rs.)	Fees for Audit committee (Rs.)
Mr. D. M. Neterwala	20,000/-	N.A.
Mr. J. H. C. Jehangir	4,000/-	N.A.
Mr. A. H. Jehangir	16,000/-	6,000/-
Mr. K. D. Patel	24,000/-	12,000/-
Dr. A. M. Naik	28,000/-	18,000/-
Mr. J. S. Bilimoria	32,000/-	18,000/-

5. **GENERAL BODY MEETINGS:**

The last three Annual General Meetings were held as under :

Financial year	Date	Time	Location
2006-2007	05.09.2007	11.30 a.m.	M. C. Ghia Hall, Mumbai
2007-2008	04.09.2008	11.30 a.m.	M. C. Ghia Hall, Mumbai
2008-2009	09.09.2009	11.30 a.m.	M. C. Ghia Hall, Mumbai

Special resolution passed at the last three Annual General Meeting: Special resolution was passed in the Annual General Meeting held on 5th September 2007, for the re-appointment of Mrs. S. F. Vakil, as the Vice Chairperson & Managing Director of the Company.

Postal ballot: No resolution was required to be passed by means of postal ballot during the financial year under review.

6. **DISCLOSURES:**

1. There were no transactions of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company.
2. There were no instances of non-compliance nor have any penalties, strictures been imposed by stock exchange or SEBI or any other statutory authority during the last three years on any matter related to the capital markets.

7. **CODE OF CONDUCT**

The Board of Directors has adopted the Code of Conduct for Directors and Senior Management. The Code has also been posted on the Company's website www.dai-ichiindia.com. The said Code has been communicated to the Directors and the Members of the Senior Management and they have also affirmed the compliance thereto.

Sd/-

Vice Chairperson and
Managing Director

8. **MEANS OF COMMUNICATION:**

- (a) Quarterly results are taken on record by the Board of Directors and submitted to the stock exchange in terms of the requirements of Clause 41 of the Listing agreement.
- (b) Quarterly results have been published in Free Press Journal and Nav Shakti.
- (c) Website of the Company is – www.dai-ichiindia.com
- (d) Exclusive email id for investor complaint is investor@dai-ichiindia.com
- (e) No presentations have been made to institutional investors or to analysts.
- (f) The Management Discussion and Analysis Report forms part of the Directors' Report.

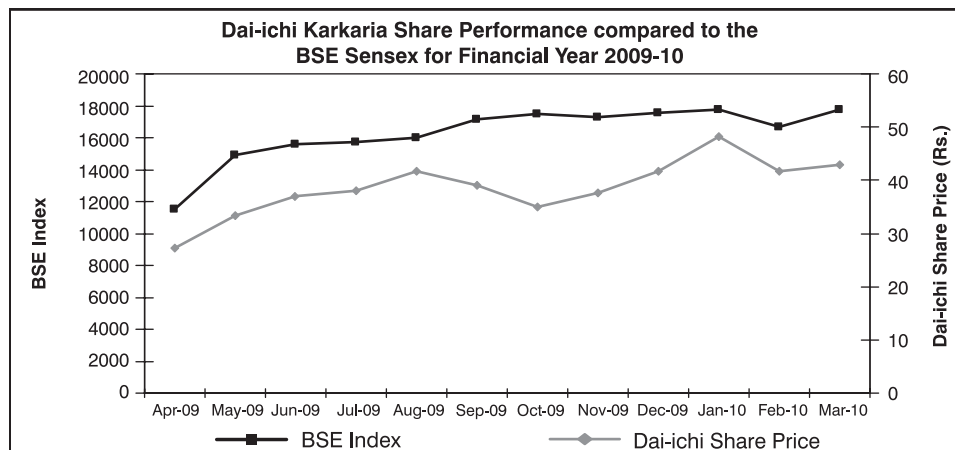


9. GENERAL SHAREHOLDER INFORMATION:

- A. Annual General Meeting:
Date, Time and Venue : 31st August 2010, at 11.30 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd floor, 18/20 Kaikhushru Dubash Marg, Mumbai - 400 023.
- B. Financial Calendar (tentative):
Financial Year : 1st April 2010 to 31st March 2011
First Quarter Results : Second week of August 2010
Half Yearly Results : Second week of November 2010
Third Quarter Results : Second week of February 2011
Audited Results for the year ending 31st March 2011 : Last week of May 2011
- C. Dates of Book Closure : 24th August 2010 to 31st August 2010
- D. Listing on Stock Exchanges : The Bombay Stock Exchange Ltd.
- E. Stock Code – : DAI ICH KARK
Demat ISIN Number for NSDL & CDSL : INE928C01010
- F. Market Price Data:
High/Low Share price of the Company during the last financial year on The Bombay Stock Exchange Ltd. (BSE) (Face Value Rs. 10)

Sr. No.	Month	High (Rs.)	Low (Rs.)
1.	April 2009	36.00	25.25
2.	May 2009	41.95	28.65
3.	June 2009	40.00	31.10
4.	July 2009	39.90	35.00
5.	August 2009	46.30	36.25
6.	September 2009	51.60	40.05
7.	October 2009	50.00	38.05
8.	November 2009	42.00	37.10
9.	December 2009	46.70	37.25
10.	January 2010	58.00	39.55
11.	February 2010	52.45	38.95
12.	March 2010	47.00	39.65

G. Stock Performance:



H. Registrar and Share Transfer Agents:

Registrars & Transfer Agents	: Sharex Dynamic (India) Pvt. Ltd. 17/B, Dena Bank Bldg., 2nd floor, Horniman Circle, Fort, Mumbai - 400 001.
Branch office	: Unit-1, Luthra Ind. Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai - 400 072.
Persons to contact	: Mr. Adi Patel/Mr. Sasikumar
Telephone No.	22702485/22641376 or 28515606/28515644
E-mail address	: sharexindia@vsnl.com

I. Share Transfer System:

: The Company follows a fortnightly cycle for processing and updating share transfers. The share transfer register and demat reports are approved by share transfer committee. The same is then ratified by the Board at the next meeting.

J. Shareholding Pattern as on 31.03.2010

	Categories of Shareholders	No. of shares held	%
A	Promoters Holding		
	Indian Promoters	38,26,769	51.35
	Foreign Promoters	Nil	Nil
	Persons acting in concert	6,86,717	9.22
	Sub Total	45,13,486	60.57
B	Non-Promoters Holding		
	Institutional Investors:		
	(i) Mutual Funds and UTI	0	0.00
	(ii) Banks, Financial Institutions, Insurance Companies	500	0.01
	(iii) FIs	0	0.00
	Sub Total	500	0.01
	Others:		
	(i) Private Corporate Bodies	2,16,110	2.90
	(ii) Indian Public	26,18,187	35.14
	(iii) NRIs/OCBs	90,329	1.21
	(iv) Any other (Clearing members)	12,617	0.17
Sub Total	29,37,243	39.43	
GRAND TOTAL	74,51,229	100	



- K. Dematerialisation of shares : As on 31st March 2010, 38,93,119 equity shares representing 52.25% of the paid-up Share Capital is held in dematerialized form. Transaction in the equity shares of the Company is permitted only in dematerialized form as per notification issued by SEBI.
- L. Plant locations : 105th Milestone, Mumbai Pune Road,
P. O. Kasarwadi Pune 411 034
Kurkumbh Industrial Area, Plot No. D13
Village Kurkumbh, Tal Daund,
Dist. Pune.
- M. Address for correspondence : For information on share transactions in electronic form and physical form and general correspondence:
Sharex Dynamic (India) Pvt. Ltd. at
Unit-1, Luthra Ind. Premises,
Andheri Kurla Road, Safed Pool,
Andheri (E), Mumbai - 400 072.
Tel: 2851 5606/2851 5644
Fax: 2851 2885
E-mail: sharexindia@vsnl.com
Compliance Officer of the Company is Mrs. Kavita Thadeshwar
(Company Secretary)
- N. Auditor's certificate on Corporate Governance : The Company has obtained a certificate from the Auditors of the Company confirming compliances with conditions of corporate governance as stipulated in the listing agreement with stock exchange.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of
Dai-ichi Karkaria Limited

We have examined the compliance of conditions of Corporate Governance by Dai-ichi Karkaria Ltd., for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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.**
Chartered Accountants
Registration No. 117366W

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : May 10, 2010

AUDITORS' REPORT

TO

THE MEMBERS OF DAI-ICHI KARKARIA LIMITED

1. We have audited the attached balance sheet of **Dai-ichi Karkaria Limited** ("the Company") as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e. in our opinion and to the best of our information and according to the explanations given to us, the said give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the directors as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells.**
Chartered Accountants
Registration No. 117366W

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : May 10, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

In our opinion and according to the information and explanation given to us, the nature of Company's business/ activities, during the year are such that clauses (viii), (xii), (xiii), (xiv), (xviii), (xix), (xx) of Companies (Auditors' Report) Order, 2003 are not applicable to the Company. In respect of the other clauses, we report as under:

- (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 which are in the process of being updated in respect of one location.
 - (b) Although the Company has a revised program of physical verification of its fixed assets to once in two years on a unit-wise basis, which in our opinion is reasonable, the unit fixed assets due for verification were not physically verified during the year by the management.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) In respect of its inventories:
 - (a) As explained to us, inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on physical verification were not material and have been adjusted in the books of account.
- (iii) In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956, we have to state:

Loans granted

 - (a) The Company has not granted any loans, secured or unsecured, during the year to companies, firms or other parties covered in the register maintained under Section 301 of the Act. In respect of such loans granted in earlier years to one party, these have been repaid during the year and there is no balance outstanding as at the year end. The maximum amount involved during the year was Rs. 1,448,299/-.
 - (b) The rate of interest and other terms and conditions of such loans were, in our opinion, prima facie not prejudicial to the interest of the Company.
 - (c) Since the payment of the principal and interest are on demand, the (question of regularity in the repayment of principal and payment of interest does not arise.

Loans taken

 - (d) The Company has not taken any loans during the year from parties covered under Section 301 of Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered into the Register, maintained under the said Section have been so entered.

- (b) Where each of such transactions is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities. Based on our audit procedures there are no arrears of statutory dues which has remained outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.
- (b) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2010, on account of disputes are given below:

Statute	Nature of dues	Period to which the dues relate to	Forum where the dispute is pending	Amount (in Rupees)
Income tax Act	Income Tax	2006-07	CIT (A)	28.78 lakhs

- (ix) The Company does not have any accumulated losses as at March 31, 2010. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks.
- (xi) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions, are not prima facie prejudicial to the interests of the Company.
- (xii) The term loans raised during the year were applied for the purpose for which they were raised.
- (xiii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells.**
Chartered Accountants
Registration No. 117366W

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : May 10, 2010



Balance Sheet as at March 31, 2010

	Schedule	Rupees	31/03/2010 Rupees	31/03/2009 Rupees
SOURCES OF FUNDS				
Shareholders' funds				
Share Capital	1	7,45,12,290		7,60,64,000
Reserves and surplus	2	53,88,65,010		52,07,29,087
			61,33,77,300	59,67,93,087
Loan funds				
Secured loans	3	70,623		2,67,732
Unsecured loans	4	1,29,66,855		1,44,71,759
			1,30,37,478	1,47,39,491
Deferred tax (net)	5		46,89,844	58,43,935
TOTAL			63,11,04,622	61,73,76,513
APPLICATION OF FUNDS				
Fixed assets	6			
Gross block		48,22,14,874		47,58,60,033
Less: depreciation		33,61,33,611		32,47,13,537
Net block		14,60,81,263		15,11,46,496
Capital work-in-progress and advances		33,53,551		3,89,335
			14,94,34,814	15,15,35,831
Investments	7		33,62,97,369	9,23,06,767
Current assets, loans and advances				
Inventories	8	5,41,43,295		4,95,82,599
Sundry debtors	9	9,03,85,137		12,47,65,644
Cash and bank balances	10	7,45,28,072		12,84,54,395
Other current assets	11	33,87,995		48,68,704
Loans and advances	12	4,50,80,753		19,93,93,967
			26,75,25,252	50,70,65,309
Current liabilities and provisions	13			
Liabilities		9,31,33,902		10,52,98,393
Provisions		2,90,18,911		2,82,33,001
			12,21,52,813	13,35,31,394
Net current assets			14,53,72,439	37,35,33,915
TOTAL			63,11,04,622	61,73,76,513
Notes to the accounts	21			

In terms of our report of even date
For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : May 10, 2010

For and on behalf of the Board

S. F. Vakil
Jimmy Bilimoria

Nitin Nimkar
Kavita Thadeshwar

Vice-Chairperson and Managing Director
Director
General Manager – Finance
Company Secretary

Profit and Loss Account for the period ended March 31, 2010

	Schedule	Rupees	31/03/2010 Rupees	31/03/2009 Rupees
INCOME				
Gross sales.....		54,21,68,388		57,26,02,861
Less: Excise duty on sales		3,73,38,413		5,84,89,732
Net sales.....			50,48,29,975	51,41,13,129
Other income.....	14		5,04,13,074	3,97,17,567
			55,52,43,049	55,38,30,696
EXPENDITURE				
Materials	15		33,53,26,574	36,26,34,178
Employees' remuneration and benefits	16		7,21,32,126	7,35,08,687
Excise duty			76,372	(23,66,377)
Other expenses	17		8,07,85,638	8,53,96,206
Interest	18		2,35,756	14,06,977
Depreciation	19		1,10,03,088	91,14,959
			49,95,59,554	52,96,94,630
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION.....				
			5,56,83,495	2,41,36,066
Exceptional Items – Income/(Expenses).....	20		—	6,31,53,534
PROFIT AFTER EXCEPTIONAL ITEMS AND BEFORE TAXATION				
			5,56,83,495	8,72,89,600
Less: Taxation – Current year			1,71,48,000	95,09,000
– MAT recoverable			—	(46,69,000)
– Deferred Tax.....			(11,54,092)	(44,57,551)
– Fringe Benefit Tax			—	4,70,000
PROFIT AFTER TAXATION.....				
			3,96,89,587	8,64,37,151
Add: Excess provision for Dividend and Dividend Tax of earlier year written back			3,36,903	—
Balance being surplus brought forward			18,23,09,522	11,92,72,740
PROFIT AVAILABLE FOR APPROPRIATION				
			22,23,36,012	20,57,09,891
APPROPRIATION				
Proposed dividend			1,49,02,458	1,44,45,377
Tax on proposed dividend			24,75,112	24,54,992
Transfer to general reserve			30,00,000	65,00,000
Balance carried to the balance sheet.....			20,19,58,442	18,23,09,522
			22,23,36,012	20,57,09,891
Notes to the accounts.....	21			
Basic and diluted earnings per share.....			5.30	11.36
Basic and diluted earnings per share excluding exceptional items.....			5.30	3.06

In terms of our report of even date
For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : May 10, 2010

For and on behalf of the Board

S. F. Vakil
Jimmy Bilimoria
Nitin Nimkar
Kavita Thadeshwar

Vice-Chairperson and Managing Director
Director
General Manager – Finance
Company Secretary



Cash Flow Statement for the year ended March 31, 2010

	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit after exceptional items and before tax	5,56,83,495	8,72,89,600
Adjustments for:		
Interest Income	(1,38,17,191)	(1,45,76,727)
Depreciation.....	1,10,03,088	91,14,959
Loss on sale of fixed assets.....	19,708	—
Loss on sale of/switch over of investments.....	—	24,50,027
Provision for doubtful debts.....	72,474	10,15,985
Excess of cost over fair value of current MF investments	67,144	14,72,352
Dividend income	(77,18,196)	(34,29,529)
Sales tax deferred.....	1,45,315	4,85,051
Profit on sale of investment.....	(3,60,560)	—
Performance Guarantee amount written back.....	—	—
Exchange difference	—	—
Interest expenses.....	2,35,756	14,06,977
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4,53,31,033	8,52,28,695
Taxes Paid	(2,77,54,938)	(1,01,42,372)
Adjustments for:		
Trade and other receivables	3,43,08,033	(89,28,184)
Other current assets.....	(12,05,858)	22,25,997
Loans and advances	16,49,20,152	12,47,40,610
Inventories	(45,60,696)	1,23,52,434
Current liabilities and provisions.....	(1,17,48,798)	61,04,197
CASH GENERATED FROM OPERATING ACTIVITY	19,92,88,928	21,15,81,377
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Sales proceeds of fixed assets.....	22,597	—
Additions to fixed assets	(94,61,963)	(1,10,44,614)
Dividend received.....	76,58,372	34,29,529
Interest Received	1,65,63,582	1,61,96,299
Proceeds from sale of investments	5,46,38,482	3,98,51,510
Purchase of investments.....	(29,83,35,669)	(10,00,87,622)
Investment in Fixed Deposits with Banks	(5,10,40,158)	(8,76,58,077)
Proceeds from Fixed Deposits Matured.....	7,82,37,058	—
NET CASH USED IN INVESTING ACTIVITIES	(20,17,17,699)	(13,93,12,975)

Cash Flow Statement for the year ended March 31, 2010 (Contd.)

	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of term loan	(1,97,109)	(2,01,829)
Repayment of Fixed Deposits	(17,54,093)	(41,34,967)
Repayment of cash credit – Working capital (net)	—	(3,54,94,110)
Interest expenses.....	(3,56,327)	(17,00,123)
Dividend paid	(1,39,91,012)	(90,87,543)
Tax on dividend	(24,54,992)	(15,51,250)
Buyback of Shares	(55,47,119)	—
NET CASH USED IN FINANCING ACTIVITIES	(2,43,00,652)	(5,21,69,822)
NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS	(2,67,29,423)	2,00,98,580
Opening Cash and Cash Equivalents.....	4,07,96,318	2,06,97,738
Closing cash and cash equivalents	1,40,66,895	4,07,96,318
NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS	(2,67,29,423)	2,00,98,580
Balance in cash and cash equivalents as above	1,40,66,895	4,07,96,318
Deposits with an initial maturity of three months or more	6,04,61,177	8,76,58,077
Total cash and bank balance (Schedule 10)	7,45,28,072	12,84,54,395

In terms of our report of even date
For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : May 10, 2010

For and on behalf of the Board

S. F. Vakil
Jimmy Bilimoria

Nitin Nimkar
Kavita Thadeshwar

Vice-Chairperson and Managing Director
Director
General Manager – Finance
Company Secretary



Schedules annexed to and forming part of accounts for the year ended March 31, 2010

	31/03/2010 Rupees	31/03/2009 Rupees
1. SHARE CAPITAL		
AUTHORISED		
1,00,00,000 (2009: 1,00,00,000) Equity shares of Rs. 10/- each	10,00,00,000	<u>10,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID-UP		
74,51,229 (2009: 76,06,400) Equity shares of Rs. 10/- each fully paid up	7,45,12,290	<u>7,60,64,000</u>
	7,45,12,290	<u>7,60,64,000</u>
Of the above, 50,30,000 (2009: 50,30,000) Equity shares have been allotted by way of fully paid bonus shares by capitalising:		
General reserve Rs. 2,95,00,000 (2009: 2,95,00,000)		
Revaluation reserve Rs. 2,08,00,000 (2009: 2,08,00,000)		
1,55,171 Equity Shares bought back (2009: Nil) during the year – Note 8)		
2. RESERVES AND SURPLUS		
Capital reserve		
As per last account	77,10,000	77,10,000
Securities premium		
As per last account	26,34,33,000	26,34,33,000
Less: Amount utilized for Buy back of Shares (Note 8)	39,95,409	—
	25,94,37,591	<u>26,34,33,000</u>
Capital redemption reserve		
Transferred from General Reserve	15,51,710	—
Revaluation reserve		
As per last account	3,93,65,372	3,99,65,033
Less: Transfer to profit and loss account towards depreciation	5,17,587	5,99,660
	3,88,47,785	<u>3,93,65,373</u>
General reserve		
As per last account	2,79,11,192	2,14,11,192
Add: Transfer from profit & loss account	30,00,000	65,00,000
Less: Amount transfer to Capital redemption reserve ..	15,51,710	—
	2,93,59,482	<u>2,79,11,192</u>
Profit and loss account – surplus	20,19,58,442	<u>18,23,09,522</u>
	53,88,65,010	<u>52,07,29,087</u>

**Schedules annexed to and forming part of accounts
for the year ended March 31, 2010**

	31/03/2010 Rupees	31/03/2009 Rupees
3. SECURED LOANS		
From banks		
Vehicle loan	70,623	1,80,504
(Secured by hypothecation of vehicles) [Amounts due within one year Rs. 70,623 (2009: Rs. 1,09,881)]		
From others		
Vehicle loan	—	87,228
(Secured by hypothecation of vehicles) [Amounts due within one year Rs. Nil (2009: Rs. 87,228)]		
	<u>70,623</u>	<u>2,67,732</u>
4. UNSECURED LOANS		
Fixed deposits [Includes from Managing Director Rs. Nil (2009: Rs. 40,000)].....	—	15,62,000
[Amounts due within one year – Rs. Nil (2009: Rs. 15,62,000)]		
Interest accrued and due on above.....	—	88,219
Deferred sales tax.....	1,29,66,855	1,28,21,540
[Amounts due within one year Rs. 1,96,917/-, (2009: Rs. Nil)]		
	<u>1,29,66,855</u>	<u>1,44,71,759</u>
5. DEFERRED TAX (NET)		
Deferred tax liability:		
On Tangible fixed assets.....	1,16,13,006	1,29,72,982
Less: Deferred tax assets:		
On Employee benefits.....	47,11,706	46,66,702
On Provision for Doubtful Debts.....	6,03,599	5,92,956
On Diminution in value of investments.....	2,10,034	9,52,339
On Others	13,97,823	9,17,050
	<u>69,23,162</u>	
	<u>46,89,844</u>	<u>58,43,935</u>



Schedules annexed to and forming part of accounts for the year ended March 31, 2010

6. FIXED ASSETS

Rupees

PARTICULARS	GROSS BLOCK AT COST			As at 31/03/2010	DEPRECIATION			As at 31/03/2010	NET BLOCK	
	As at 01/04/2009	Addition	Deduction		As at 01/04/2009	For the year	Deduction		As at 31/03/2010	As at 31/03/2010
Freehold land	5,57,30,801	—	—	5,57,30,801	—	—	—	—	5,57,30,801	5,57,30,801
Leasehold land	18,58,391	—	—	18,58,391	—	2,30,022	—	2,30,022	16,28,369	18,58,391
Buildings:										
Residential*	1,65,16,917	—	—	1,65,16,917	66,05,772	11,05,317	—	77,11,089	88,05,828	99,11,145
Non-residential	8,78,26,919	—	—	8,78,26,919	5,00,23,610	22,12,356	—	5,22,35,966	3,55,90,953	3,78,03,309
Plant and Machinery	25,51,27,957	34,18,249	—	25,85,46,206	22,51,19,691	46,85,822	—	22,98,05,513	2,87,40,693	3,00,08,266
Furniture and Fixture	65,13,951	58,100	—	65,72,051	52,94,650	2,52,028	—	55,46,678	10,25,373	12,19,301
Laboratory, Office and Factory equipments and Airconditioners.....	2,12,62,713	18,09,428	1,42,906	2,29,29,235	1,62,66,757	11,92,306	1,00,601	1,73,58,462	55,70,773	49,95,956
Vehicles	67,11,446	—	—	67,11,446	32,85,158	8,45,877	—	41,31,035	25,80,411	34,26,288
Scientific research capital expenditure:										
Non-residential Building	14,20,149	—	—	14,20,149	13,44,282	3,279	—	13,47,561	72,588	75,867
Plant & Machinery	78,24,529	—	—	78,24,529	45,78,400	4,85,020	—	50,63,420	27,61,109	32,46,129
Furniture & Fixture	6,31,513	—	—	6,31,513	5,51,875	14,415	—	5,66,290	65,223	79,638
Laboratory, Office and Factory equipments and Airconditioners.....	1,44,34,747	12,11,970	—	1,56,46,717	1,16,43,342	4,94,233	—	1,21,37,575	35,09,142	27,91,405
Total	47,58,60,033	64,97,747	1,42,906	48,22,14,874	32,47,13,537	1,15,20,675	100,601	33,61,33,611	14,60,81,263	15,11,46,496
Previous year	46,47,77,937	1,10,82,096	—	47,58,60,033	31,49,98,918	97,14,619	—	32,47,13,537	15,11,46,496	14,97,79,019
Capital work in Progress and Advances [advances Rs. 5,73,993 (2009: Rs. 94,335)]									33,53,551	3,89,335
									14,94,34,814	15,15,35,831

* Includes Rs. 13,50,000 (2009: Rs. 13,50,000) being the cost of shares held in Zinnia Properties Private Limited.

7. INVESTMENTS

Long term at cost

(A) Other than trade

(a) Quoted:

8,100 (2009: 8,100) equity shares of Rs. 10 each
of Bank of India

2,000 (2009: 2,000) equity shares of Rs. 2 (2009:
Rs. 10) each of Bharat Seats Limited

3,64,500

3,64,500

2,000

2,000

3,66,500

3,66,500

(Allotted during the year

– 1,000 shares of Rs. 2/- each on split of 200
Shares of Rs. 10/- each

– 1,000 shares of Rs. 2/- each by way of bonus
shares)

(b) Unquoted:

1,000 (2009: 1,000) equity shares of Rs. 25 each
of The Shamrao Vithal Co-op. Bank Limited

2,500 (2009: 2,500) equity shares of Rs. 10 each
of The Saraswat Co-op. Bank Limited

4,000 (2009: 4,000) equity shares of Rs. 25 each
of The Zoroastrian Co-op. Bank Limited

20,00,000 (2009: Nil) Units of Canara Robeco-
FMP Series 5 13 Months Plan B of Rs. 10 each
(acquired during the year)

20,00,000 (2009: Nil) Units of FMP 13M March
2010 (3) Series XII of Rs. 10 each (acquired during
the year)

15,00,000 (2009: Nil) Units Capital Protection
Oriented Fund Series-1 of Rs. 10 each (acquired
during the year)

25,000

25,000

25,000

25,000

1,00,000

1,00,000

2,00,00,000

—

2,00,00,000

—

1,50,00,000

—

5,51,50,000

1,50,000

**Schedules annexed to and forming part of accounts
for the year ended March 31, 2010**

	31/03/2010 Rupees	31/03/2009 Rupees
(B) Trade Investments:		
(a) Quoted:		
57,167 (2009: 57,167) equity shares of Rs. 10 each of Clariant Chemicals (India) Limited	13,62,502	13,62,502
	13,62,502	13,62,502
(b) Unquoted:		
(i) In Subsidiary companies:		
11,25,000 (2009: 11,25,000) equity shares of Rs. 10 each of Basic Oil Treating (India) Limited	67,50,000	67,50,000
(4,50,000 Shares acquired in the subsidiary company per the 'Consent Terms', at Nil value during the 2009)		
48,500 (2009: 48,500) equity shares of Rs. 10 each of Dai-ichi Gosei Chemicals (India) Limited	4,85,000	4,85,000
	72,35,000	72,35,000
(ii) In Associate company		
26,00,000 (2009: 26,00,000) equity shares of Rs. 10 each of Inogent Laboratories Private Limited	4,00,00,000	4,00,00,000
	4,00,00,000	4,00,00,000
(iii) Others		
4,900 (2009: 4,900) equity shares of Rs. 10 each of Performance Polymers & Chemicals Private Limited	49,000	49,000
	49,000	49,000
	10,41,63,002	4,91,63,002
Less: Provision for diminution in the value of long term investments	5,34,000	5,34,000
	10,36,29,002	4,86,29,002
Current investments at lower of cost and fair value		
Other than trade		
Mutual Funds units	23,26,68,367	4,36,77,765
	33,62,97,369	9,23,06,767
Notes:		
(1) Aggregate cost of quoted investments	17,29,002	17,29,002
Market value of quoted investments	3,36,91,280	1,30,43,436
(2) Aggregate cost of unquoted investments [net of provision]	33,45,68,367	9,05,77,765



Schedules annexed to and forming part of accounts for the year ended March 31, 2010

(3) Investment in Mutual Funds (Current investments)

Name of Mutual Fund	Scheme of Mutual Fund	Balance as at 1/4/2009		Purchased during the year		Sold during the year	Balance as at 31/3/2010	
		No. of units	Rupees	No. of units	Rupees	No. of units	No. of units	Rupees
HDFC	CMS Fund – Treasury Advantage Plan Wholesale Weekly Dividend – Reinvest	13,28,133	1,33,05,501	53,808	5,39,025	—	13,81,941	1,38,50,063
ICICI Prudential	Focused Equity Fund – Retail Growth.....	45,994	3,05,401	—	—	—	45,994	3,05,401
DSP BlackRock	Top 100 Equity Fund – Growth.....	9,294	4,51,615	—	—	—	9,294	4,51,615
DSP BlackRock	India T.I.G.E.R. Fund – Growth	8,302	4,03,374	—	—	—	8,302	4,03,374
Reliance	Vision Fund – Growth.....	3,350	4,11,769	—	—	—	3,350	4,11,769
ICICI Prudential	Gilt Fund – Dividend	1,88,260	23,88,682	—	—	—	1,88,260	23,14,864
IDFC	GSF Investment Plan A – Quarterly Dividend.....	2,15,936	22,60,246	—	—	—	2,15,936	22,39,883
ICICI Prudential	Income Plan – Quarterly Dividend Reinvestment	5,91,029	73,02,109	12,032	1,54,973	6,03,061	—	—
Reliance	Income Fund – Annual Dividend Reinvestment ..	7,85,431	95,78,727	—	—	7,85,431	—	—
Kotak	Bond – Quarterly Dividend Reinvestment	4,37,377	47,18,200	20,768	2,22,833	4,58,145	—	—
Kotak	Floater Long Term – Daily Dividend.....	—	—	4,88,663	49,25,628	—	4,88,663	49,25,628
Birla Sun Life	Income Fund – Quarterly Dividend – Reinvestment	2,08,845	22,60,641	3,723	40,440	2,12,568	—	—
Birla Sun Life	Short Term Fund – Retail – Daily Div.....	—	—	2,32,417	23,25,446	—	2,32,417	23,25,446
ICICI Prudential	Flexible Income Plan Premium – Daily Dividend	—	—	17,12,878	4,61,11,200	14,18,641	2,94,237	3,11,11,200
ICICI Prudential	Short Term Plan – Dividend Reinvestment – Fortnightly	—	—	13,24,355	1,56,62,686	—	13,24,355	1,55,51,371
Reliance	Medium Term Daily Dividend Plan	—	—	28,28,430	4,83,53,438	8,77,424	19,51,006	3,33,53,438
Reliance	Short Term Retail Dividend Plan.....	—	—	14,14,974	1,50,00,000	—	14,14,974	1,50,00,000
Tata	TFLW Floater Fund – Weekly Divi.....	—	—	59,47,425	6,00,00,000	—	59,47,425	5,99,64,315
Birla Sun Life	Saving Fund – Insti. Weekly Dividend.....	—	—	49,97,901	5,00,00,000	—	49,97,901	5,00,00,000
Unit Trust of India	Infrastructure Advantage Fund – Series 1 – Growth.....	50,000	2,91,500	—	—	—	50,000	4,60,000
Total			4,36,77,765		24,33,35,669			23,26,68,367

8. CURRENT ASSETS, LOANS AND ADVANCES

INVENTORIES

	Rupees	31/03/2010 Rupees	31/03/2009 Rupees
Raw & packing materials [includes material in transit – Rs. 35,08,659/- (2009: Rs. 9,52,037)]		2,16,06,076	2,20,45,488
Fuel Oil		7,28,151	6,91,491
Work-in-progress.....		2,93,596	33,92,646
Semi Finished goods		77,09,943	80,29,086
Finished goods [includes Finished Products in transit – Rs. 20,87,913/- (2009: Rs. Nil)]		2,38,05,529	1,54,23,888
		5,41,43,295	4,95,82,599

**Schedules annexed to and forming part of accounts
for the year ended March 31, 2010**

	Rupees	31/03/2010 Rupees	31/03/2009 Rupees
9. SUNDRY DEBTORS – UNSECURED			
[Considered good unless otherwise stated]			
Debts outstanding			
Over six months:			
considered good.....	26,32,016		1,14,13,893
considered doubtful	18,16,974		17,44,500
	44,48,990		1,31,58,393
Other debts	8,77,53,121		11,33,51,751
		9,22,02,111	12,65,10,144
Less: Provision for doubtful debts		18,16,974	17,44,500
		9,03,85,137	12,47,65,644
 Includes dues from subsidiary company, Basic Oil Treating (India) Limited – Rs. 2,10,138/- (2009: Rs. 1,72,56,028/-) Includes Rs. Nil (2009: Rs. 1,26,25,000) receivable towards compensation from Baker Production Services (UK) Limited.			
10. CASH AND BANK BALANCES			
Cash and cheques on hand		1,18,087	62,601
With scheduled banks in			
Current account	74,17,235		3,48,60,740
Deposit account.....	6,69,92,750		9,35,31,054
		7,44,09,985	12,83,91,794
[Includes Rs. 57,64,295/- (2009: Rs. 53,56,054) lodged with banks for guarantees issued].....		7,45,28,072	12,84,54,395
11. OTHER CURRENT ASSETS			
Prepaid expenses.....		27,87,705	15,97,548
Interest accrued/receivable		1,97,150	29,43,541
Others		4,03,140	3,27,615
		33,87,995	48,68,704



Schedules annexed to and forming part of accounts for the year ended March 31, 2010

	Rupees	31/03/2010 Rupees	31/03/2009 Rupees
12. LOANS AND ADVANCES Unsecured (considered good)			
Loan – Basic Oil Treating (India) Limited (Subsidiary company).....		—	14,48,299
Maximum amount outstanding during the year – Rs. 14,48,299 (2009: Rs. 14,48,299)			
Advances recoverable in cash or in kind or for value to be received:			
(a) Deferred recoverable from Inogen Laboratories Private Limited (Secured by bank guarantee)	—		16,80,00,000
(b) Others.....	92,22,084		81,47,128
		92,22,084	17,61,47,128
MAT recoverable		—	46,69,000
Taxation (net)		2,24,99,089	72,23,151
Balance with excise authorities.....		35,864	68,351
Deposits		1,33,23,716	98,38,038
		4,50,80,753	19,93,93,967
13. CURRENT LIABILITIES AND PROVISIONS			
(A) Current liabilities			
Sundry creditors – Micro and Small Enterprises.....	2,42,246		2,42,536
– others.....	5,02,64,166		5,00,98,086
Advances and deposits from customers.....	32,74,413		16,76,785
Deposit for rented premises	80,49,132		1,00,00,000
Liability for performance guarantees.....	—		1,25,28,146
Unclaimed dividend*	7,35,766		6,18,305
Unclaimed Deposits*	6,34,126		7,38,000
Other liabilities.....	2,99,34,053		2,92,75,964
Interest accrued but not due	—		1,20,571
		9,31,33,902	10,52,98,393
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at balance sheet date.			
(B) Provisions			
Leave encashment.....	75,33,953		76,17,267
Gratuity.....	41,07,388		37,15,365
Proposed dividend.....	1,49,02,458		1,44,45,377
Tax on proposed dividend.....	24,75,112		24,54,992
		2,90,18,911	2,82,33,001
		12,21,52,813	13,35,31,394

**Schedules annexed to and forming part of accounts
for the year ended March 31, 2010**

	31/03/2010 Rupees	31/3/2009 Rupees
14. OTHER INCOME		
Commission	1,33,854	14,19,736
Interest (gross):		
Banks	95,63,784	16,35,567
Subsidiary company	1,96,666	17,23,455
Associate company	35,44,109	1,02,53,209
Others.....	5,12,632	9,64,496
	1,38,17,191	1,45,76,727
[Tax deducted at source Rs. 21,46,477/- (2009: Rs. 30,70,734/-)]		
Dividend:		
on trade investments.....	17,23,093	6,53,120
on others (current investments)	59,95,103	27,76,409
	77,18,196	
Miscellaneous Income.....	9,60,339	43,07,544
Bad debts recovered	1,38,384	2,44,843
Duty drawback.....	2,24,792	2,28,916
Lease rent received.....	1,45,31,475	1,54,61,500
Performance Guarantee Amount written back (Note 6).....	1,25,28,146	—
Profit on sale of investment.....	3,60,560	—
Sundry balances written back.....	137	48,772
	5,04,13,074	3,97,17,567
15. MATERIALS		
Raw and packing		
Opening stock	2,20,45,488	2,76,84,927
Add: Purchases.....	31,53,25,850	33,70,93,826
	33,73,71,338	36,47,78,753
Less: Closing stock	2,16,06,076	2,20,45,488
Consumption.....	31,57,65,262	34,27,33,265
Purchases – traded products.....	2,45,24,760	1,33,62,793
Decrease/(Increase) in work-in-progress and finished goods:		
Opening:		
Work-in-progress.....	33,92,646	16,78,120
Semi Finished goods	80,29,086	67,54,445
Finished goods.....	1,54,23,888	2,49,51,175
	2,68,45,620	3,33,83,740
Less: Closing		
Work-in-progress.....	2,93,596	33,92,646
Semi Finished goods	77,09,943	80,29,086
Finished goods	2,38,05,529	1,54,23,888
	3,18,09,068	2,68,45,620
	(49,63,448)	65,38,120
	33,53,26,574	36,26,34,178



Schedules annexed to and forming part of accounts for the year ended March 31, 2010

	31/03/2010 Rupees	31/3/2009 Rupees
16. EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries wages and bonus	6,08,39,166	5,81,26,503
Contribution to provident and other funds	52,62,497	95,40,304
Staff welfare.....	60,30,463	58,41,880
	<u>7,21,32,126</u>	<u>7,35,08,687</u>
17. OTHER EXPENSES		
Consumption of stores & spares (Indigenous)	28,44,356	23,86,504
Power and fuel	2,66,14,470	2,64,29,318
Rent.....	21,59,731	2,65,305
Repairs & Maintenance:		
Buildings	1,48,154	3,57,578
Machinery	11,51,300	12,64,100
Others.....	23,33,670	17,22,393
	<u>36,33,124</u>	<u>11,63,317</u>
Insurance.....	7,56,016	59,28,996
Rates and taxes.....	62,21,151	51,68,616
Commission and discount on sales	68,23,608	6,45,000
Donation.....	10,35,000	39,99,809
Bank charges	24,83,851	15,69,354
Telephone, telex and telegrams	18,94,402	9,65,166
Vehicle expenses	7,60,877	54,34,342
Legal and professional fees.....	52,28,483	33,11,117
Travelling expenses	30,54,845	1,13,500
Directors' sitting fees	1,78,000	29,78,632
Exchange difference (net)	67,209	27,35,319
Excess of cost over fair value of current investments.....	67,144	10,15,985
Provision for doubtful debts.....	72,474	11,87,060
Loss on sale of investments	—	14,97,478
Bad debts and advances written off	1,65,078	—
Loss on sale of assets	19,708	—
Miscellaneous expenses	1,67,06,111	1,52,57,317
	<u>8,07,85,638</u>	<u>8,53,96,206</u>
18. INTEREST		
On fixed deposits – including Rs. Nil, (2009: Rs. 2,231/-) paid to Managing Director.....	25,415	2,74,964
On fixed period loan	335	6,99,968
On others.....	2,10,006	4,32,045
	<u>2,35,756</u>	<u>14,06,977</u>
19. DEPRECIATION		
As per fixed assets schedule	1,15,20,675	97,14,619
Less: Transfer from revaluation reserve.....	5,17,587	5,99,660
	<u>1,10,03,088</u>	<u>91,14,959</u>
20. EXCEPTIONAL ITEMS – INCOME/(EXPENSES)		
Income:		
Compensation from Baker Production Services (UK) Limited (net of expenses).....	—	7,32,53,534
Expenses:		
Mobilization advance written off.....	—	(1,01,00,000)
	<u>—</u>	<u>6,31,53,534</u>

SCHEDULE 21

Notes to the accounts

A. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting:

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles (GAAP) and applicable accounting standards issued by the Institute of Chartered Accountants of India and provisions of the Companies Act, 1956.

Estimates:

The preparation of financial statements require estimates and assumptions to be made that effect the reported amount of assets and liabilities and other information as at the date of the financial statement and reported amounts of revenue and expenses during the recording period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

Fixed assets (including research and development (R&D) assets):

(i) Recognition:

Recognized at cost of acquisition/construction (inclusive of expenses (net) upto attainment of commercial production) except assets at Kasarwadi, Pune as at April 1, 1993, which is stated at revalued figures as on that date.

(ii) Impairment:

The carrying amounts of tangible fixed assets are reviewed for impairment if events or changes in the circumstances indicate that the carrying value of the asset may not be recoverable. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, impairment is charged to profit and loss account.

(iii) Depreciation:

Depreciation is provided at the rates prescribed in schedule XIV to the Companies Act, 1956 on:

- written down value method for assets at Kasarwadi, Pune (including R&D assets). Incremental depreciation on revalued assets is adjusted to revaluation reserve.
- Straight line method for fixed assets at Kurkumbh, Pune.

Borrowing cost:

Interest on specific borrowing related to qualifying assets is included in the cost of asset. All other borrowing costs are charged to profit and loss account in the period in which they are incurred.

Research and development:

Capital expenditure is shown as fixed asset and accordingly depreciated. All revenue expenditure is charged to profit and loss account.

Investments:

Investments are stated at cost and classified as long term or current. Provision is made for diminution, other than temporary, if any, in respect of a long term investments. Current investments are valued at lower of cost and fair value.

Inventory:

Inventories are valued at lower of cost and net realizable value, on the weighted average basis. Work in progress and Finished goods are valued on absorption costing basis. Due allowance is made for slow moving and obsolete stocks.

Sundry debtors/loans and advances:

Sundry debtors and loans and advances are stated after making adequate provision for doubtful debts/advances, if any.



SCHEDULE 21

Notes to the accounts (Contd.)

Sales:

Revenue is recognized on delivery of product and/or on passage of title to the buyer.

Excise:

Excise duty is recognized on goods manufactured.

Employee benefits:

The company has gratuity scheme funded with Life Insurance Corporation of India. Payments, determined as per actuarial valuation, under the scheme are charged to profit and loss account. Under this arrangement, in the event of an employee resigning in between/before superannuation, the company has to bear a part of the actual liability which is accounted as and when the event occurs since the differential gratuity may not be material.

Provision for leave encashment has been actuarially determined at the balance sheet date. Actuarial gain and losses are recognized in profit and loss account.

Foreign currency transactions:

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Year end balance of monetary items is restated at closing rates. Exchange difference arising on restatement or settlement is charged to profit and loss account.

Premium/discount in respect of forward cover contract is amortized over period of contract.

Taxation:

Provision for current tax is made after taking into account rebate and relief available under Income Tax Act, 1961.

Deferred tax is recognized subject to consideration of prudence, on timing differences between taxable and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only if there is a virtual/reasonable certainty of realization.

Dividend:

Provision is made for proposed dividend, including corporate dividend tax thereon, subject to approval of members.

Contingent Liabilities:

Contingent liabilities are disclosed after careful evaluation of the facts and legal aspects of the issues involved.

B. NOTES:

	2010 Rupees	2009 Rupees
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).....	57,92,562	2,88,571
2. (a) Contingent Liabilities not provided for:		
(i) Guarantees issued to others by Bank secured by counter guarantee of the company and by charge on the fixed assets, inventories and book debts of the company and personal guarantee of the Chairman of the company.....	2,37,92,021	2,44,61,851
(ii) Guarantee given to Bank of Baroda, for credit facilities extended to Subsidiary company Basic Oil Treating (India) Limited	2,25,00,000	2,25,00,000
(iii) Customs duty bonds	5,29,40,967	5,29,40,967
3. Wage agreement at Kasarwadi Plant was expired on 30th November, 2008. Negotiations with labour union are in progress. Ultimate liability resulting from the said negotiation is not ascertainable.		

SCHEDULE 21

Notes to the accounts (Contd.)

	2010 Rupees	2009 Rupees
(b) Claims against the company not acknowledged as debts relating to:		
(i) Octroi (wrong classification of raw materials)*	2,38,80,407	2,38,80,407
(ii) Labour matters (back wages and compensation under Workmen Compensation Act)	17,27,000	28,61,000
(iii) Product performance (Refer Note 7).....	29,36,060	29,36,060
(iv) Disputed Income Tax liability.....	28,78,520	—

* Includes Rs. 1,41,97,321 for which bank guarantee has been given and Shown under 2(a)(i) above.

3. Employee Benefits:

(A) Defined Benefit Plan

The Defined Benefit Plans comprise of Gratuity. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

Particulars	Gratuity (Funded)	
	31st March, 2010 Rupees	31st March, 2009 Rupees
I. Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:		
1. Present Value of Defined Benefit Obligation at the beginning of the year.....	4,19,91,257	3,65,59,972
2. Current Service cost	12,60,958	31,78,455
3. Interest Cost	17,60,898	17,04,807
4. Losses (gains) on Curtailment.....	—	—
5. Liabilities extinguished on settlements.....	—	—
6. Plan ammendments.....	—	—
7. Past Service cost.....	—	—
8. Actuarial (gains)/losses.....	7,78,661	31,86,325
9. Benefits paid.....	(37,09,568)	(26,38,302)
10. Present value of Defined Benefit Obligation as on Balance Sheet date.....	4,20,82,206	4,19,91,257
II. Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:		
1. Fair value of Plan assets as at the beginning of the year..	3,82,75,892	3,62,74,763
2. Expected return on plan assets.....	29,16,511	29,09,117
3. Actuarial gains/(losses).....	4,56,702	3,21,965
4. Actual contributions by employers	35,281	14,08,349
5. Benefits paid.....	(37,09,568)	(26,38,302)
6. Plan assets as on Balance Sheet Date	3,79,74,818	3,82,75,892
III. Analysis of Defined Benefit Obligation:		
1. Defined Benefit Obligation as at 31st March	4,20,82,206	4,19,91,257
2. Fair Value of Plan assets at the end of the year	3,79,74,818	3,82,75,892
3. Net Asset/(Liability) recognized in the Balance Sheet as on Balance Sheet Date.....	(41,07,388)	(37,15,365)



SCHEDULE 21

Notes to the accounts (Contd.)

Particulars	Gratuity (Funded)		
	31st March, 2010	31st March, 2009	31st March, 2008
	Rupees	Rupees	Rupees
IV. Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet:			
1. Present value of Defined Benefit Obligation	4,20,82,206	4,19,91,257	
2. Fair value of plan assets	3,79,74,818	3,82,75,892	
3. Funded status [Surplus/(Deficit)]	(41,07,388)	(37,15,365)	
4. Unrecognized Past Service Costs.....	—	—	
5. Net Asset/(Liability) recognized in Balance Sheet.....	(41,07,388)	(37,15,365)	
V. Components of employer expenses recognized in the statement of profit and loss:			
1. Current Service cost	12,60,958	31,78,455	
2. Interest cost.....	17,60,898	17,04,807	
3. Expected return on plan assets.....	(29,16,511)	(29,09,117)	
4. Curtailment cost/(credit)	—	—	
5. Settlement cost/(credit).....	—	—	
6. Past Service cost.....	—	—	
7. Actuarial Losses/(Gains)	3,21,960	28,64,360	
8. Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	4,27,305	48,38,505	
VI. The Category of Plan assets – 100% Qualifying insurance policy (Insurer managed fund)			
VII. Principal Actuarial Assumptions:			
1. Discount Rate (%)	8.00%	7.25%	
2. Expected Return on plan assets (%).....	8%	8%	
3. Salary escalation (%)	5%	5%	
4. Medical cost inflation.....	N.A.	N.A.	
VIII. Experience History:			
Experience adjustments on plan liabilities (Gain)/			
1. Loss	29,84,241	19,74,571	N.A.
2. Experience adjustments on plan assets (Loss)/Gain	4,56,702	3,21,965	N.A.
3. Defined Benefit Obligation at the end of the period	4,20,82,206	4,19,91,257	3,65,59,972
4. Plan Assets at the end of the period.....	3,79,74,818	3,82,75,892	3,62,74,763
5. Funded Status.....	(41,07,388)	(37,15,365)	(2,85,209)
IX. Contributions expected to be paid to the plan during the next financial year.....	1,50,000	15,00,000	—
(a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.			
(b) Expected Rate of Return of Plan Assets : This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.			
(c) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.			

SCHEDULE 21

Notes to the accounts (Contd.)

(B) Defined Contribution Plan

Amount recognized as an expense in the Profit & Loss Account in respect of Defined Contribution Plan is Rs. 43,72,678 (2009: Rs. 43,27,470).

4. Excise duty

	2010	2009
	Rupees	Rupees
(1) Excise duty shown as reduction from turnover.....	3,73,38,413	5,84,89,732
(2) Excise duty charged to profit and loss account:		
Difference between closing stock and opening stock	48,983	(23,93,506)
Short recoveries/Samples etc.....	27,389	27,129
Total.....	76,372	(23,66,377)

5. Under the package scheme of incentive for industries in backward area, the company has been sanctioned deferral of payment of sales tax collection for a period of 74 months commencing August 1, 2000 up-to an amount of Rs. 4,84,42,000 for the Kurkumbh unit at Pune.

The deferred amount aggregating Rs. 1,29,66,855 (2009 : Rs. 1,28,21,540) is recognized as unsecured loan and is payable after a moratorium period of 10 years in 5 yearly equal installments which commence from year 2011.

6. Pursuant to a product performance claim in earlier year, the Company had recognized a provision of Rs. 1,25,28,146. Although the arbitration award in 2006 had reduced the liability of the Company, the award had not been filed with the court and consequently did not become an enforceable decree. During the year the Company has been legally advised that the limitation period (for the enforcement of the award) has expired and consequently the provision of Rs. 1,25,28,146 has been reversed.

7. Oil and Natural Gas Corporation Limited (ONGC):

In the arbitration proceedings under order no C/1438-a and C/1438-b of September 12, 1986, arbitrator declared the award and directed the ONGC to pay Rs. 55,45,325 after retaining Rs. 29,36,060 for dosage compensation and release of bank guarantee.

The Company and ONGC have filed appeals against the award hence no adjustment have been recognized in the accounts.

8. The Board of Directors of the Company at its meeting held on 28/4/2009 announced a buy back of its fully paid equity shares for an aggregate amount not exceeding Rs. 212.40 lacs at a maximum price of Rs. 36 per share from the open market through stock exchanges. The buy back commenced on 25/5/09 and closed on 27/4/10 Upto 31st March, 2010, the company has bought back 1,55,171 equity shares at an average price of Rs. 35.75 per shares by absorbing amount of Rs. 55.47 lacs. Accordingly the paid up capital of the Company stands reduced to Rs. 745.12 Lacs. The aggregate premium amount paid on bought back shares of Rs. 39.95 Lacs has been debited to Securities premium account.

9. Future minimum lease payment/receivable under non-cancellable operating lease.

Particulars	For the year	For the year
	ended on 31st	ended on 31st
	March, 2010	March, 2009
	Rupees	Rupees
(i) Not later than one year.....	1,26,87,675	64,57,500
(ii) Later than one year and not later than five years	—	—
(iii) Later than five years	—	—
Total....	1,26,87,675	64,57,500

Company has leased out commercial premises for a period of 3 years.



SCHEDULE 21

Notes to the accounts (Contd.)

10. Taxation – Current includes – wealth tax of Rs. 2,00,000 (2009: Rs. 2,15,800).

11. Research and development expenditure:

	2010	2009
	Rupees	Rupees
Revenue	75,69,727	70,25,442

12. Remuneration to Managing Director being minimum remuneration:

	2010	2009
	Rupees	Rupees
Salaries	19,20,000	19,20,000
Company's contribution to provident fund	2,30,400	2,30,400
Perquisites	11,84,074	11,03,058
Total....	33,34,474	32,53,458

Notes:

The above remuneration excludes gratuity contribution and leave encashment as the contribution is made for company as a whole.

13. Auditors' remuneration:

	2010	2009
	Rupees	Rupees
Audit fees	9,00,000	9,00,000
Tax audit	2,00,000	2,00,000
Limited review/Consolidation	8,00,000	8,00,000
Certification	75,000	75,000
Out of pocket expenses	34,666	28,906
Total....	20,09,666	20,03,906

14. (i) Installed capacity, production, turnover, closing and opening stocks:

Name of Product	Installed Capacity *Tonnes	Production Tonnes	Sales (Gross)		Closing Stock**		Opening Stock**	
			Tonnes	Rupees	Tonnes	Rupees	Tonnes	Rupees
Speciality Chemicals..	16,150	5,529	5,442	50,82,04,785	580	3,15,12,870	493	2,31,90,192
	(16,150)	(5,136)	(5,235)	(55,26,43,653)	(493)	(2,31,90,192)	(592)	(3,06,72,095)
Others	Nil	Nil	Nil	86,64,083	Nil	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)	(38,73,750)	(Nil)	(Nil)	(Nil)	(Nil)
Total....	—	—	—	51,68,68,868	—	3,15,12,870	—	2,31,90,192
	(—)	(—)	(—)	(55,65,17,403)	(—)	(2,31,90,192)	(—)	(3,06,72,095)

(*) Installed Capacity based on 3-shift working as certified by the Management and relied upon by Auditors.

(**) Includes stock of finished goods and semi finished goods.

SCHEDULE 21

Notes to the accounts (Contd.)

(ii) Details of Traded Goods:

Name of Product	Purchases		Sales		Closing Stock		Opening Stock	
	Tonnes	Rupees	Tonnes	Rupees	Tonnes	Rupees	Tonnes	Rupees
Traded Goods—								
Chemicals	98.81	2,45,24,760	100.66	2,52,99,520	0.17	2,602	2.02	2,62,782
	(68.45)	(1,33,62,793)	(76.15)	(1,60,85,458)	(2.02)	(2,62,782)	(9.72)	(10,33,525)

Note: 1. Figures in bracket relate to previous year.

(iii) Materials consumed:

Material	2010		2009	
	Unit MT	Rupees	Unit MT	Rupees
Ethylene Oxide	1,477	9,73,57,097	1,519	11,62,67,794
Alcohol, Phenols & Glycols	855	7,45,71,439	830	8,30,80,794
Oils and Fatty Acids	273	1,62,69,453	190	1,25,80,926
Alkyl Benzene.....	45	31,99,926	55	48,10,192
Solvents.....	120	59,72,262	180	91,21,190
Others (Including packing material)	—	11,83,95,185	—	11,68,72,369
Total....		31,57,65,262		34,27,33,265

(iv) Value of imported and indigenous raw and packing materials, spare parts and Components consumed:

Raw and packing materials:

	2010		2009	
	Rupees	%	Rupees	%
Imported	6,71,75,813	21	8,35,14,137	24
Indigenous	24,85,89,449	79	25,92,19,128	76
Total....	31,57,65,262	100	34,27,33,265	100

(v) CIF value of imports:

	2010 Rupees	2009 Rupees
Raw and packing materials.....	6,11,44,670	6,82,88,439
Capital Goods.....	11,98,653	23,15,157

(vi) Expenditure in foreign currency:

	2010 Rupees	2009 Rupees
Travelling.....	3,63,643	5,36,314
Commission	4,27,115	3,75,907
Interest.....	—	2,69,779

(vii) Earnings in foreign exchange:

	2010 Rupees	2009 Rupees
F.O.B. value of Export.....	2,92,47,507	2,28,12,487
Commission	1,33,854	14,19,736
Compensation received.....	—	7,47,94,500



SCHEDULE 21

Notes to the accounts (Contd.)

15. Earnings per share:

	2010	2009
	Rupees	Rupees
(A) Before exceptional items and after tax:		
Profit as per accounts	3,96,89,597	2,32,83,617
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share	74,94,849	76,06,400
Nominal value per share (Rs.).....	10	10
Basic and diluted earnings per share (Rs.).....	5.30	3.06
(B) After exceptional items and tax:		
Profit as per accounts	3,96,89,597	8,64,37,151
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share	74,94,849	76,06,400
Nominal value per share (Rs.).....	10	10
Basic and diluted earnings per share (Rs.).....	5.30	11.36

16. Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information and relied upon by the auditors) as at 31st March, 2010 is Rs. 2,42,246 (2009: Rs. 2,42,536) including unpaid amounts of Rs. Nil (2009: Rs. Nil) outstanding for more than 45 days. No interest is due thereon.

17. Although the company's equity interests in Inogent Laboratories Private Limited (ILPL) and Performance Polymers and Chemicals Private Limited (PPCL) exceed 20%, these have been treated (as in earlier year) as under:

- PPCL has been classified as trade investment as the proposed JV for which the company invested in PPCL was not pursued.

18. Segment reporting:

The company is principally engaged in single business segment – manufacturing of specialty chemicals and operates materially in one geographical segment as per Accounting Standard 17 on segment reporting.

19. During the year management has reviewed the identification and classification of related party relationships. Based on this review the related party relationships identified and transactions with them are detailed below:

A. Relationships:

i. Related parties where control exists

Subsidiary company

Basic Oil Treating (India) Limited (BOTI).

Dai-ichi Gosei Chemicals (India) Limited (DGCL).

ii. Key management personnel

Mrs. S. F. Vakil – Managing Director (SFV)

iii. Relatives of key management personnel

Mr. D. M. Neterwala – Father of Managing Director (Director (DMN))

Mr. F. A. Vakil – Spouse of Managing Director (FAV)

SCHEDULE 21

Notes to the accounts (Contd.)

- iv. Other related parties
 - Chemicals & Ferro Alloys Limited (CFAL)
 - Universal Ferro & Allied Chemicals Limited (UFACL)
 - Indian Oxides & Chemicals Limited (IOCL)
 - Uni Klinger Limited (UKL)
 - Uni Abex Alloy Products Limited (UAAP)
 - SDN Company (SDNC)
 - Commercial Building Syndicate (CBS)
 - Rose Investments Limited (RIL)
 - General Pharmaceuticals Pvt. Ltd. (GPPL)
 - Viva Chem Pvt. Ltd. (VCPL)
 - Performance Polymers & Chemicals Pvt. Ltd. (PPCPL)
 - Uni Deritend Ltd. (UDL)
 - Oil Field Instrumentation Ltd. (OFIL)
 - Neterson Technologies Pvt. Ltd. (NTPL)
 - Netal India Ltd. (NIL)
 - Netmech Engg. Pvt. Ltd. (NEPL)
 - Anosh Finance & Investment Pvt. Ltd. (AFIPL)
 - Inogent Laboratories Private Limited (ILPL)

Note: Related party relationship is as identified by the company and relied upon by the auditors.

B. Transactions carried out with related parties referred in A above, in ordinary course of business:

					(Rupees)
Nature of transactions	Subsidiary company – BOTI	Associate entities	Key management personnel	Relatives of key management personnel	Total
Purchase of Goods	1,25,032	4,95,306	—	—	16,72,659
		IOCL			
		10,10,587			
		GPPL			
		41,734			
		Others			
	(79,328)	(64,90,8420)	(—)	(—)	(81,56,804)
		<i>IOCL</i>			
		(8,01,903)			
		<i>GPPL</i>			
		(6,78,928)			
		<i>NIL</i>			
		(1,05,803)			
		<i>Others</i>			



SCHEDULE 21

Notes to the accounts (Contd.)

					(Rupees)
Nature of transactions	Subsidiary company – BOTI	Associate entities	Key management personnel	Relatives of key management personnel	Total
Sales of Goods.....	2,04,24,079	3,57,20,070	—	—	5,92,74,360
		IOCL			
		15,41,530			
		VCPL			
		15,88,681			
		GPPL			
	(6,38,96,801)	(1,14,00,119)	(—)	(—)	(7,93,08,729)
		IOCL			
		(37,08,591)			
		VCPL			
		(3,03,218)			
		Others			
Compensation/Others.....	—	—	—	23,45,720	23,45,720
				DMN	
	(—)	(2,44,571)	(—)	(—)	(2,44,571)
		CBS			
Rendering of Services	3,35,624	7,44,005	—	—	19,83,717
		IOCL			
		3,67,228			
		UAAP			
		3,00,885			
		SDNC			
		2,35,975			
		Others			
	(3,775)	(31,50,000)	(—)	(—)	(41,19,087)
		ILPL			
		(3,93,575)			
		IOCL			
		(2,60,773)			
		SDN			
		(3,10,964)			
		Others			
Receiving of Services	—	1,01,923	—	1,19,771	4,13,874
		SDNC		DMN	
		1,92,180			
		Others			
	(—)	(2,19,872)	(—)	(—)	(2,19,872)
		SDNC			

SCHEDULE 21

Notes to the accounts (Contd.)

(Rupees)

Nature of transactions	Subsidiary company – BOTI	Associate entities	Key management personnel	Relatives of key management personnel	Total
Interest Received.....	1,96,666	35,44,109	—	—	40,32,291
		ILPL			
		2,91,516			
		IOCL			
	(17,23,455)	(1,02,53,209)	(—)	(—)	(1,19,76,664)
		<i>ILPL</i>			
Remuneration.....	—	—	33,54,474	—	33,54,474
	(—)	(—)	(32,53,458)	(—)	(32,53,458)
Interest paid-on Fixed Deposit	—	—	—	—	—
		—	SFV	FAV	
	(—)	(—)	(2,231)	(1,622)	(3,853)
		—	<i>SFV</i>	<i>FAV</i>	
Investments	—	4,00,00,000	—	—	4,00,49,000
		ILPL			
		49,000			
		Others			
	(—)	(4,00,00,000)	(—)	(—)	(4,00,49,000)
		<i>ILPL</i>			
		(49,000)			
		<i>Others</i>			
Outstanding Debtors	2,10,138	82,59,476	—	—	84,69,614
		IOCL			
	(1,60,71,407)	(59,40,188)	(—)	(—)	(2,27,11,491)
		<i>IOCL</i>			
		(6,56,417)			
		<i>VCPL</i>			
		(43,479)			
		<i>Others</i>			
Outstanding Receivables	52,542	88,453	—	—	1,40,995
		Others			
	(11,84,621)	(26,87,617)	(—)	(—)	(39,17,292)
		<i>ILPL</i>			
		(45,054)			
		<i>Others</i>			
Outstanding Payables.....	—	51,591	—	—	51,591
		Others			
	(—)	(1,94,033)	(—)	(—)	(2,31,482)
		<i>IOCL</i>			
		(37,449)			
		<i>Others</i>			



SCHEDULE 21

Notes to the accounts (Contd.)

Nature of transactions	Subsidiary company – BOTI	Associate entities	Key management personnel	Relatives of key management personnel	(Rupees)
					Total
Outstanding Loan	—	—	—	—	—
		ILPL			
	(14,48,299)	(16,80,00,000)	(—)	(—)	(16,94,48,299)
		ILPL			
Outstanding Fixed Deposits	85,100	—	—	—	85,100
	(85,100)	(—)	(—)	(—)	(85,100)
Deposits given.....	—	—	—	32,00,000	32,00,000
				DMN	
	(—)	(—)	(—)	(—)	(—)

Note: Figures in bracket relate to previous year.

20. Financial and derivative instrument disclosure:

- (a) The following is the outstanding forward exchange contract entered into by the Company as on 31st March, 2010.

As at 31/03/2010				As at 31/03/2009			
Currency	Amount	Buy/Sell	Cross Currency	Currency	Amount	Buy/Sell	Cross Currency
—	—	—	—	US Dollar	1,10,751	Buy	Indian Rupees

- (b) All derivative and financial instruments acquired by the Company are for hedging purpose.
(c) Unhedged foreign currency exposure:

Particulars	2010 Rupees	2009 Rupees
Debtors	18,96,187	49,87,759
Creditors.....	70,12,457	80,66,255

21. Figures are regrouped and rearranged, wherever necessary.

Signatures to Schedules '1' to '21'

	For and on behalf of the Board	
	S. F. Vakil	Vice-Chairperson and Managing Director
	Jimmy Bilimoria	Director
	Nitin Nimkar	General Manager – Finance
Place : Mumbai	Kavita Thadeshwar	Company Secretary
Date : May 10, 2010		

**Company's General Business Profile
(As Per Schedule VI, Part (iv) of the Companies Act, 1956)**

I. REGISTRATION DETAILS		
CIN		L24100MH1960PLC011681
State Code		11
Balance Sheet Date		31-3-2010
II. CAPITAL RAISED DURING THE YEAR		
Public Issue		Nil
Rights Issue		Nil
Private Placements		Nil
Bonus Issue		Nil
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS		
		(Rs. in '000)
Total Liabilities		7,53,257
Total Assets		7,53,257
SOURCES OF FUNDS		
Paid-up capital		74,512
Reserves and surplus		5,38,865
Secured loans		70
Unsecured loans		12,967
Deferred tax liability		4,690
APPLICATION OF FUNDS		
Net fixed assets		1,49,435
Investments		3,36,297
Net current assets		1,45,372
Miscellaneous expenditure		—
Accumulated losses		—
IV. PERFORMANCE OF THE COMPANY		
Turnover including other income		5,55,243
Total expenditure		4,99,560
Profit before tax		55,683
Exceptional Item		—
Profit after tax		39,690
Basic & diluted profit per share (Rs.)		5.30
Basic & diluted profit per share excluding exceptional item (Rs.)		5.30
Dividend rate (%)		20
V. GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY		
PRODUCT DESCRIPTION		ITEM CODE NO. (ITC CODE)
1. Surface Active Agents		340211.00
		340212.00
		340213.00
		340290.00
2. Oil Field Chemicals		381190.00
3. Synthetic Polymers		390690.01
		390690.09
4. Trimetazidine		290729.09
5. Carboprost Tramethamine		300439.19

For and on behalf of the Board

S. F. Vakil Vice-Chairperson and Managing Director

Jimmy Bilimoria Director

Nitin Nimkar General Manager – Finance

Kavita Thadeshwar Company Secretary

Place : Mumbai
Date : May 10, 2010



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Subsidiary Company : Basic Oil Treating (India) Ltd.
Financial Year of the Subsidiary Company : 31st March, 2010
Total issued and paid-up share capital of the Subsidiary Company : 11,25,000 Equity shares of Rs. 10/- each.
Extent of interest of Dai-ichi Karkaria Limited in Basic Oil Treating (India) Ltd. at the end of the financial year : 11,25,000 Equity shares of Rs. 10/- each.
Net aggregate amount of profits/(Loss) of : Basic Oil Treating (India) Ltd. has made a Profit of Rs. 1,64,61,760/- (Previous Year Rs. 2,71,96,383/-). The total accumulated profit carried to its Balance Sheet as on 31st March, 2010, amounted to Rs. 2,25,39,444/- (Previous Year Rs. 1,16,63,229/-).
No adjustment has been made in the accounts of the Company in respect of the Profit made by Basic Oil Treating (India) Ltd.
2. Name of the Subsidiary Company : Dai-ichi Gosei Chemicals (India) Ltd.
Financial Year of the Subsidiary Company : 31st March, 2010
Total issued and paid-up share capital of the Subsidiary Company : 50,000 Equity shares of Rs. 10/- each
Extent of interest of Dai-ichi Karkaria Limited in Dai-ichi Gosei Chemicals (India) Ltd. at the end of the financial year : 48,500 Equity shares of Rs. 10/- each
Net aggregate amount of loss of Dai-ichi Gosei Chemicals (India) Ltd. : Dai-ichi Gosei Chemicals (India) Ltd. has made a Loss of Rs. 5,976/- (Previous Year Loss of Rs. 5,084/-). The total accumulated Loss carried to its Balance Sheet as on 31st March, 2010, amounted to Rs. 2,69,191/- (Previous Year Accumulated Loss Rs. 2,63,215/-).
No adjustment has been made in the accounts of the company in respect of the Loss incurred by Dai-ichi Gosei Chemicals (India) Ltd.

For and on behalf of the Board

S. F. Vakil

Vice-Chairperson and Managing Director

Jimmy Bilimoria

Director

Nitin Nimkar

General Manager – Finance

Kavita Thadeshwar

Company Secretary

Place : Mumbai
Date : May 10, 2010

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF DAI-ICHI KARKARIA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached consolidated balance sheet of Dai-ichi Karkaria Limited and its subsidiaries (the Group) as at March 31, 2010, and also Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date, both annexed thereto. The Consolidated Financial Statements are the responsibility of the Dai-ichi Karkaria Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of a subsidiary Dai-ichi Gosei Chemicals (India) Limited whose financial statements reflect the Group's share of total assets of Rs. 5.10 lakhs as at March 31, 2010 and Group's share of total revenue of Rs. * (less than Rs. 0.01 lakh) for the year ended on that date, and net cash outflow amounting to Rs. 0.08 lakh for the year ended on that date as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this subsidiary, is based solely on the reports of the other auditor.
4. We report that the Consolidated Financial Statements have been prepared by Dai-Ichi Karkaria Limited's management in accordance with the requirements of Accounting Standards 21, Consolidated Financial Statements and Accounting Standards 23, Accounting for Investments in Associates in Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the report of other auditor on separate financial statement and on the other financial information of the components, in our opinion and to the best of our information and according to the explanation given to us, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of Dai-ichi Karkaria Limited Group as at 31st March, 2010;
 - (ii) in the case of the Consolidated Profit and Loss account, of the profit for the year ended on that date, and
 - (iii) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration no. 117366W

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : May 10, 2010



Consolidated Balance Sheet as at March 31, 2010

	Schedule	2010 Rupees	2009 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Capital	1	7,45,12,290	7,60,64,000
Reserves and surplus	2	57,32,41,482	53,81,26,112
		64,77,53,772	61,41,90,112
Minority Interest		6,925	7,104
Loan funds			
Secured	3	6,21,767	14,80,342
Unsecured	4	1,29,66,855	1,44,71,758
		1,35,88,622	1,59,52,100
Deferred Tax (Net)	5	66,45,251	79,86,002
TOTAL		66,79,94,570	63,81,35,318
APPLICATION OF FUNDS			
Fixed assets	6		
Gross block		51,43,80,928	50,90,33,361
Less: depreciation/amortisation		35,62,18,771	34,43,45,791
Net block		15,81,62,157	16,46,87,570
Capital work in progress and advances		33,53,551	3,89,335
		16,15,15,708	16,50,76,905
Investments	7	32,95,74,369	8,55,83,767
Current assets, loans and advances			
Inventories	8	6,32,06,304	6,11,89,788
Sundry debtors	9	10,45,44,013	12,32,00,852
Cash and bank balances	10	9,07,10,378	13,41,66,583
Other current assets	11	33,87,995	48,68,704
Loans and advances	12	5,86,97,735	21,54,23,179
		32,05,46,425	53,88,49,106
Current liabilities and provisions	13		
Liabilities		11,22,17,730	11,66,63,709
Provisions		3,14,24,202	3,47,10,751
		14,36,41,932	15,13,74,460
Net current assets		17,69,04,493	38,74,74,646
TOTAL		66,79,94,570	63,81,35,318
Notes to the accounts	21		

In terms of our report of even date
For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : May 10, 2010

For and on behalf of the Board

S. F. Vakil
Jimmy Bilimoria

Nitin Nimkar
Kavita Thadeshwar

Vice-Chairperson & Managing Director

Director

General Manager – Finance

Company Secretary

DAI-ICHI KARKARIA LIMITED AND IT'S SUBSIDIARIES

Consolidated Profit & Loss Account for the year ended March 31, 2010

	Schedule	2010 Rupees	2009 Rupees
INCOME			
Gross sale		62,55,41,692	69,32,74,712
Less: Excise duty on sales		4,20,98,314	6,50,96,939
Net sales.....		58,34,43,378	62,81,77,773
Other income.....	14	5,30,07,530	3,87,76,091
		63,64,50,908	66,69,53,864
EXPENDITURE			
Materials.....	15	37,53,19,479	42,26,00,189
Employees' remuneration and benefits	16	7,66,75,054	7,93,34,529
Excise duty		48,855	(27,61,888)
Other expenses.....	17	9,04,11,009	10,28,24,094
Interest	18	3,15,833	26,00,960
Depreciation/Amortisation	19	1,24,66,111	1,05,91,672
		55,52,36,341	61,51,89,556
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION		8,12,14,567	5,17,64,308
Exceptional items – Income/(Expenses)	20	—	6,31,53,534
PROFIT AFTER EXCEPTIONAL ITEMS & BEFORE TAXATION		8,12,14,567	11,49,17,842
Less: Taxation— Current year.....		2,58,98,689	1,27,57,000
— MAT recoverable.....		—	(62,69,000)
— Deferred Tax		(13,40,752)	(49,14,880)
— Fringe Benefit Tax		(12,226)	6,24,000
PROFIT AFTER TAXATION BEFORE MINORITY INTEREST		5,66,68,856	11,27,20,722
Minority Interest.....		179	(88,05,320)
Net Profit		5,66,69,035	10,39,15,402
Add: Excess provision for Dividend and Dividend Tax of earlier year written back		3,36,902	—
Balance being surplus brought forward		18,94,01,075	10,88,86,042
Surplus available for appropriation		24,64,07,012	21,28,01,444
APPROPRIATION			
Proposed dividend.....		1,49,02,458	1,44,45,377
Tax on proposed dividend.....		24,75,112	24,54,992
General reserve		46,50,000	65,00,000
Balance being surplus carried to the balance sheet		22,43,79,442	18,94,01,075
		24,64,07,012	21,28,01,444
Notes to the accounts	21		
Basic and diluted earnings per share.....		7.56	13.66
Basic and diluted earnings per share excluding exceptional items.....		7.56	5.36

In terms of our report of even date

For **Deloitte Haskins & Sells**

Chartered Accountants

Shyamak R. Tata

Partner

Membership No. 38320

Place : Mumbai

Date : May 10, 2010

For and on behalf of the Board

S. F. Vakil

Jimmy Bilimoria

Nitin Nimkar

Kavita Thadeshwar

Vice-Chairperson & Managing Director

Director

General Manager – Finance

Company Secretary



Consolidated Cash Flow statement for the year ended March 31, 2010

	2010 Rupees	2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
PROFIT AFTER EXCEPTIONAL ITEMS AND BEFORE TAX.....	8,12,14,567	11,49,17,842
Adjustments for:		
Interest income	(1,39,94,607)	(1,31,40,997)
Depreciation.....	1,24,66,111	1,05,91,672
Loss on sale of fixed assets.....	1,13,378	2,47,978
Loss on sale of/switch over of investments.....	—	24,50,027
Provision for doubtful debts.....	72,474	10,15,985
Excess of cost over fair value of current MF investments	67,144	14,72,352
Dividend income	(77,22,246)	(34,33,579)
Sales tax Deferred	1,45,315	4,85,051
Profit on sale of investment.....	(3,60,560)	—
Interest expenses.....	3,15,833	26,00,960
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	7,23,17,409	11,72,07,291
Taxes Paid	(3,40,06,848)	(1,39,36,210)
Adjustments for:		
Trade and other receivables	1,85,84,365	(2,38,87,907)
Other current assets.....	(12,05,858)	22,25,997
Loans and advances	16,57,44,092	12,64,01,437
Inventories	(20,16,516)	99,99,918
Current liabilities and provisions	(90,01,009)	68,79,151
CASH GENERATED FROM OPERATING ACTIVITY	21,04,15,635	22,48,89,677
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Sales proceeds of fixed assets.....	33,703	1,77,778
Additions to fixed assets	(95,69,581)	(1,23,09,310)
Dividend received	76,62,422	34,33,579
Interest received	1,67,40,998	1,47,60,569
Proceeds from sale of investments.....	5,46,38,482	3,98,51,510
Purchase of investments	(29,83,35,669)	(10,00,87,622)
Investment in Fixed Deposits with Banks.....	(5,10,40,158)	(8,76,58,077)
Proceeds from Fixed Deposits Matured	7,82,37,058	—
NET CASH USED IN INVESTING ACTIVITIES	(20,16,32,745)	(14,18,31,573)

DAI-ICHI KARKARIA LIMITED AND IT'S SUBSIDIARIES

Consolidated Cash Flow statement for the year ended March 31, 2010 (Contd.)

	2010 Rupees	2009 Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of term loan	(8,58,575)	3,45,866
Repayment of Fixed Deposits.....	(17,54,093)	(42,83,267)
Repayment of cash credit – Working capital (net)	—	(4,20,20,694)
Interest expenses	(4,36,404)	(28,94,106)
Dividend paid.....	(1,39,91,012)	(90,87,543)
Tax on Dividend.....	(24,54,992)	(15,51,250)
Buyback of Shares	(55,47,119)	—
NET CASH USED IN FINANCING ACTIVITIES	(2,50,42,195)	(5,94,90,994)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS.....	(1,62,59,305)	2,35,67,110
Opening Cash and Cash Equivalents.....	4,65,08,506	2,29,41,396
Closing Cash and Cash Equivalents	3,02,49,201	4,65,08,506
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS.....	(1,62,59,305)	2,35,67,110
Balance in Cash and Cash Equivalents as above.....	3,02,49,201	4,65,08,506
Deposits with an Initial Maturity of three months or more	6,04,61,177	8,76,58,077
Total Cash and Bank Balance (Schedule 10)	9,07,10,378	13,41,66,583

In terms of our report of even date
For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : May 10, 2010

For and on behalf of the Board

S. F. Vakil
Jimmy Bilimoria
Nitin Nimkar
Kavita Thadeshwar

Vice-Chairperson & Managing Director
Director
General Manager – Finance
Company Secretary



Schedules Annexed to and forming part of Consolidated Accounts for the year ended March 31, 2010

	2010 Rupees	2009 Rupees
1. SHARE CAPITAL		
Authorised 1,00,00,000 (2009 – 1,00,00,000) equity shares of Rs. 10/- each.....	10,00,00,000	<u>10,00,00,000</u>
Issued and subscribed 74,51,229 (2009 – 76,06,400) Equity shares of Rs. 10/- each fully paid up... Of the above 50,30,000 (2009 – 50,30,000) Equity shares have been allotted by way of fully paid bonus shares by capitalising:	7,45,12,290	7,60,64,000
General Reserve Rs. 2,95,00,000/- (2009 : 2,95,00,000/-) Revaluation Reserve Rs. 2,08,00,000/- (2009 : 2,08,00,000/-) 1,55,171 Equity Shares bought back (2009 : Nil) (Note No. 8)	7,45,12,290	<u>7,60,64,000</u>
2. RESERVES AND SURPLUS		
Capital reserve As per last account.....	77,10,000	77,10,000
Securities premium As per last account..... Less: Amount utilised for Buy back of Shares (Note No. 8).....	26,34,33,000 39,95,409	26,34,33,000 —
	25,94,37,591	<u>26,34,33,000</u>
Capital incentive As per last account.....	15,00,000	15,00,000
Revaluation reserve As per last account..... Less: Transfer to profit and loss account towards depreciation	3,93,65,372 5,17,587	3,99,65,033 5,99,660
	3,88,47,785	<u>3,93,65,373</u>
Capital redemption reserve Transferred from General Reserve	15,51,710	—
General reserve As per last account..... Add: Transfer from profit and loss account	2,79,11,192 46,50,000	2,14,11,192 65,00,000
Less: Amount transfer to Capital redemption reserve	15,51,710	—
	3,10,09,482	<u>2,79,11,192</u>
Capital Reserve on Consolidation.....	88,05,472	88,05,472
Profit and Loss Account – surplus	22,43,79,442	<u>18,94,01,075</u>
	57,32,41,482	<u>53,81,26,112</u>

**Schedules Annexed to and forming part of Consolidated Accounts
for the year ended March 31, 2010**

	<u>2010</u> Rupees	<u>2009</u> Rupees
3. SECURED LOANS		
From banks		
(1) Working Capital – Cash credit/FCDL	—	4,68,725
(Secured by hypothecation of all inventories and book debts, pari passu charge on fixed assets of the Company and guarantee by the Chairman) [Amounts due within one year Rs. Nil (2009 : Rs. Nil)]		
(2) Vehicles loan	6,21,767	9,24,389
(Secured by hypothecation of vehicles) [Amount due within one year – Rs. 1,90,102/- (2009 – Rs. 3,02,621/-)]		
From others		
Vehicle loan	—	87,228
(Secured by hypothecation of vehicles) [Amount due within one year Rs. Nil (2009 : Rs. 87,228/-)]		
	6,21,767	14,80,342
	6,21,767	14,80,342
4. UNSECURED LOANS		
Fixed deposits [Includes from Managing Director Rs. Nil (2009 – Rs. Nil)] [Amounts due within one year Rs. Nil (2009 – Rs. 15,62,000/-)]	—	15,62,000
Interest accrued and due on above	—	88,218
Deferred sales tax [Amounts due within one year Rs. 1,96,917/- (2009 – Rs. Nil)]	1,29,66,855	1,28,21,540
	1,29,66,855	1,44,71,758
5. DEFERRED TAX (NET)		
Deferred tax liability:		
On Tangible fixed assets	1,37,33,344	1,53,93,084
Less: Deferred tax assets:		
On Employee benefits	48,76,637	49,44,737
On Provision for Doubtful Debts.....	6,03,599	5,92,956
On Diminution in value of investments	2,10,034	9,52,339
On Others	13,97,823	9,17,050
	70,88,093	74,07,082
Deferred tax liability (net)	66,45,251	79,86,002



Schedule annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2010

6. FIXED ASSETS

(in Rupees)

PARTICULARS	GROSS BLOCK AT COST		DEPRECIATION/AMORTISATION			NET BLOCK AT COST		
	As at 1.4.2009	Additions/ Transfers	Deductions/ Transfers	As at 1.4.2009	For the year	Deductions/ Transfers	As at 31.3.2010	As at 31.3.2009
Land – Freehold	5,57,30,801	—	—	—	—	—	5,57,30,801	5,57,30,801
– Leasehold	23,49,691	—	—	98,593	2,35,194	—	3,33,787	20,15,904
Buildings – Residential*	1,65,16,917	—	—	66,05,772	11,05,317	—	77,11,089	88,05,828
– Non-residential	10,02,24,229	—	—	5,68,55,429	26,26,361	—	5,94,81,790	4,07,42,439
Plant and machinery/Elec. Inst ...	26,83,99,851	34,51,978	16,362	23,39,81,025	53,15,827	4,848	23,92,92,004	4,33,68,800
Furniture and fixtures	73,71,988	60,700	27,819	60,28,377	2,81,658	27,816	62,82,219	3,44,18,826
Laboratory, Office & Factory Equipment and Air Conditioners..	2,52,83,786	18,80,717	12,13,617	1,87,71,783	13,73,814	10,78,053	1,90,67,544	65,12,003
Vehicles	88,45,160	—	—	38,86,913	10,48,579	—	49,35,492	49,58,247
Scientific Research – Capital Expenditure:								
Buildings - Non-residential	14,20,149	—	—	13,44,282	3,279	—	13,47,561	75,867
Plant and machinery	78,24,529	—	—	45,78,400	4,85,020	—	50,63,420	32,46,129
Furniture and fixtures	6,31,513	—	—	5,51,875	14,415	—	5,66,290	79,638
Laboratory, Office & Factory Equipment and Air Conditioners..	1,44,34,747	12,11,970	—	1,16,43,342	4,94,233	—	1,21,37,575	27,91,405
Total	50,90,33,361	66,05,365	12,57,798	34,43,45,791	1,29,83,698	11,10,717	35,62,18,771	16,46,87,570
Previous year	49,79,00,127	1,23,46,792	12,13,558	50,90,33,361	33,39,42,261	7,87,802	16,46,87,570	16,39,57,866
Capital Work in progress and advances [Advances Rs. 5,73,993/- (2009 :Rs. 94,335/-)							33,53,551	3,89,335
							16,15,15,708	16,50,76,905

* Includes Rs. 13,50,000/- (2009 :Rs. 13,50,000/-) being the cost of shares held in Zinnia Properties Private Limited.

**Schedules Annexed to and forming part of Consolidated Accounts
for the year ended March 31, 2010**

	2010	2009
	Rupees	Rupees
7. INVESTMENTS		
Long Term at cost		
(A) Other than trade		
(a) Quoted:		
8,100 (2009 : 8,100) equity shares of Rs. 10/- each fully paid up of Bank of India	3,64,500	3,64,500
2000 (2009 : 2,000) equity share of Rs. 2/- each fully paid-up of Bharat Seats Ltd.	2,000	2,000
	3,66,500	3,66,500
(b) Unquoted:		
1,000 (2009 : 1,000) equity shares of Rs. 25/- each of The Shamrao Vithal Co-operative Bank Ltd.	25,000	25,000
2,500 (2009 : 2,500) equity shares of Rs. 10/- each of The Saraswat Co-op. Bank Ltd.	25,000	25,000
5080 (2009 : 5,080) equity shares of Rs. 25/- each of The Zoroastrian Co operative Bank Ltd.	1,27,000	1,27,000
2,000,000 (2009: Nil) Units of Canara Robeco- FMP Series 5 13 Months Plan B of Rs.10 each (acquired during the year)	2,00,00,000	—
2,000,000 (2009: Nil) Units of FMP 13M March 2010 (3) Series XII of Rs.10 each (acquired during the year)	2,00,00,000	—
1,500,000 (2009: Nil) Units Capital Protection Oriented Fund Series-1 of Rs. 10 each (acquired during the year)	1,50,00,000	—
	5,51,77,000	1,77,000
(B) Trade Investments		
(a) Quoted:		
57,167 (2009 : 57,167) equity shares of Rs. 10/- each of Clariant Chemicals (India) Limited	13,62,502	13,62,502
	13,62,502	13,62,502
(b) Unquoted:		
(i) In Associate company		
26,00,000 (2009 : 26,00,000) equity shares of Rs. 10/- each fully paid up of Inogent Laboratories Pvt. Ltd. (Subscribed to right issue of 2,00,000 shares at a premium of Rs. 70/- per share) ..	4,00,00,000	4,00,00,000
	4,00,00,000	4,00,00,000
(ii) Others		
4,900 (2009 : 4,900) equity shares of Rs. 10/- each of Performance Polymers & Chemicals Pvt. Ltd.	49,000	49,000
	49,000	49,000
	9,69,55,002	4,19,55,002
Less: Provision for diminution in the value of long term investments	49,000	49,000
	9,69,06,002	4,19,06,002
Current Investments at lower of cost or fair value		
Other than trade		
Mutual Funds units of Rs. 10/- each	23,26,68,367	4,36,77,765
	23,26,68,367	4,36,77,765
	32,95,74,369	8,55,83,767
Notes:		
(1) Aggregate cost of quoted investments	17,29,002	17,29,002
Market Value of quoted investments.....	3,36,91,280	1,30,43,436
(2) Aggregate cost of unquoted investments [net of provision Rs. 11,66,253/- (2009 : Rs. 33,35,820/-)]	32,78,45,367	8,38,54,765



Schedules Annexed to and forming part of Consolidated Accounts for the year ended March 31, 2010

	2010 Rupees	2009 Rupees
CURRENT ASSETS, LOANS AND ADVANCES		
8. INVENTORIES		
Raw and packing materials [includes material in transit Rs. 35,08,659 (2009 - Rs. 9,52,037)].....	2,82,28,109	3,00,85,976
Fuel Oil	7,28,151	6,91,491
Work-in-process.....	2,93,596	33,92,646
Semi Finished Goods	77,09,943	80,29,086
Finished goods [includes Finished Products in transit Rs. 20,87,913/- (2009: Rs. Nil)	2,62,46,505	1,89,90,589
	6,32,06,304	6,11,89,788
9. SUNDRY DEBTORS – UNSECURED		
[Considered good unless otherwise stated]		
Debts outstanding		
— Over six months:		
considered good	50,68,086	1,14,13,893
considered doubtful.....	18,16,974	17,44,500
	68,85,060	1,31,58,393
Other debts	9,94,75,927	11,17,86,959
	10,63,60,987	12,49,45,352
Less: Provision for doubtful debts	18,16,974	17,44,500
	10,45,44,013	12,32,00,852
Includes Rs. Nil (2009: Rs. 1,26,25,000) receivable towards compensation from Baker Production Services (UK) Limited		
10. CASH AND BANK BALANCES		
Cash and cheques on hand	1,26,327	80,004
With scheduled banks in:		
Current account.....	2,09,89,339	3,57,01,728
Deposit account	6,95,94,712	9,83,84,851
	9,07,10,378	13,41,66,583
[Includes Rs. 57,64,295/- (2009: Rs. 53,56,054) lodged with banks for guarantees issued]		
11. OTHER CURRENT ASSETS		
Prepaid expenses.....	27,87,705	15,97,548
Others	4,03,140	3,27,615
Interest accrued/receivable	1,97,150	29,43,541
	33,87,995	48,68,704

**Schedules Annexed to and forming part of Consolidated Accounts
for the year ended March 31, 2010**

	2010 Rupees	2009 Rupees
12. LOANS AND ADVANCES		
Unsecured Considered Good		
(a) Deferred recoverable from Inogen Laboratories Pvt. Ltd. (Secured by a bank guarantee).....	—	16,80,00,000
(b) Interest accrued on deposits	18,242	—
(c) Others.....	2,26,51,371	2,38,66,896
MAT recoverable	—	62,69,000
Taxation (net)	2,26,42,896	73,66,958
Fringe benefit tax (Net)	11,710	—
Deposits	1,33,23,716	98,38,038
Balance with excise authorities.....	49,800	82,287
	5,86,97,735	21,54,23,179
13. CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry creditors – Micro and Small Enterprises	2,42,246	2,47,224
– Others	6,60,15,685	5,79,10,217
Advances and deposits from customers.....	36,79,007	21,31,744
Deposit for rented premises	80,49,132	1,00,00,000
Liability for performance guarantees.....	—	1,25,28,146
Unclaimed dividend*	7,35,766	6,18,305
Unclaimed Deposits*	6,34,126	7,38,000
Other liabilities.....	3,28,61,768	3,23,69,502
Interest accrued but not due	—	1,20,571
	11,22,17,730	11,66,63,709
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at balance sheet date		
B. Provisions		
Proposed dividend.....	1,49,02,458	1,44,45,377
Tax on proposed dividend	24,75,112	24,54,992
Taxation – net	10,58,005	1,59,741
Gratuity.....	42,99,987	42,05,815
Leave encashment	76,88,640	79,44,805
Product Performance.....	10,00,000	55,00,021
	3,14,24,202	3,47,10,751
	14,36,41,932	15,13,74,460



Schedules Annexed to and forming part of Consolidated Accounts for the year ended March 31, 2010

	2010	2009
	Rupees	Rupees
14. OTHER INCOME		
Commission	1,33,854	14,19,736
Interest (Gross)		
Banks	99,37,866	19,23,292
Associate Company	35,44,109	1,02,53,209
Others	5,12,632	9,64,496
[Tax deducted at source Rs. 21,73,777 (2009 : Rs. 30,84,463)]		
Dividend:		
on trade Investments	17,23,093	5,71,670
on others (Current investment).....	59,99,153	28,61,909
Miscellaneous Income	20,24,567	43,55,997
Lease rent received	1,45,31,475	1,54,61,500
Bad debts recovered	1,38,384	2,44,843
Performance Gurantee Amount written back (Note no. 6).....	1,25,28,146	—
Profit on sale of investment.....	3,60,560	—
Duty drawback.....	2,24,792	2,28,916
Sundry balances written back/ provisions no longer required written back.....	13,48,899	4,90,523
	5,30,07,530	3,87,76,091
15. MATERIALS		
Raw and packing:		
Opening stock	3,00,85,976	3,37,41,803
Add: Purchases.....	35,27,74,575	39,94,12,353
	38,28,60,551	43,31,54,156
Less: Closing stock	2,82,28,109	3,00,85,976
Consumption.....	35,46,32,442	40,30,68,180
Purchases – traded products.....	2,45,24,760	1,33,62,793
Decrease/(Increase) in work-in-process and finished goods		
Opening:		
Work-in-progress.....	33,92,646	16,78,120
Semi Finished goods	80,29,086	67,54,445
Finished goods	1,89,90,589	2,81,48,972
	3,04,12,321	3,65,81,537
Less: Closing:		
Work-in-progress.....	2,93,596	33,92,646
Semi Finished goods	77,09,943	80,29,086
Finished goods	2,62,46,505	1,89,90,589
	3,42,50,044	3,04,12,321
(Increase)/Decrease	(38,37,723)	61,69,216
	37,53,19,479	42,26,00,189
16. EMPLOYEES REMUNERATION AND BENEFITS		
Salaries, wages and bonus	6,49,86,590	6,34,43,738
Contribution to provident and other funds	54,05,376	97,33,678
Staff welfare.....	62,83,088	61,57,113
	7,66,75,054	7,93,34,529

**Schedules Annexed to and forming part of Consolidated Accounts
for the year ended March 31, 2010**

	2010	2009
	Rupees	Rupees
17. OTHER EXPENSES		
Consumption of stores and spares (Indigenous)	28,44,356	23,86,504
Power and fuel	2,69,64,230	2,67,40,328
Rent	21,59,731	2,65,305
Repairs & maintenance:		
Buildings	1,48,154	3,57,578
Machinery.....	17,76,785	21,04,466
Others	24,54,674	18,35,180
Insurance.....	8,89,223	13,84,512
Rates and taxes.....	62,89,418	70,40,012
Commission and discount on sales	68,23,608	51,68,616
Donations	10,35,000	6,45,000
Bank charges	26,26,212	43,85,134
Telephone, telex and telegrams	21,47,580	18,51,386
Vehicle expenses	7,60,877	9,65,166
Legal and professional.....	60,81,304	62,03,386
Travelling.....	42,94,553	52,22,347
Directors fees.....	2,02,000	1,25,500
Exchange difference (net)	1,07,802	26,33,338
Excess of cost over fair value of current investments.....	67,144	27,35,319
Provision for doubtful debts.....	72,474	10,15,985
Bad debts/advance written off	1,65,078	14,97,478
Loss on sale/switch over of investments	—	11,87,060
Carriage outward.....	34,11,010	68,56,048
Business promotion	—	1,06,219
Miscellaneous expenses	1,86,84,056	1,70,50,631
Compensation for deficiency in performance.....	2,92,362	28,13,618
Loss on sale of Assets	1,13,378	2,47,978
	9,04,11,009	10,28,24,094
18. INTEREST		
On fixed deposits –.....	25,415	2,74,964
including Rs. Nil (2009 : Rs. 2,231) paid to Managing Director		
On fixed period loan	79,323	7,17,951
On others.....	2,11,095	16,08,045
	3,15,833	26,00,960
19. DEPRECIATION		
As per fixed asset schedule.....	1,29,83,698	1,11,91,332
Less: Transfer from revaluation reserve.....	517,587	5,99,660
	1,24,66,111	1,05,91,672
20. EXCEPTIONAL ITEMS – INCOME/(EXPENSES)		
Income:		
Compensation from Baker Production Services (UK) Limited (net of expenses)	—	7,32,53,534
Expenses:		
Mobilization advance written off	—	(1,01,00,000)
	—	6,31,53,534



SCHEDULE 21

Notes to Consolidated Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements relate to Dai-ichi Karkaria Limited and its subsidiaries Basic Oil Treating (India) Limited, where the holding company holds hundred per cent (since 19th February, 2009) of the equity capital and Dai-ichi Gosei Chemicals (India) Limited, where the holding company holds ninety seven percent of equity capital. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the holding company and its subsidiary companies have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating/adjusting intra group balances, transactions and un-realized profits or losses.
- The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting dates as that of the parent company i.e. March 31, 2010.
- Minority interest in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made and the minority share in the movement in equity since the date the parent subsidiary relationship came into existence. Where the losses applicable to the minority exceed the minority interest in the equity of subsidiary, the excess are adjusted against the majority interest to the extent that the minority has a binding obligation to, and is able to, make good the losses.

In addition, the status and classification of the holding company's investments in Inogent Laboratories Private Limited (ILPL) and Performance Polymers and Chemicals Private Limited (PPCL) are as under:

- ILPL has been classified as an Associate entity as defined in the Accounting Standard 23 on Accounting for Investment in Associate in the Consolidated Financial Statements (AS 23). However, in terms of the agreement between the shareholders, the company's holding is considered temporary and consequently the investment is not accounted for under the equity method of accounting.
- PPCL has been classified as trade investment as the proposed JV for which the holding company invested in PPCL was not pursued.

Description of business

Dai-ichi Karkaria Limited and its operating subsidiary, Basic Oil Treating (India) Limited, are engaged in the manufacture and sale of specialty chemicals and exclusive specialty chemicals for the petroleum industry respectively.

Basis of accounting

Consolidated financial statements are prepared under the historical cost convention, in accordance with the requirements of the Companies Act, 1956; except in respect of the revaluation of fixed assets as stated in 'Fixed Assets' below.

Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and other information as at the date of the financial statement and reported amounts of revenue and expenses during the recording period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

Fixed assets [including research and development (R&D) assets]:

(i) Recognition

Recognized at cost of acquisition/construction (inclusive of expenses (net) upto attainment of commercial production) except assets at Kasarwadi, Pune as at April 1, 1993, which is stated at revalued figures as on that date.

(ii) Impairment

The carrying amounts of tangible fixed assets are reviewed for impairment if events or changes in the circumstances indicate that the carrying value of the asset may not be recoverable. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, impairment is charged to profit and loss account.

(iii) Depreciation

Depreciation is provided at the rates prescribed in schedule XIV to the Companies Act, 1956 on:

- Written down value method for assets at Kasarwadi, Pune (including R & D assets). Incremental depreciation on revalued assets is adjusted to revaluation reserve.
- Straight line method for fixed assets at Kurkumbh, Pune and at Jejuri.
- Cost of leasehold land is amortised over the lease period.

SCHEDULE 21

Notes to Consolidated Accounts (Contd.)

Borrowing cost:

Interest on specific borrowing related to qualifying assets is included in the cost of asset. All other borrowing costs are charged to profit and loss account in the period in which they are incurred.

Research and development:

Capital expenditure is shown as fixed asset and accordingly depreciated. All revenue expenditure is charged to profit and loss account.

Investments:

Investments are stated at cost and classified as long term or current. Provision is made for diminution, other than temporary, if any, in respect of a long term investments. Current investments are valued at lower of cost and fair value.

Inventory:

Inventories are valued at lower of cost and net realizable value, on the weighted average basis, except in respect of inventory of a subsidiary which is valued on First in First out (FIFO) and constitute twelve percent of total inventory. Work in progress and Finished goods are valued on absorption costing basis. Due allowance is made for slow moving and obsolete stocks.

Sundry debtors/loans and advances:

Sundry debtors and loans and advances are stated after making adequate provision for doubtful debts/advances, if any.

Sales:

Revenue is recognized on delivery of product and/or on passage of title to the buyer.

Excise:

Excise duty is recognized on goods manufactured.

Employee benefits:

The holding company has a gratuity scheme funded with Life Insurance of India. Payments, determined as per actuarial valuation, under the scheme are charged to profit and loss account. Under this arrangement, in the event of an employee resigning in between/before superannuation, the company has to bear a part of the actual liability which is accounted as and when the event occurs since the differential gratuity may not be material.

Provision for leave encashment has been actuarially determined at the balance sheet date. Actuarial gain and losses are recognized in profit and loss account.

Foreign currency transactions:

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Year end balance of monetary items is restated at closing rates. Exchange difference arising on restatement or settlement is charged to profit and loss account.

Premium/discount in respect of forward cover contract is amortized over the period of contract.

Taxation:

Provision for current tax is made after taking into account rebate and relief available under Income Tax Act, 1961.

Deferred tax is recognized subject to consideration of prudence, on timing differences between taxable and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only if there is a virtual/reasonable certainty of realization.

Dividend:

Provision is made for proposed dividend, including corporate dividend tax thereon, subject to approval of members.

Contingent Liabilities:

Contingent liabilities are disclosed after careful evaluation of the facts and legal aspects of the issues involved.



SCHEDULE 21

Notes to Consolidated Accounts (Contd.)

B. NOTES:

	2010 Rupees	2009 Rupees
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).....	57,92,562	2,88,571
2. (a) Contingent Liabilities not provided for:		
(i) Guarantees issued to others by Bank secured by counter guarantee of the company and by charge on the fixed assets, inventories and book debts of the company and personal guarantee of the Chairman of the company...	2,37,92,021	3,20,22,334
(ii) Guarantee given to Bank of Baroda, for credit facilities extended to Subsidiary company Basic Oil Treating (India) Limited.	2,25,00,000	2,25,00,000
(iii) Customs duty bonds	5,44,34,472	5,29,40,967
Wage agreement at Kasarwadi Plant has expired on 30th November, 2008. Negotiations with labour union are in progress. Ultimate liability resulting from the said negotiation is not ascertainable.		
(b) Claims against the company not acknowledged as debts relating to:		
(i) Customs duty (for wrong classification of item)	31,620	31,620
(ii) Octroi (wrong classification of raw materials)*.....	2,38,80,407	2,38,80,407
(iii) Labour matters (back wages and compensation under Workmen Compensation Act)	17,27,000	28,61,000
(iv) Product performance (Refer Note 7)	29,36,060	29,36,060
(v) Water Charges (for demand raised by MIDC in relation to usage of water)	Nil	67,227
(vi) Disputed Income Tax liability.....	28,78,520	Nil

* Includes Rs. 1,41,97,321/- for which bank guarantee has been given and shown under 2 (a) (i) above.

3. Employee Benefits :

A. Defined Benefit Plan

The Defined Benefit Plans comprise of Gratuity. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

Amount in Rupees

Particulars	Gratuity	
	31st March, 2010	31st March, 2009
I. Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :		
1. Present Value of Defined Benefit Obligation at the beginning of the year	42,481,707	36,928,610
2. Current Service cost.....	1,323,349	3,227,212
3. Interest Cost.....	1,793,907	1,738,199
4. Losses (gains) on Curtailment.....	—	—
5. Liabilities extinguished on settlements	—	—
6. Plan amendments	—	—
7. Past Service cost	—	—
8. Actuarial (gains)/losses	639,250	3,225,988
9. Benefits paid	(3,963,408)	(2,638,302)
10. Present value of Defined Benefit Obligation as on Balance Sheet date.	42,274,805	42,481,707
II. Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :		
1. Fair value of Plan assets as at the beginning of the year.....	38,275,892	36,274,763
2. Expected return on plan assets.....	2,916,511	2,909,117
3. Actuarial gains/(losses).....	456,702	321,965
4. Actual contributions by employers	35,281	1,408,349
5. Benefits paid.....	(3,709,568)	(2,638,302)
6. Plan assets as on Balance Sheet Date	37,974,818	38,275,892

DAI-ICHI KARKARIA LIMITED AND IT'S SUBSIDIARIES

SCHEDULE 21

Notes to Consolidated Accounts (Contd.)

Amount in Rupees			
Particulars	Gratuity		
III. Analysis of Defined Benefit Obligation :	31st March, 2010	31st March, 2009	
1. Defined Benefit Obligation as at 31st March	42,274,805	42,481,707	
2. Fair Value of Plan assets at the end of the year	37,974,818	38,275,892	
3. Net Asset/(Liability) recognized in the Balance Sheet as on Balance Sheet Date	(4,299,987)	(4,205,815)	
IV. Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :			
1. Present value of Defined Benefit Obligation	42,274,805	42,481,707	
2. Fair value of plan assets	37,974,818	38,275,892	
3. Funded status [Surplus/(Deficit)]	(4,299,987)	(4,205,815)	
4. Unrecognized Past Service Costs	—	—	
5. Net Asset/(Liability) recognized in Balance Sheet	(4,299,987)	(4,205,815)	
V. Components of employer expenses recognized in the statement of profit and loss :			
1. Current Service cost	1,323,349	3,227,212	
2. Interest cost.....	1,793,907	1,738,199	
3. Expected return on plan assets.....	(2,916,511)	(2,909,117)	
4. Curtailment cost/(credit)	—	—	
5. Settlement cost/(credit)	—	—	
6. Past Service cost.....	—	—	
7. Actuarial Losses/(Gains)	182,549	2,904,023	
8. Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	383,294	4,960,317	
VI. The Category of Plan assets – 100% Qualifying insurance policy (Insurer managed fund)			
VII. Principal Actuarial Assumptions :			
1. Discount Rate (%)	8%	7.25% / 7.75%	
2. Expected Return on plan assets (%)	8%	8%	
3. Salary escalation (%)	5%	5%	
4. Medical cost inflation.....	N A	NA	
VIII. Experience History :	31st March, 2010	31st March, 2009	31st March, 2008
1. Experience adjustments on plan liabilities (Gain)/Loss	2,853,781	1,995,430	—
2. Experience adjustments on plan assets (Loss)/ Gain	456,702	321,965	—
3. Defined Benefit Obligation at the end of the period .	42,274,805	42,481,707	36,928,610
4. Plan Assets at the end of the period	37,974,818	38,275,892	36,274,763
5. Funded Status.....	(4,299,987)	(4,205,815)	(653,847)
IX. Contributions expected to be paid to the plan during the next financial year –	150,000	1,500,000	—
(a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.			
(b) Expected Rate of Return of Plan Assets : This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.			
(c) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.			

B. Defined Contribution Plan

Amount recognized as an expense in the Profit & Loss Account in respect of Defined Contribution Plan is Rs. 4,514,009 (2009: Rs. 4,497,667)



SCHEDULE 21

Notes to Consolidated Accounts (Contd.)

4. Excise duty:

	2010	2009
	Rupees	Rupees
(1) Excise duty shown as reduction from turnover	4,20,98,314	6,50,96,939
(2) Excise duty charged to profit and loss account:		
Difference between closing stock and opening stock.....	21,466	(27,89,017)
Short recoveries/samples etc.	27,389	27,129
Total	48,855	(27,61,888)

5. Under the package scheme of incentive for industries in backward area, the company has been sanctioned deferral of payment of sales tax collection for a period of 74 months commencing August 1, 2000 up-to an amount of Rs. 4,84,42,000 for the Kurkumbh unit at Pune.

The deferred amount aggregating Rs. 1,29,66,855 (2009: Rs. 1,28,21,540) is recognized as unsecured loan and is payable after a moratorium period of 10 years in 5 yearly equal installments which commence from year 2011.

6. Pursuant to a product performance claim in earlier year, the Company had recognized a provision of Rs. 1,25,28,146. Although the arbitration award in 2006 had reduced the liability of the Company, the award had not been filed with the court and consequently did not become an enforceable decree. During the year the Company has been legally advised that the limitation period (for the enforcement of the award) has expired and consequently the provision of Rs. 1,25,28,146 has been reversed.

7. Oil and Natural Gas Corporation Limited (ONGC):

In the arbitration proceedings under order no. C/1438-a and C/1438-b of September 12, 1986, arbitrator declared the award and directed the ONGC to pay Rs. 55,45,325 after retaining Rs. 29,36,060 for dosage compensation and release of bank guarantee.

The Company and ONGC have filed appeals against the award hence no adjustment have been recognized in the accounts.

8. The Board of Directors of the Company at its meeting held on 28/4/2009 announced a buy back of its fully paid equity shares for an aggregate amount not exceeding Rs. 212.40 lacs at a maximum price of Rs. 36 per share from the open market through stock exchanges. The buy back commenced on 25/5/09 and closed on 27/4/10 Upto 31st March, 2010, the company has bought back 1,55,171 equity shares at an average price of Rs. 35.75 per shares by absorbing amount of Rs. 55.47 lacs. Accordingly the paid up capital of the Company stands reduced to Rs. 745.12 lacs. The aggregate premium amount paid on bought back shares of Rs. 39.95 lacs has been debited to Securities premium account.

9. Future minimum lease payment/receivable under non-cancellable operating lease:

Particulars	For the year ended on 31st March, 2010 Rupees	For the year ended on 31st March, 2009 Rupees
(i) Not later than one year	1,26,87,675	64,57,500
(ii) Later than one year and not later than five years	—	—
(iii) Later than five years.....	—	—
Total	1,26,87,675	64,57,500

Company has leased out commercial premises for a period of 3 years.

10. Taxation – Current includes – wealth tax of Rs. 2,00,000 (2009: Rs. 2,15,800)

11. Research and development expenditure:

	2010	2009
	Rupees	Rupees
Revenue	75,69,727	70,25,442

12. Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information and relied upon by the auditors) as at 31st March, 2010 is Rs. 2,42,246 (2009: Rs. 2,47,224) including unpaid amounts of Rs. Nil (2009: Rs. Nil) outstanding for more than 45 days. No interest is due thereon.

13. Auditors' remuneration:

	2010	2009
	Rupees	Rupees
Audit Fees	12,02,000	12,02,000
Expenses and incidentals	35,183	28,906
Payment for other services	12,50,000	11,25,000
Total	24,87,183	23,55,906

DAI-ICHI KARKARIA LIMITED AND IT'S SUBSIDIARIES

SCHEDULE 21

Notes to Consolidated Accounts (Contd.)

14. Segment reporting:

The Company is principally engaged in single business segment – manufacturing of specialty chemicals and operates materially in one geographical segment as per Accounting Standard 17 on segment reporting.

15. During the year management has reviewed the identification and classification of related party relationships. Based on this review the related party relationships identified and transactions with them are detailed below:

A. Relationships:

- (i) Key management personnel
Mrs. S. F. Vakil – Managing Director (SFV)
- (ii) Relatives of key management personnel
Mr. D. M. Neterwala – Father of Managing Director [Director (DMN)]
Mr. F. A. Vakil – Spouse of Managing Director (FAV)
- (iii) Other related parties
Chemicals & Ferro Alloys Limited (CFAL)
Universal Ferro & Allied Chemicals Limited (UFACL)
Indian Oxides & Chemicals Limited (IOCL)
Uni Klinger Limited (UKL)
Uni Abex Alloy Products Limited (UAPL)
SDN Company (SDNC)
Commercial Building Syndicate (CBS)
Rose Investments Limited (RIL)
General Pharmaceuticals Pvt. Ltd. (GPPL)
Viva Chem Pvt. Ltd. (VCPL)
Performance Polymers & Chemicals Pvt. Ltd. (PPCPL)
Uni Deritend Ltd. (UDL)
Oil Field Instrumentation Ltd. (OFIL)
Netarson Technologies Pvt. Ltd. (NTPL)
Netal India Ltd. (NIL)
Netmech Engg. Pvt. Ltd. (NEPL)
Anosh Finance & Investment Pvt. Ltd. (AFIPL)
Inogen Laboratories Private Limited (ILPL)

Note: Related party relationship is as identified by the company and relied upon by the auditors.

B. Transactions carried out with related parties referred in A above, in ordinary course of business:

(Rupees)				
Nature of transactions	Associate entities	Key management personnel	Relatives of key management personnel	Total
Purchase of Goods	4,95,306	—	—	15,47,627
	IOCL			
	10,10,587			
	GPPL			
	41,734			
	Others			
	(64,90,842)	(—)	(—)	(80,77,476)
	IOCL			
	(8,01,903)			
	GPPL			
	(6,78,928)			
	NIL			
	(1,05,803)			
	Others			



SCHEDULE 21

Notes to Consolidated Accounts (Contd.)

(Rupees)				
Nature of transactions	Associate entities	Key management personnel	Relatives of key management personnel	Total
Sales of Goods.....	3,57,20,070	—	—	3,88,50,281
	IOCL			
	15,41,530			
	VCPL			
	15,88,681			
	GPPL			
	(1,14,00,119)	(—)	(—)	(1,54,11,928)
	<i>IOCL</i>			
	(37,08,591)			
	<i>VCPL</i>			
	(3,03,218)			
	<i>Others</i>			
Compensation/Others.....	—	—	23,45,720	23,45,720
			DMN	
	(2,44,571)	(—)	(—)	(2,44,571)
	<i>CBS</i>			
Rendering of Services	7,44,005		—	16,48,093
	IOCL			
	3,67,228			
	UAAP			
	3,00,885			
	SDNC			
	2,35,975			
	Others			
	(31,50,000)	(—)	(—)	(41,15,312)
	<i>ILPL</i>			
	(3,93,575)			
	<i>IOCL</i>			
	(2,60,773)			
	<i>SDN</i>			
	(3,10,964)			
	<i>Others</i>			
Receiving of Services	1,01,923	—	1,19,771	4,13,874
	SDNC		DMN	
	1,92,180			
	Others			
	(2,19,872)	(—)	(—)	(2,19,872)
	<i>SDNC</i>			
Interest Received.....	35,44,109			38,35,625
	ILPL			
	2,91,516	—	—	
	IOCL			
	(1,02,53,209)	(—)	(—)	(1,02,53,209)
	<i>ILPL</i>			
Remuneration.....	—	33,54,474	—	33,54,474
	(—)	(32,53,458)	(—)	(32,53,458)
Interest paid-on Fixed Deposit	—	—	—	—
	(—)	(2,231)	(1,622)	(3,853)
		<i>SFV</i>	<i>FAV</i>	

DAI-ICHI KARKARIA LIMITED AND IT'S SUBSIDIARIES

SCHEDULE 21

Notes to Consolidated Accounts (Contd.)

				(Rupees)
Nature of transactions	Associate entities	Key management personnel	Relatives of key management personnel	Total
Investments	4,00,00,000	—	—	4,00,49,000
	ILPL			
	49,000			
	Others			
	(4,00,00,000)	(—)	(—)	(4,00,49,000)
	<i>ILPL</i>			
	(49,000)			
	<i>Others</i>			
Outstanding Debtors	82,59,476	—	—	82,59,476
	IOCL			
	(59,40,188)	(—)	(—)	(66,40,084)
	<i>IOCL</i>			
	(6,56,417)			
	<i>VCPL</i>			
	(43,479)			
	<i>Others</i>			
Outstanding Receivables	88,453	—	—	88,453
	Others			
	(26,87,617)	(—)	(—)	(27,32,671)
	<i>ILPL</i>			
	(45,054)			
	<i>Others</i>			
Outstanding Payables.....	51,591	—	—	51,591
	Others			
	(1,94,033)	(—)	(—)	(2,31,482)
	<i>IOCL</i>			
	(37,449)			
	<i>Others</i>			
Outstanding Loan	—	—	—	—
	ILPL			
	(16,80,00,000)	(—)	(—)	(16,80,00,000)
	<i>ILPL</i>			
Deposits given.....	—	—	32,00,000	32,00,000
	(—)	(—)	DMN	
			(—)	(—)

Note: Figures in bracket relate to previous year.

16. Earnings per share:

	2010 Rupees	2009 Rupees
(A) Before exceptional items and after tax:		
Profit as per accounts	5,66,69,035	4,07,61,868
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share	74,94,849	76,06,400
Nominal value per share (Rs.).....	10	10
Basic and diluted earnings per share (Rs.).....	7.56	5.36
(B) After exceptional items and tax:		
Profit as per accounts	5,66,69,035	10,39,15,402
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share	74,94,849	76,06,400
Nominal value per share (Rs.).....	10	10
Basic and diluted earnings per share (Rs.).....	7.56	13.66



SCHEDULE 21

Notes to Consolidated Accounts (Contd.)

17. Financial and derivative instrument disclosure:

(a) The following is the outstanding forward exchange contract entered into by the Company as on 31st March, 2010.

As at 31/03/2010				As at 31/03/2009			
Currency	Amount	Buy/Sell	Cross Currency	Currency	Amount	Buy/Sell	Cross Currency
—	—	—	—	US Dollar	1,10,751	Buy	Indian Rupees

(b) All derivative and financial instruments acquired by the Company are for hedging purpose.

(c) Un-hedged foreign currency exposure:

	2010	2009
	Rupees	Rupees
Debtors	18,96,187	49,87,759
Creditors	70,12,457	80,66,255

18. Figures are regrouped and rearranged, wherever necessary.

Signatures to Schedules 1 to 21

For and on behalf of the Board

S. F. Vakil

Vice-Chairperson and Managing Director

Jimmy Bilimoria

Director

Nitin Nimkar

General Manager – Finance

Kavita Thadeshwar

Company Secretary

Place : Mumbai
Date : May 10, 2010

Detail of Subsidiaries for the year 2009-10

Sr. No.	Name of Subsidiary Company	Basic Oil Treating (India) Ltd.	Dai-ichi Gosei Chemicals (India) Ltd.
		(Rs. in '000)	
1.	Capital.....	11,250	500
2.	Reserves.....	26,689	—
3.	Total Assets.....	65,838	795
4.	Total Liabilities.....	65,838	795
5.	Details of Investment	27	—
6.	Total Income	99,100	—
7.	Profit before taxation	25,014	—
8.	Provision for taxation	8,552	—
9.	Profit after taxation.....	16,462	—
10.	Proposed Dividend.....	3,375	—

For and on behalf of the Board

S. F. Vakil

Vice-Chairperson and Managing Director

Jimmy Bilimoria

Director

Nitin Nimkar

General Manager – Finance

Kavita Thadeshwar

Company Secretary

Place : Mumbai
Date : May 10, 2010

DIRECTORS' REPORT

The Directors are pleased to present their Twentieth Annual Report on the business and operations of the company, together with the Audited Statement of Accounts for the year ended 31st March 2010.

Financial Results

	2009-2010 Rs.	2008-2009 Rs.
Sales and Other Income	10,53,35,442	18,08,85,093
Gross Profit/(Loss)	2,67,53,329	3,29,35,205
Depreciation	14,63,023	14,76,713
Interest	2,76,743	29,17,438
Net Operating Profit/(Loss) before Extraordinary expenses/ Prior Period Expenses	2,50,13,563	2,85,41,054
Provision for Taxation	85,51,803	13,44,671
Profit/(Loss) after Taxation	1,64,61,760	2,71,96,383
Balance Brought Forward	1,16,63,229	(1,55,33,154)
Proposed Dividend	33,75,000	NIL
Tax on Proposed Dividend	5,60,545	NIL
Transfer to General Reserve	16,50,000	NIL
Balance Carried Forward to Balance Sheet	2,25,39,444	1,16,63,229

Dividend

The Directors have recommended a dividend of Rs. 3/- per equity share having face value of Rs. 10/- each, for the year ended 31st March 2010. The dividend payout will aggregate to Rs. 33.75 lacs and the tax on distributable profits payable by the Company would amount to Rs. 5.61 lacs.

Performance

The company has achieved a turn over of Rs. 10.25 crore (Gross Turn over) during the year, which is Rs. 7.72 crore lower than the previous year. This is mainly due to the loss of the contract for production chemicals from CEIL-Rawa field. The business with British Gas has recorded approximately 10% increase as compared to the previous year.

The anticipated ONGC's Demulsifier business did not materialize fully due to the very competitive nature of this market. The export business from CTCI-Taiwan was also lost due to aggressive Chinese competition. This has resulted in a lower turnover by approx. 300 Lacs as compared to the Annual Sales Plan for the year.

Though the overall turnover of the company was lower, the gross margin this year is up by 8.5% as compared to the previous financial year.

Business Prospects

We will focus this year on broadening the customer base for the existing product lines as well as introduce some products for new applications such as for Refinery fuel PPDs, Lubricity Additives, cost effective Demulsifiers, etc. In this regard, we will be strengthening our R&D efforts, with the help of Dai-ichi Karkaria Ltd., the Holding Company to identify newer cost effective formulations to improve our business volumes with ONGC and OIL.



With this the company expects to register a very good projected business turnover, with better margins that will serve to further strengthen the company's bottom line.

Financial Performance

Improved margins resulted in increased cash profits & cash flows of the Company. Hence, Company has discontinued its fund based facility which it was enjoying till the financial year 2008-09. Only non-fund based facility in form of bank guarantee limits is enjoyed by the Company. This has resulted in reduction of interest payments to the Bank.

ISO Quality Certification

Following the award of the ISO 9001 certification in 1999 by DNV of the Netherlands, the system was maintained as per the requirements. The validity of the certificate was expired in Feb. 2006 and subsequently we have been awarded a new certificate, valid up to April 2009. In the month of Nov. 2009, we have upgraded to the revised 2008 standards, after successful periodic audit conducted by DNV. Now, our Certificate is valid up to Dec. 2011.

Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. D. M. Neterwala retires by rotation and is eligible for reappointment.

The Board of Directors recommends his re-appointment.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure and forms part of the Report.

The company presently has no employees of category specified under Section 217(2A) of the Companies Act 1956, during the financial year.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors report that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures, if any.
- (ii) appropriate accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 and of the profit of the Company for the period 1st April, 2009 to 31st March 2010;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the annual accounts have been prepared on a going concern basis.

Auditors

M/s. Deloitte Haskins & Sells, the Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and being eligible are recommended for re-appointment to audit the accounts of the Company for the financial year 2010-2011.

Statutory Compliance

Compliance Certificate as required under proviso to sub-section(1) of Section 383A of the Companies Act, 1956 obtained from M/s. T. M. Khumri & Co., Company Secretaries is attached herewith and forms part of the Report.

Industrial Relations

The company has recruited personnel in various disciplines commensurate with present and future needs, taking into account the size of the operation.

The industrial relations during the year were cordial.

General

The Directors wish to express their appreciation for the dedicated and concentrated efforts of all the employees.

The Directors also wish to record their gratitude to customers, holding company, financial institutions, banks and all other stakeholders for their continued assistance and support.

For and on behalf of the Board

Mrs. S. F. Vakil

Director

Mr. Jimmy Bilimoria

Director

Place: Mumbai

Date : May 10, 2010



ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION REQUIRED AS PER SECTION 217 OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

Conservation of Energy:

a. ENERGY CONSERVATION MEASURES TAKEN:

The Company has been giving high priority to conservation of energy on continuous basis by closely monitoring the energy consuming equipment and by optimizing the use of steam and maintaining a close liaison between energy generating centers and consuming points. Key executives have been given the task of monitoring energy consumption and identifying areas and means of further conservation.

- i. Power capacitors have been installed to improve power factor.
- ii. Boiler cleaning and descaling is done regularly to improve efficiency.

b. ADDITIONAL INVESTMENT PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF ENERGY: NIL

c. IMPACT OF THE MEASURES AT (i) & (ii) ABOVE ON REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS:

The total power consumption has gone up for the current year as compared to the last year. However there is a decrease in the consumption of fuel oil as compared to the last year.

d. TOTAL ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A:

	2009-2010	2008-2009
A. POWER AND CONSUMPTION		
a. ELECTRICITY		
1. Purchased		
i. Units – KWH	36,576	39,704
ii. Purchase Cost – (Rs.)	284,490	293,400
iii. Rate per unit – (Rs.)	7.78	7.39
2. Own Generation		
— Through Diesel Generator		
I. Units generated/KWH	N.A.	N.A.
II. Diesel used in K. Liters	N.A.	N.A.
III. Cost of Diesel Oil consumed – (Rs.)	N.A.	N.A.
IV. Cost of Diesel per unit generated – (Rs.)	N.A.	N.A.
— Through steam/Turbine		
b. COAL USED	Nil	Nil
c. FURNACE OIL		
(instead of furnace oil we are using diesel – as fuel for Boiler)		
1. Quantity used in K. Liters	0.93	0.93
2. Cost of Diesel – (Rs.)	36,532	34,384
3. Average rate – Rs./Ltr.	35.99	36.81
d. OTHER INTERNAL GENERATION:		
1. Lower Sulphur heavy stock	Nil	Nil
2. Internally generated fuel – steam	Nil	Nil
B. CONSUMPTION PER UNIT OF PRODUCTION IN MT:	35.79	46.16
ELECTRICITY – KWH		

FORM B FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

I. Research & Development:

Application Development work is carried out from the laboratory in Jejuri.

1. Specific areas in which R & D is carried out.

The Development work is carried out in area of Demulsifier, Corrosion Inhibitors, Wax Dispersants, Biocide etc. for the oil processing and oil production industry. The focus is on developing the most cost effective solutions for various applications.

2. Benefits derived as a result of the above R & D.

Existing formulations were improved and new products developed for some fields, including import substitution.

3. Future plan of action.

More development work will be carried out in the area of Demulsifiers, Water Injection chemicals and Corrosion Inhibitors.

II. Expenditure on R & D.

a. Capital – Rs.	40,059/-
b. Recurring – Rs.	64,406/-
c. Total – Rs.	1,04,465/-
d. Total R & D as a percentage of Turnover	0.10%

III. Technology Absorption and Innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:

Constant liaison is maintained with the holding company, M/s. Dai-ichi Karkaria Limited, to upgrade existing products.

2. Benefits derived as a result of the above efforts:

Improvement in product performance, reduction in cost and potential for saving on foreign exchange in future.

3. Information in the case of imported technology: None

IV. Foreign Exchange Earning and outgo:

Rs. in lacs

Export on FOB basis

Foreign Exchange Earned through	Export	27.94
---------------------------------	--------	-------

Foreign Exchange used for imports	Raw Materials	67.56
-----------------------------------	---------------	-------

	Finished Goods	Nil
--	----------------	-----

	Capital Goods	Nil
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Other remittance:		Nil
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COMPLIANCE CERTIFICATE

THE MEMBERS OF

BASIC OIL TREATING (INDIA) LIMITED

(Formerly known as BAKER OIL TREATING (INDIA) LIMITED)

We have examined the registers, records, books and papers of **BASIC OIL TREATING (INDIA) LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company, is registered under CIN No. U24110MH1990PLC055089 with the Registrar of Companies, Maharashtra and having its Registered Office at Liberty Building, Sir.Vithaldas Thackersey Marg, Mumbai 400 020 and has kept and maintained all registers as stated in **Annexure `A`** to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns prescribed under the Act and the rules made thereunder as stated in **Annexure `B`** to this certificate with the Registrar of Companies, Maharashtra or other authorities within the time prescribed under the Act.
3. The Company, being a public limited company, comments are not required.
4. The Board of Directors duly met 4 (Four) times on the under mentioned dates :
29th June, 2009
29th September, 2009
11th December, 2009
17th March, 2010
in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the year.
6. The 19th Annual General Meeting for the financial year ended on 31st March, 2009 was held on 1st September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes book of the Company.
7. One Extraordinary General Meeting was held on 21st April, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has entered into certain contracts/ arrangements for services sold which were of special nature, which are outside the purview of Section 297 of the Act.
10. The Company has made necessary entries in the Register maintained u/s 301 of the Act.
11. As there are no instances which are covered by the provisions of Section 314 of the Act, the Company was not required to obtain any approval from the Board of Directors, members and Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) not made allotment/transfer/transmission of securities during the financial year.
 - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) not been required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Wholetime Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the year.

BASIC OIL TREATING (INDIA) LIMITED

17. The Company has obtained necessary approvals from the Central Government/Registrar of Companies, Maharashtra for change of name and alteration of main objects of the Company and the Company was not required to obtain any approvals from Company Law Board, Regional Director or such other authorities as are prescribed under the various provisions of the Act.
18. All the Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares/debentures/other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares/debentures and hence there was no redemption of Preference shares/debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Sections 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny and complied with the provisions of the Act.
28. The Company has altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny and complied with the provisions of the Act.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.
30. The Company has altered its Articles of Association after obtaining approval of members in the Extraordinary General Meeting held on 21st April, 2009 and the amendments to the Articles of Association have been duly filed with the Registrar of Companies.
31. There was no prosecution initiated against the Company nor were any show cause notices received by the Company and no fines or penalties or any other punishment has been imposed on the Company during the financial year for offences, if any, under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees and employers contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

T. M. Khumri & Co.,
Company Secretaries

Office Address :

12-13, Esplanade, 3rd Floor
3, A. K. Nayak Marg,
Fort Mumbai-400 001.
Place: Mumbai
Date: May 10, 2010

(Taizoon M. Khumri FCS. 993)
(Proprietor)
Certificate of Practice No. 88

This certificate has been issued at the request of BASIC OIL TREATING (INDIA) LIMITED Mumbai for the purpose of issue of Compliance Certificate under proviso to sub section (1) of Section 383A of the Companies Act, 1956 and is not to be transmitted to anyone else nor is it to be relied upon by anyone else or for any purpose or quoted or referred to in any document or filed with anyone without our expressed written consent. This Certificate is strictly limited to the matters expressly addressed herein and no certification is implied or may be inferred beyond the matters expressly stated herein. This Certificate is not to be read as certification with respect to any other factual or legal matters.



Annexure A

Annexed to the Compliance Certificate dated May 10, 2010 Registers as maintained by the Company

1. Application for and Allotment of Shares Register.
2. Register of Members U/s. 150 for Equity Shareholders.
3. Register of Charges U/s. 143.
4. Register of Transfers.
5. Register of Directors, Managing Directors etc. U/s. 303.
6. Register of Directors Shareholdings U/s. 307.
7. Attendance Register.
8. Register of Contracts U/s. 301.
9. Register of Contracts, Companies and Firms in which Directors are interested U/s. 301(3).
10. Board Minutes Book and General Body Minutes Book Under Section 193.
11. Books of Accounts U/s. 209.
12. Register of Fixed Assets.
13. Register of Investments under Section 49(7).

Note :

The Company has not maintained the following registers as there were no entries/transactions to be recorded therein

1. Register of deposits under Section 58A.
2. Index of members under Section 151.
3. Register of Securities Bought Back under Section 77A.
4. Register and Index of Debenture Holders under Section 152.

Annexure B

Annexed to the Compliance Certificate dated May 10, 2010

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010.

1. Form No. 20B i.e., Annual Return filed under Section 159 of the Act made upto 1st September, 2009 filed under section 159 with normal filing fees.
2. Form No. 23AC and 23ACA i.e., Annual Accounts filed under Section 220 for 31.03.2009 with normal filing fees.
3. Form No. 66 i.e., Compliance Certificate filed under proviso to Section 383A(1) for 31.03.2009 with normal filing fees.
4. Form DIN3 of Mr Patrick Anthony Marfone filed under Section 266(E) of the Act with normal filing fees.
5. Form 32 filed under Section 303(2) of the Act for change in designation of Mr. Jimmy Soli Bilimoria as Director with normal filing fees.
6. Form 32 filed under Section 303(2) of the Act for appointment of Mr. Jimmy Soli Bilimoria as an Additional Director with normal filing fees.
7. Form 1AA appointing Mr. K. K. Sasidharan as officer in default for the purpose of clause (f) of Section 5 with additional filing fees.
8. Form 23 under Section 192 of the Act for change of name from Baker Oil Treating (India) Limited to Basic Oil Treating (India) Limited and alteration of object clause and adoption of new set of Articles with normal filing fees.
9. Form 32 filed under Section 303(2) of the Act for resignation of Mr. Patrick Anthony Marfone with additional filing fees.
10. Form 1B for application for approval from the Central Government for change of name of the Company from Baker Oil Treating (India) Limited to Basic Oil Treating (India) Limited with normal filing fees.

AUDITORS' REPORT TO THE MEMBERS OF BASIC OIL TREATING (INDIA) LIMITED

1. We have audited the attached Balance Sheet of Basic Oil Treating (India) Limited ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (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;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
Registration No.: 117366W

Shyamak R. Tata
Partner
Membership No.: 38320

Place : Mumbai
Date : May 10, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date)

- (i) In our opinion and according to the information and explanation given to us, the nature of the Company's business/activities, during the year are such that clauses (vi), (viii), (x), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix), (xx) of Companies (Auditors' Report) Order, 2003 are not applicable to the Company. In respect of the other clauses, we report as under:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Management has physically verified a substantial portion of the fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of the assets.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed of by the Company during the year.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Management has physically verified a substantial portion of the fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of the assets.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed of by the Company during the year.
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified as at the year end by the Management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on physical verification were not material and have been adjusted in the books of accounts.
- (iv) The Company has neither granted nor taken during the year any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that most of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

BASIC OIL TREATING (INDIA) LIMITED

- (viii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. Based on audit procedures and according to the information and explanations given to us, there are no arrears of statutory dues as at 31st March, 2010 for a period of more than six months from the date they became payable, except for an amount of Rs. 86,429/- being interest under the Central Sales Tax Act, 1956 outstanding since March, 2009, which has since been paid.
 - (b) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess that have not been deposited as on 31st March, 2010 on account of any dispute.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. There are no dues to financial institutions or debenture holders.
- (x) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xi) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
Registration No.: 117366W

Shyamak R. Tata
Partner
Membership No.: 38320

Place : Mumbai
Date : May 10, 2010



BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	March 31, 2010		March 31, 2009	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
SHAREHOLDER'S FUNDS					
Share Capital	1	1,12,50,000		1,12,50,000	
Reserves and Surplus	2	2,66,89,444		1,41,63,229	
			3,79,39,444		2,54,13,229
LOAN FUNDS					
Secured	3	5,51,144		12,12,610	
Unsecured	4	—		14,48,299	
			5,51,144		26,60,909
Deferred tax (net)	5		19,55,407		21,42,067
			4,04,45,995		3,02,16,205
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross block.....	6	3,21,66,052		3,31,73,326	
Less: Depreciation/Amortisation		2,00,85,160		1,96,32,253	
Net block.....			1,20,80,892		1,35,41,073
INVESTMENTS	7		27,000		27,000
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories.....	8	1,00,35,412		1,31,03,077	
Sundry debtors.....		1,43,69,014		1,56,91,236	
Cash and bank balances		1,56,56,635		51,78,136	
Interest Accrued on deposits....		18,242		58,983	
Loans and advances		1,36,51,282		1,74,18,528	
		5,37,30,585		5,14,49,960	
CURRENT LIABILITIES AND PROVISIONS					
Liabilities	9	1,90,51,646		2,83,24,078	
Provisions		63,40,836		64,77,750	
		2,53,92,482		3,48,01,828	
NET CURRENT ASSETS/(LIABILITIES)			2,83,38,103		1,66,48,132
			4,04,45,995		3,02,16,205
NOTES TO THE ACCOUNTS	15				

As per our report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : May 10, 2010

For and on behalf of the Board

S. F. Vakil Director

Jimmy Bilimoria Director

BASIC OIL TREATING (INDIA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	April-09 to March-10		April-08 to March-09	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Turnover (Gross).....		10,25,44,418		17,97,57,851	
Less : Excise on Sales		62,35,178		1,34,02,576	
Turnover (Net).....			9,63,09,240		16,63,55,275
Other income.....	10		27,91,024		11,27,242
TOTAL			9,91,00,264		16,74,82,517
EXPENDITURE					
Materials.....	11		5,82,12,227		11,13,48,914
Excise on change in stock			(27,517)		(3,95,511)
Employee's Remuneration and Benefits	12		45,42,928		58,25,842
Other Expenses.....	13		96,19,297		1,77,68,067
Interest.....	14		2,76,743		29,17,438
Depreciation.....			14,63,023		14,76,713
TOTAL			7,40,86,701		13,89,41,463
Profit before Taxation			25,013,563		2,85,41,054
Taxation — Current.....		87,50,689		32,48,000	
— MAT credit		—		(16,00,000)	
— Deferred.....		(1,86,660)		(4,57,329)	
— Fringe benefit.....		(12,226)*	85,51,803	1,54,000	13,44,671
* excess provision in respect of previous year reversed					
Profit after Tax.....			1,64,61,760		2,71,96,383
Balance being surplus/(deficit) brought forward.....			1,16,63,229		(1,55,33,154)
Profit available for appropriation.....			2,81,24,989		1,16,63,229
Appropriation					
Proposed dividend			33,75,000		—
Tax on proposed dividend			5,60,545		—
Transfer to general reserve			16,50,000		—
Balance being surplus carried to balance sheet.....			2,25,39,444		1,16,63,229
			2,81,24,989		1,16,63,229
NOTES TO THE ACCOUNTS	15				
Basic and diluted earning per share			14.63		24.17

As per our report of even date

For and on behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants

S. F. Vakil Director

Jimmy Bilimoria Director

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : May 10, 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended on 31st March, 2010	Amount (Rs.) For the year ended on 31st March, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,50,13,563	2,85,41,054
Adjustment for:		
Interest expenses	2,76,743	29,17,438
Depreciation	14,63,023	14,76,713
Loss on sale of fixed assets	93,670	2,47,978
Interest and Dividend Income	(3,78,034) 14,55,402	(2,91,744) 43,50,385
Operating profits before working capital changes	2,64,68,965	3,28,91,439
Working capital changes		
Inventories	30,67,665	(32,60,245)
Sundry Debtors	13,22,222	(16,24,187)
Loans and advances	21,78,956	42,23,334
Current liabilities and other provisions	(1,42,43,155) (76,74,312)	(1,53,41,865) (1,60,02,963)
Cash generated from operations	1,87,94,653	1,68,88,476
Income taxes paid during the year	62,51,909	37,93,838
Net Cash flow from operating activities	1,25,42,744	1,30,94,638
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,07,618)	(12,64,696)
Sale of fixed assets	11,106	1,77,778
Investment in Bank Fixed Deposits	(23,84,385)	(1,14,81,467)
Redemption of Bank Fixed Deposits	46,36,220	78,68,971
Interest and dividend received	4,18,775	2,32,761
Net Cash from/(used in) investing activities	25,74,098	(44,66,653)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings:		
Proceeds	—	6,80,000
Repayment	(14,92,741)	(1,32,305)
Short Term Borrowings	(4,68,725) (19,61,466)	(65,26,584) (59,78,889)
Interest paid	(4,25,042)	(27,90,342)
Net Cash used in financing activities	(23,86,508)	(87,69,231)
Net increase/(decrease) in Cash and Cash equivalent	1,27,30,334	(1,41,246)
CASH AND CASH EQUIVALENT (Opening Balance)	3,24,339	4,65,585
CASH AND CASH EQUIVALENT (Closing Balance)..	1,30,54,673	3,24,339
Net increase/(decrease) in Cash and Cash equivalent	1,27,30,334	(1,41,246)
Note:		
Cash and Cash equivalent comprises of:	As at 31st	As at 31st
Cash on hand	March, 2010 8,096	March, 2009 17,259
Balances with Scheduled banks in:		As at 31st
— Current Account	1,30,46,577	March, 2008 7,923
	1,30,54,673	3,07,080 4,57,662
	1,30,54,673	3,24,339 4,65,585

As per our report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : May 10, 2010

For and on behalf of the Board

S. F. Vakil Director

Jimmy Bilimoria Director

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

	March 31, 2010		March 31, 2009
	Rupees	Rupees	Rupees
SCHEDULE 1:			
SHARE CAPITAL			
AUTHORISED			
25,00,000 (2009 : 25,00,000) Equity Shares of Rs. 10/- each.....		2,50,00,000	2,50,00,000
ISSUED, SUBSCRIBED AND PAID UP			
11,25,000 (2009 : 11,25,000) Equity Shares of Rs. 10/- each fully paid		1,12,50,000	1,12,50,000
(All the above (2009 : 11,25,000) Equity Shares are held by Dai-ichi Karkaria Limited, Holding company and its nominees)		1,12,50,000	1,12,50,000
SCHEDULE 2:			
RESERVES AND SURPLUS			
CAPITAL INCENTIVE (As per last Balance Sheet)		25,00,000	25,00,000
GENERAL RESERVE Transfer from profit & loss account		16,50,000	—
Profit and Loss Account		2,25,39,444	1,16,63,229
		2,66,89,444	1,41,63,229
SCHEDULE 3:			
SECURED LOANS			
(i) Cash credit from banks		—	4,68,725
(Secured by hypothecation of all inventories and book debts both present and further secured by charge on all the fixed assets of the company and Corporate Guarantee of Dai-ichi Karkaria Ltd., Holding Company)			
(ii) Loans from banks		5,51,144	7,43,885
(Secured by hypothecation of vehicles) [Amount payable within one year Rs. 119,479/- (2009 : Rs. 192,740/-)]			
		5,51,144	12,12,610
SCHEDULE 4:			
UNSECURED LOAN			
From Dai-ichi Karkaria Ltd. — Holding company		—	13,00,000
Interest accrued and due		—	1,48,299
		—	14,48,299
SCHEDULE 5:			
DEFERRED TAX (NET)			
Liability	21,20,338		24,20,102
Less: Asset.....	1,64,931		2,78,035
		19,55,407	21,42,067
		19,55,407	21,42,067



**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED MARCH, 31, 2010**

SCHEDULE 6:

FIXED ASSETS

DESCRIPTION	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01-04-2009 Rupees	Additions Rupees	Deductions Rupees	As at 31-03-2010 Rupees	As at 01-04-2009 Rupees	for the year Rupees	Deductions Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
Tangible Assets									
Land - leasehold	4,91,300	—	—	4,91,300	98,593	5,172	—	3,87,535	3,92,707
Building	1,23,97,310	—	—	1,23,97,310	68,31,819	4,14,005	—	51,51,486	55,65,491
Plant and machinery	1,07,17,402	33,729	16,362	1,07,34,769	66,97,964	5,08,666	4,848	35,32,987	40,19,438
Electrical installation	25,54,491	—	—	25,54,491	21,63,370	1,21,339	—	2,69,782	3,91,121
Laboratory equipment	19,37,877	40,059	—	19,77,936	9,29,798	92,496	—	9,55,642	10,08,079
Furniture and fixtures	8,58,036	2,600	27,819	8,32,817	7,33,726	29,630	27,816	97,277	1,24,310
Office and factory equipment	20,83,196	31,230	10,70,711	10,43,715	15,75,228	89,012	9,77,452	3,56,927	5,07,968
Vehicles	21,33,714	—	—	21,33,714	6,01,755	2,02,703	—	13,29,256	15,31,959
Total	3,31,73,326	1,07,618	11,14,892	3,21,66,052	1,96,32,253	14,63,023	10,10,116	1,20,80,892	1,35,41,073
Previous Year	3,31,22,188	12,64,696	12,13,558	3,31,73,326	1,89,43,342	14,76,713	7,87,802	1,35,41,073	

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

	March 31, 2010		March 31, 2009
	Rupees	Rupees	Rupees
SCHEDULE 7:			
INVESTMENTS – (LONG TERM) AT COST			
Non trade, unquoted			
1,080 (2009 : 1,080) Equity shares of Rs. 25 each fully paid-up of The Zoroastrian Cooperative Bank Ltd.		27,000	27,000
		27,000	27,000
SCHEDULE 8:			
CURRENT ASSETS, LOANS AND ADVANCES			
A. CURRENT ASSETS			
Inventory			
Raw materials	75,94,436		95,36,376
Finished goods	24,40,976		35,66,701
		1,00,35,412	1,31,03,077
SUNDRY DEBTORS – unsecured, considered good			
Due for more than six months	24,36,070		—
Others	1,19,32,944		1,56,91,236
		1,43,69,014	1,56,91,236
CASH AND BANK BALANCES			
Cash on hand	8,096		17,259
Balances with scheduled banks in			
Current account.....	1,30,46,577		3,07,080
Deposit account (under lien)	26,01,962		48,53,797
		1,56,56,635	51,78,136
		18,242	58,983
B. INTEREST ACCRUED ON DEPOSITS.....			
C. LOANS AND ADVANCES			
Advances recoverable in cash or in kind or for value to be received	1,34,81,829		1,56,60,785
Balance with excise authorities	13,936		13,936
Taxation (Net).....	1,43,807		1,43,807
Fringe benefit tax (Net).....	11,710		—
MAT Credit entitlement.....	—		16,00,000
		1,36,51,282	1,74,18,528
		5,37,30,585	5,14,49,960
SCHEDULE 9:			
CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES			
Sundry creditors – Total outstanding dues of creditors other than Micro enterprises and Small enterprises			
	1,59,59,374		2,47,75,581
Other liabilities	26,35,136		30,93,538
Advances from Customers	4,57,136		4,54,959
		1,90,51,646	2,83,24,078
PROVISIONS			
Gratuity	1,92,599		4,90,450
Leave encashment	1,54,687		3,27,538
Taxation (net of payments)	10,58,005		1,50,487
Fringe benefit tax (net of payments).....	—		9,254
Product performance	10,00,000		55,00,021
Proposed dividend	33,75,000		—
Tax on proposed dividend	5,60,545		—
		63,40,836	64,77,750
		2,53,92,482	3,48,01,828



SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

	March 31, 2010		March 31, 2009
	Rupees	Rupees	Rupees
SCHEDULE 10:			
OTHER INCOME			
Interest from bank deposits, etc. [Tax deducted at source Rs. 27,300/- (2009 : Rs. 13,729/-)]		3,73,984	2,87,694
Exchange Gain (Net)		—	3,45,294
Dividend from long term investment (Non-trade)		4,050	4,050
Scrap Sales		9,10,711	—
Sundry Credit balances/provisions no longer required written back		13,48,762	4,41,751
Miscellaneous		1,53,517	48,453
		27,91,024	11,27,242
SCHEDULE 11:			
MATERIALS			
Opening stock		95,36,376	66,45,035
Add: Purchases		5,51,44,562	11,46,09,159
Less: Closing stock		75,94,436	95,36,376
Consumption (Increase)/Decrease in finished goods stock		5,70,86,502	11,17,17,818
Opening stock	35,66,701		31,97,797
Less: Closing stock	24,40,976		35,66,701
		11,25,725	(3,68,904)
		5,82,12,227	11,13,48,914
SCHEDULE 12:			
EMPLOYEES' REMUNERATION AND BENEFITS			
Salaries, wages and bonus (net of recoveries)		41,47,424	53,17,235
Contribution to provident and other funds		1,42,879	1,93,374
Staff welfare		2,52,625	3,15,233
		45,42,928	58,25,842

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

	March 31, 2010		March 31, 2009
	Rupees	Rupees	Rupees
SCHEDULE 13:			
OTHER EXPENSES			
Power and fuel.....		3,49,760	3,11,010
Rates and taxes (includes Rs. Nil (2009 : 10,36,938 on completion of assessment for earlier year)		67,906	11,10,624
Printing and stationery		1,77,997	2,08,608
Postage and telephone (net of recoveries)		2,53,178	2,82,032
Insurance		1,33,207	2,21,195
Repairs and maintenance:			
— Plant and machinery	6,25,485		8,40,366
— Others	1,21,004		1,12,787
		7,46,489	9,53,153
Travelling and conveyance		12,39,708	19,11,230
Legal and professional fees		8,50,121	7,67,544
Auditors' remuneration:			
— Audit fees (net of service tax)	3,00,000		3,00,000
— Fees for Other Services.....	1,75,000		50,000
— Out of pocket expenses	517		—
		4,75,517	3,50,000
Testing charges		3,56,901	4,43,534
Business promotion.....		14,664	1,06,219
Carriage outward (net of recoveries)		34,11,010	68,56,048
Directors' sitting fees.....		24,000	12,000
Bank charges.....		1,42,361	3,85,260
Watch and ward expenses.....		4,11,484	3,56,744
Office maintenance		1,63,139	1,09,118
Fees and subscription.....		24,535	14,000
Loss on sale of fixed assets		93,670	2,47,978
Exchange Loss (net)		40,593	—
Miscellaneous.....		1,16,007	34,261
Compensation for deficiency in performance		2,92,362	28,13,618
Late delivery charges		2,34,688	2,73,891
		96,19,297	1,77,68,067
SCHEDULE 14:			
INTEREST			
On fixed period loans		78,988	17,983
Others			
— paid to Holding Company.....	1,96,666		17,23,455
— Others [Includes Rs. Nil (2009: 7,25,859/-) on Sales tax]	1,089		11,76,000
		1,97,755	28,99,455
		2,76,743	29,17,438



SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 15: NOTES TO THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION:

Financial statements are prepared under historical cost convention, in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956 and other provisions of the Companies Act, 1956.

FIXED ASSETS:

Fixed assets purchased are recognized at the cost of acquisition/construction.

DEPRECIATION/AMORTISATION:

Depreciation is provided on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956, except for assets costing less than Rs. 5,000/- which are fully depreciated in the year of purchase.

Leasehold land is amortized over the lease period.

INVESTMENTS:

Long term investments are stated at cost. Provision if any, is made for diminution, other than temporary, in the value of such investments.

INVENTORIES:

(a) Raw material and packing material are valued at lower of cost and net realizable value, on first in first out basis.

(b) Finished goods are valued at lower of cost and net realizable value, on absorption costing basis.

FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currency are accounted at exchange rates on date of transaction. Year end balances of monetary items are translated at closing rates. Exchange differences on settlement/translation are charged to Profit and Loss account.

EMPLOYEE BENEFITS:

Company's contribution to Provident Fund is accounted on actual liability basis. Provisions for Gratuity and Leave encashment are made on the basis of actuarial valuation carried out at the Balance Sheet date.

REVENUE RECOGNITION:

Sale of goods is recognized on dispatch/delivery of goods to customers.

TAXATION:

Provision for current tax is made after taking into account rebate and relief available under the Income Tax Act, 1961.

Deferred tax is recognised subject to consideration of prudence, on timing difference, being the difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward losses unless there is virtual certainty that future taxable income will be available against which such deferred tax assets can be reversed.

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 15: NOTES TO THE ACCOUNTS (Contd.)

B. NOTES:

1. (a) Contingent liabilities not provided for –
 - Bonds for availing duty exemption under Duty Exemption Entitlement Certificate Scheme Rs. 5,24,54,751/- (2009: Rs. 5,24,54,751/-).
- (b) Claims against the Company not acknowledged as debts towards:
 - Custom duty Rs. 31,620/- (2009: Rs. 31,620/-).
 - Water charges Rs. NIL (2009: Rs. 67,227/-).
2. Loans and advances include Rs. 18,32,382/- (2009: Rs. 47,46,674/-) being refund of Sales tax/VAT setoff claimed by the Company in its sales tax returns upto March 31, 2010. These claims are subject to completion of pending sales tax assessments.
3. In the opinion of the Board of Directors, current assets, loans and advances do have a value on realization at least equal to the values stated in the balance sheet.
4. The company has not received any intimation from suppliers regarding their status under Micro, Small and Medium Enterprise Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at year end together with amount paid/payable and the interest thereon as required under the said act has been given to the extent of intimation from the suppliers.

5. (i) Break up of deferred tax liability as at year end:

Nature of timing difference	31st March, 2010	31st March, 2009
	Rs.	Rs.
Provision for Depreciation.....	21,20,338	24,20,102

(ii) Break up of deferred tax asset as at year end:

Nature of timing difference	31st March, 2010	31st March, 2009
	Rs.	Rs.
Provision for Employee benefits	1,04,115	2,78,035
Others	60,816	—
Total	1,64,931	2,78,035

6. Segment Reporting:

The company's business activity falls within single primary business segment viz. 'oil field chemicals'. Hence, the disclosure requirements of Accounting Standard 17 are not applicable to the Company.

7. Related Parties:

Relationships

- a. Holding Company
Dai-ichi Karkaria Limited Controlling company

Note: Related party relationship is as identified by the Company and relied upon by auditors.



SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 15: NOTES TO THE ACCOUNTS (Contd.)

Transactions carried out with related party referred above, in ordinary course of business:

Nature of transaction	Related party Referred to in (i) above Rupees
Purchase	2,04,63,557/- (6,38,96,801/-)
Sales.....	1,54,713/- (79,328/-)
Interest on purchases (gross)	12,906/- (15,31,705/-)
Interest on loan (gross).....	1,83,760/- (1,91,750/-)
Expenses reimbursed/Services taken	3,35,624/- (3,775/-)
Repayment of Unsecured loan.....	13,00,000/- (NIL)
Outstanding as at period end:	
Sundry creditors	3,52,167/- (1,72,56,028/-)
Sundry debtors.....	90,304/- (NIL)
Advances recoverable in cash or kind.....	85,100/- (85,100/-)
Unsecured loans taken	NIL (14,48,299/-)

Figures in brackets are in respect of the previous year.

8. Information as required to be given by Part II of Schedule VI of Companies Act, 1956.
(To the extent applicable).

Licensed Capacity – Not applicable

BASIC OIL TREATING (INDIA) LIMITED

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 15: NOTES TO THE ACCOUNTS (Contd.)

(A) Quantity and turnover information for the year ended on 31.03.2010

Class of goods	Installed Capacity	Actual Production	Opening Stock		Closing stock		Turnover	
	(M.T.)	(M.T.)	Qty (M.T.)	Value Rs.	Qty (M.T.)	Value Rs.	Qty (M.T.)	Value Rs.
Emulsion Breakers		541.68 (740.85)	35.02 (46.23)	23,55,070 (30,27,656)	27.94 (35.02)	19,34,858 (23,55,070)	548.76 (752.06)	4,72,35,043 (6,60,82,711)
Corrosion Inhibitors		337.11 (544.57)	4.67 (3.80)	1,77,016 (1,22,635)	4.78 (4.67)	2,96,236 (1,77,016)	337.00 (543.70)	3,11,11,855 (4,74,04,657)
Pour Point Depressants	3,000 (3,000)	28.00 (155.50)	— (0.30)	— (38,483)	— (—)	— (—)	28.00 (155.80)	39,76,000 (2,12,71,417)
Biocides		45.00 (299.83)	10.75 (—)	8,26,474 (—)	0.75 (10.75)	81,653 (8,26,474)	55.00 (289.08)	82,68,089 (4,35,40,376)
Others		69.41 (23.04)	25.47 (24.72)	2,08,141 (9,023)	14.91 (25.47)	1,28,229 (2,08,141)	79.97 (22.29)	1,19,53,431 (14,58,690)
Total				35,66,701 (31,97,797)		24,40,976 (35,66,701)		10,25,44,418 (17,97,57,851)

Notes:

- (i) Installed capacity is certified by the directors on whose certificate the auditors have placed reliance.
(ii) Figures in brackets are in respect of the previous year.

(B) Raw material consumed:

	31st March, 2010		31st March, 2009	
	Unit M.T.	Value Rs.	Unit M.T.	Value Rs.
(1) Resin Ethoxylate.....	105.26	1,21,17,834	185.39	2,11,87,614
(2) Aromatic Solvent.....	658.35	2,52,60,457	798.27	3,38,92,214
(3) Polyacralite Solvent	46.70	60,96,090	177.28	2,27,36,115
(4) Others.....		1,36,12,121		3,39,01,875
		5,70,86,502		11,17,17,818

(C) Consumption of raw material:

	31st March, 2010		31st March, 2009	
	Percentage	Value Rs.	Percentage	Value Rs.
Imported.....	10.97	62,62,210	4.21	47,07,244
Indigenous	89.03	5,08,24,292	95.79	10,70,10,574
	100.00	5,70,86,502	100.00	1,17,17,818

(D) Value of Imports (on C.I.F. Basis)

Particulars	31st March, 2010	31st March, 2009
	Value (Rs.)	Value (Rs.)
Raw materials	66,39,946	47,69,317



SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 15: NOTES TO THE ACCOUNTS (Contd.)

(E) Earnings in foreign exchange:

Particulars	31st March, 2010 Value (Rs.)	31st March, 2009 Value (Rs.)
Exports on F.O.B. Basis	91,41,846	1,19,53,330
(Including deemed exports Rs. 64,92,522 (2009: Nil))		

9. Details of Employee Benefits as required by the Accounting Standard 15 (Revised) Employee Benefits are as follows:

(A) Defined Contribution Plan:

Amount recognized as an expense in the Profit and Loss Account in respect of Defined Contribution Plans is Rs. 1,41,331 (March 2009 : 1,70,197).

(B) Defined Benefit Plan:

- (i) Actuarial gains and losses in respect of defined benefit plans are recognized in the Profit & Loss Account.
- (ii) The Defined Benefit Plans comprise of Gratuity. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

(C) Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity (Unfunded)	
	31st March, 2010 Rupees	31st March, 2009 Rupees
Present Value of Defined Benefit Obligation as on 1st April	4,90,450	3,68,638
Service cost	62,391	48,757
Interest Cost	33,009	33,392
Losses (gains) on Curtailment	—	—
Liabilities extinguished on settlements.....	—	—
Plan ammendments.....	—	—
Actuarial (gains)/losses	(1,39,411)	39,663
Benefits paid	(2,53,840)	—
Present Value of Defined Benefit Obligation as on 31st March	1,92,599	4,90,450
(D) Analysis of Defined Benefit Obligation:		
Defined Benefit Obligation as at 31st March	1,92,599	4,90,450
Market Value of Plan assets at the end of period.....	—	—
Net (Asset)/Liability recognized in the Balance Sheet as at 31st March	1,92,599	4,90,450

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 15: NOTES TO THE ACCOUNTS (Contd.)

Particulars	Gratuity (Unfunded)	
	31st March, 2010 Rupees	31st March, 2009 Rupees
(E) Components of employer expenses recognized in the statement of profit and loss for the year:		
Current Service cost.....	62,391	48,757
Interest cost.....	33,009	33,392
Expected return on plan assets.....	—	—
Curtailment cost/(credit)	—	—
Settlement cost/(credit)	—	—
Past Service cost	—	—
Actuarial Losses/(Gains).....	(1,39,411)	39,663
Total expense recognised in the Statement of Profit & Loss	(44,011)	1,21,812

Particulars	Gratuity (Unfunded)		
	31st March, 2010 Rupees	31st March, 2009 Rupees	31st March, 2008 Rupees
(F) Experience History:			
Defined Benefit Obligation at the end of the period...	1,92,599	4,90,450	3,68,638
Plan Assets at the end of the period	NA	NA	NA
Funded Status.....	NA	NA	NA
Experience adjustments on plan liabilities.....	(1,30,460)	20,859	—
Experience adjustments on plan assets	NA	NA	NA

(G) Principal Actuarial Assumptions:

Particulars	Gratuity	
	Gratuity as at 31st March, 2010	Gratuity as at 31st March, 2009
Discount Rate (%).....	8.00%	7.75%
Expected Return on plan assets (%).....	NA	NA
Salary Escalation (%).....	5%	5%
Medical cost inflation	NA	NA
Withdrawal Rate (%).....	2%	2%

(a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.

(b) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.



SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 15: NOTES TO THE ACCOUNTS (Contd.)

10. Provisions:

Particulars	Product Performance Rupees	
	31st March, 2010	31st March, 2009
Opening balance	55,00,021	30,00,000
Provisions during the year	2,92,362	28,13,618
Payments during the year.....	(39,16,987)	(3,13,597)
Reversals during the year.....	8,75,396	NIL
Closing balance	10,00,000	55,00,021

Brief description of the nature of the obligation and expected timing of resulting outflows of economic benefits:

Product performance is the provision made towards the performance of the supplies made to customers per agreements. These are generally settled on completion of the supply agreement.

11. Earnings per share:

	31st March, 2010 Rupees	31st March, 2009 Rupees
Profit after tax	1,64,61,760	2,71,96,383
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share	11,25,000	11,25,000
Nominal value per share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	14.63	24.17

12. Previous years figures have been regrouped/recasted, wherever necessary.

Signatories to Schedules 1 to 15

For and on behalf of the Board

S. F. Vakil Director

Jimmy Bilimoria Director

Place : Mumbai
Date : May 10, 2010

**Balance Sheet Abstract and Company's General Business Profile
(as per Schedule VI, Part (IV) of the Companies Act, 1956)**

I. Registration Details:

Registration No. 1 1 - 5 5 0 8 9

Balance Sheet Date 3 1 0 3 2 0 1 0

State Code 1 1

II. Capital raised during the year: (Amount in Rs. Thousands)

Public Issue
NIL

Bonus Issue
NIL

On amalgamation for consideration other than cash

Rights Issue
NIL

Private Placement/conversion
NIL

III. Position of mobilisation and deployment of funds: (Amount in Rs. Thousands)

Total Liabilities
4 0 4 4 6

Source of Funds:

Paid-up Equity Share Capital
1 1 2 5 0

Secured Loans
0 0 5 5 1

Deferred Tax Liability (net)
0 1 9 5 5

Application of Funds:

Net Fixed Assets
1 2 0 8 1

Net Current Assets
2 8 3 3 8

Accumulated Losses
NIL

Total Assets
4 0 4 4 6

Reserves & Surplus
2 6 6 8 9

Unsecured Loans
NIL

Investments
0 0 0 2 7

Miscellaneous Expenses
NIL

IV. Performance of the Company: (Amount in Rs. Thousands)

Turnover (Including Other Income)
0 9 9 1 0 0

Profit Before tax
0 2 5 0 1 3

Earning per Share (Rs.)
1 4 . 6 3 B A S I C

Total Expenditure
0 7 4 0 8 7

Profit After tax
0 1 6 4 6 2

Dividend Rate %
0 0 0 3 0

V. Generic Names of Principal Product & Services of the Company:

Product Description
E M U L S I O N B R E A K E R S
C O R R O S I O N I N H I B I T O R S
P O U R P O I N T D E P R E S S A N T S

Item Code No. (ITC Code)
3 4 0 2 9 0 . 3 0
3 8 1 1 1 9 . 0 0
3 8 1 1 1 9 . 0 0

For and on behalf of the Board

S. F. Vakil Director

Jimmy Bilimoria Director

Place : Mumbai
Date : May 10, 2010

DIRECTORS' REPORT

To,
The Members,

Your Directors hereby present their Eighteenth Annual Report and the audited accounts for the year ended 31st March, 2010.

1. FINANCIAL RESULTS

	For the year ended 31.3.2010 Rupees	For the year ended 31.3.2009 Rupees
Net Profit/(Loss)	(5,976)	(5,084)

2. OUTLOOK

Your Directors are exploring various avenues to undertake profitable activities in the near future.

3. DIRECTORS

In pursuance of the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. D. M. Neterwala retires by rotation and being eligible offers himself for reappointment.

4. AUDITORS

Presently, your Company's accounts are being audited by M/s. Sharp & Tannan, Chartered Accountants, Mumbai, who retire as Auditors at the conclusion of the 18th Annual General Meeting of the Company and they have expressed their unwillingness to offer themselves for reappointment.

The Company has received a special notice from a Member of the Company, in terms of the provisions of the Companies Act, signifying his intention to propose the appointment of M/s. Mahesh Mathur & Co., Chartered Accountants, Mumbai as the Auditors of the Company from the conclusion of the 18th Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. Mahesh Mathur & Co., Chartered Accountants, Mumbai have expressed their willingness to act as Auditors of the Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956. The Directors recommend that they be appointed as Auditors of the Company for the current year.

As regards the observations made by the Auditors M/s. Sharp & Tannan in paragraph 6 & 17 of their annexed Report, the Directors as mentioned above, are exploring avenues to turn around the Company's operations.

5. INFORMATION UNDER SECTION 217(2A) OF THE COMPANIES ACT 1956

As there is no employee coming within the ambit of the Companies (Particulars of Employees) Rules, 1975 as amended to date, this information is not required to be furnished.

6. REPORT UNDER SECTION 217(1)(e)

The Company has not started manufacturing activity and therefore, the disclosure of particulars as required under Section 217(1)(e) of the Companies Act, 1956, in so far as it relates to the conservation of energy, technology absorption and foreign exchange earnings and outgo is not applicable.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 2000 the Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
2. accounting policies have been selected and applied consistently, and the judgments and estimates made 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 loss of the Company for that period;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

For and on behalf of the Board

S. F. Vakil

Director

P. R. Mehta

Director

Place : Mumbai

Date : April 26, 2010

AUDITORS' REPORT TO THE SHAREHOLDERS OF DAI-ICHI GOSEI CHEMICALS (INDIA) LIMITED

We have audited the attached balance sheet of Dai-ichi Gosei Chemicals (India) Limited, as at 31st March 2010, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of section 227 of the Companies Act, 1956, we report as under:

- (1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (2) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (3) The balance sheet and the profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (4) In our opinion, the balance sheet and the profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (5) On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (6) **The Company had been incorporated on 22nd January 1991 for a proposed project for the manufacture of Polyacrylamide (PAAM). The said project was subsequently transferred to M/s Dai-ichi Karkaria Limited (Promoters) in terms of tripartite agreement dated 28th June 1994 and the Company has not transacted any business. The Company incurred a net loss of Rs. 5,976/- during the year ended 31st March 2010 and as of that date the Company's accumulated losses amounted to Rs. 2,69,191/- These factors raise substantial doubt that the Company will be able to continue as a going concern.**
- (7) Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies in schedule 6 and the notes on accounts in schedule 7 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2010;
 - (ii) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - (iii) in case of the cash flow statement, of the cash flows for the year ended on that date.

DAI-ICHI GOSEI CHEMICALS (INDIA) LIMITED

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we report as under:

1. Since the Company does not have any fixed assets, the provisions of clause 4 (i)(a) of the Companies (Auditor's Report) Order, 2003 are not applicable.
2. Since the Company does not have any fixed assets, the provisions of clause 4(i)(b) of the Companies (Auditor's Report) Order, 2003 are not applicable.
3. During the year the Company has not disposed off any fixed assets.
4. Since the Company did not have any inventory during the year, the provisions of clause 4(ii)(a) of the Companies (Auditor's Report) Order, 2003 are not applicable.
5. Since the Company did not have any inventory during the year, the provisions of clause 4(ii)(b) of the Companies (Auditor's Report) Order, 2003 are not applicable.
6. Since the Company did not have any inventory during the year, the provisions of clause 4(ii)(c) of the Companies (Auditor's Report) Order, 2003 are not applicable.
7. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4(iii) (b) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
8. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
9. Since the Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the question of commenting on the rate of interest and other terms and conditions of such loans, regularity of payment of principal amount and interest and taking reasonable steps for recovery/payment of overdue amounts does not arise.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company for purchase of fixed assets. Since, during the year the Company had not transacted any business, the question of commenting on adequate internal control procedures commensurate with the nature of its business with regard to purchase of inventory and for the sale of goods does not arise. During the course of our audit we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
11. In our opinion, and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4(v) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
12. Since the Company has not accepted deposits from the public the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable. According to the information and explanations given to us no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.

13. Since the Company is not a listed company and its paid up capital and reserves do not exceed rupees fifty lakhs as at the beginning of the year and also, since the average annual turnover does not exceed rupees five crores during the period of three consecutive financial years immediately preceding the year ended 31st March 2010, the question of commenting on whether the Company has an internal audit system commensurate with its size and nature of its business does not arise.
14. Since, the Company has not transacted any business, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, the Company is regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at 31st March 2010 for a period of more than six months from the date they became payable.
16. According to the information and explanations given to us and the records of the Company examined by us, there are no amounts in respect of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess that have not been deposited with the appropriate authorities on account of any dispute.
17. **The Company's accumulated losses at the end of the financial year covered by our audit are more than fifty percent of its net worth and it has incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.**
18. Based on our audit procedures and on the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
19. Based on our examination of documents and records, and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
20. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
21. The Company is not dealing or trading in shares, securities, debentures and other investments, hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable.
22. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
23. The Company has not taken any term loans.
24. Based on our examination of the balance sheet of the Company and the information and explanation given to us, we report that no funds raised on short-term basis have been used for long-term investments.
25. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956, during the year.
26. Since, the Company has not issued any debentures, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable.

DAI-ICHI GOSEI CHEMICALS (INDIA) LIMITED

27. The Company has not raised any money by public issues during the year.
28. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

SHARP & TANNAN
Chartered Accountants
ICAI Registration No. 109982W

By the hand of
Ashwin B. Chopra
Partner
Membership No: 38159

Place: Mumbai
Date : April 26, 2010

Balance Sheet as at 31st March, 2010

	Schedules	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS:			
Share Capital	1	5,00,000	5,00,000
 APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS & ADVANCES	2	5,25,671	5,34,052
Less: Current Liabilities & Provisions	3	2,94,862	2,97,267
Net Current Assets.....		2,30,809	2,36,785
PROFIT & LOSS ACCOUNT		2,69,191	2,63,215
		5,00,000	5,00,000
SIGNIFICANT ACCOUNTING POLICIES	6		
NOTES ON ACCOUNTS	7		

As per our report attached

SHARP & TANNAN
Chartered Accountants

By the hand of
Ashwin B. Chopra
Partner
Membership No.: 38159

Place : Mumbai
Dated : April 26, 2010

For and on behalf of the Board

S. F. Vakil Director

P. R. Mehta Director

Profit & Loss Account for the year ended 31st March, 2010

	Schedules	For the year ended 31-03-2010 Rupees	For the year ended 31-03-2009 Rupees
INCOME			
Sales (Net)		—	—
Other Income.....	4	98	31
		98	31
EXPENDITURE			
Selling & Administration Expenses.....	5	6,074	5,115
Profit/(Loss) for the year		(5,976)	(5,084)
Balance brought forward from previous year		(2,63,215)	(2,58,131)
Balance carried to Balance Sheet		(2,69,191)	(2,63,215)
Basic Earnings per Equity Share (Rs.)		(0.12)	(0.10)
Diluted Earnings per Equity Share (Rs.).....		(0.12)	(0.10)
Nominal Value per Equity Share (Rs.)		10.00	10.00
SIGNIFICANT ACCOUNTING POLICIES	6		
NOTES ON ACCOUNTS	7		

As per our report attached

SHARP & TANNAN
Chartered Accountants

By the hand of
Ashwin B. Chopra
Partner
Membership No.: 38159

Place : Mumbai
Dated : April 26, 2010

For and on behalf of the Board

S. F. Vakil Director

P. R. Mehta Director

Cash Flow Statement for the year 2009-2010

	2009-10 Rupees	2008-09 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) as per accounts	(5,976)	(5,084)
Adjustment for:		
Interest Income	98	31
Operating Profit/(Loss) before Working Capital Changes.....	(6,074)	(5115)
Adjustments for Increase/(Decrease) in Creditors and Current Liabilities	(2,405)	2,364
Net Cash from Operating Activities..... A	(8,479)	(2,751)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	98	31
Purchase of Investments.....	—	—
Net Cash from Investing Activities..... B	98	31
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from Financing Activities..... C	—	—
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(8,381)	(2,720)
Cash and Cash Equivalents at beginning of the year	5,34,052	5,36,772
Cash and Cash Equivalents at close of the year.....	5,25,671	5,34,052

NOTES:

The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard-3: "Cash Flow Statements" as specified in the Companies (Accounting Standard) Rules, 2006.

As per our report attached

SHARP & TANNAN
Chartered Accountants

By the hand of
Ashwin B. Chopra
Partner
Membership No.: 38159

Place : Mumbai
Dated : April 26, 2010

For and on behalf of the Board

S. F. Vakil Director

P. R. Mehta Director

DAI-ICHI GOSEI CHEMICALS (INDIA) LIMITED

Schedules forming part of the Balance Sheet as at 31st March, 2010

	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED CAPITAL		
50,00,000 Equity Shares of Rs. 10/- each.....	5,00,00,000	<u>5,00,00,000</u>
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
50,000 Equity Shares of Rs. 10/- each fully paid-up (of the above shares: 48,500 shares are held by Holding Company Dai-ichi Karkaria Limited) ...	5,00,000	5,00,000
SCHEDULE 2 : CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS		
Cash on hand	144	144
Balances with Scheduled Banks:		
In Current Account.....	5,25,527	<u>5,33,908</u>
	5,25,671	<u>5,34,052</u>
LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received.....	—	—
	5,25,671	<u>5,34,052</u>
SCHEDULE 3 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors (due to other than Small Scale Industrial Undertakings)	2,283	4,688
Others	2,92,579	2,92,579
PROVISIONS	—	—
	2,94,862	<u>2,97,267</u>
For the year ended 31-03-2010 Rupees		
SCHEDULE 4 : OTHER INCOME		
Interest	98	<u>31</u>
SCHEDULE 5 : SELLING & ADMINISTRATION EXPENSES		
Bank charges.....	—	65
Rates & Taxes	361	392
Statutory Audit fees (excluding service tax).....	2,000	2,000
Reimbursement of Auditors expenses	13	158
Legal & Professional fees	2,700	1,500
Miscellaneous expenses	1,000	1,000
	6,074	<u>5,115</u>

Schedules forming part of the Accounts for the year ended 31st March, 2010

SCHEDULE 6: SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF ACCOUNTING:

The financial statements are prepared under historical cost convention and on accrual basis and are in compliance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 and are in accordance with the requirements of the Companies Act, 1956.

2. FIXED TANGIBLE AND INTANGIBLE ASSETS:

- (a) Capitalized at cost of acquisition or construction, including directly attributable charges for bringing the assets to their working conditions for use.
- (b) Expenditure relating to existing fixed tangible assets is added to the cost of the assets where it increases the performance/life of the assets as assessed earlier.
- (c) Fixed tangible assets are eliminated from financial statements on their disposal.

3. DEPRECIATION:

The Company provides for depreciation on the fixed tangible assets on straight line method for the full year, at the rates prescribed from time to time under Schedule XIV of the Companies Act, 1956.

Lumpsum amount paid for leasehold land is amortized and charged to depreciation over the initial lease period.

4. BORROWING COSTS:

Borrowing costs that are attributable to the acquisitions, constructions or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is an asset which takes a period of twelve months or more to get ready for its intended use or sale. All other borrowing costs are recognized as expense, in the period in which they are incurred.

5. TAXES ON INCOME:

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

6. FOREIGN CURRENCY:

Foreign Currency transactions are accounted for at the rates prevailing on the dates of transactions. Foreign currency current assets and current liabilities are reinstated at rates prevailing at the year-end and if the resultant difference is a net gain/loss, the same is credited/debited to the Profit and Loss Account.

Foreign currency assets and liabilities covered by forward contracts are reinstated at the contracted rates.

The exchange differences on settlement/conversion are adjusted to:

- (I) Cost of fixed assets, if foreign currency liability relates to fixed assets.
- (II) Profit and Loss Account in other cases, wherever forward contracts are entered into, the exchange differences are dealt with in Profit and Loss Account over the period of contracts.

7. CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:

Accounting for contingencies (gains & losses) arising out of contractual obligations, are made only on the basis of mutual acceptances.

Events occurring after the Balance Sheet date, where material, are considered up-to the date of adoption of the accounts.

**Schedules forming part of the Accounts for the year ended
31st March, 2010 (Contd.)**

SCHEDULE 7: NOTES ON ACCOUNTS

1. The Company had been incorporated on 22nd January, 1991 for a proposed project for the manufacture of Polyacrylamide (PAAM). The said project was subsequently transferred to M/s Dai-ichi Karkaria Limited (Promoters) in terms of tripartite agreement dated 28th June, 1994, and the Company has not yet transacted any business. However, the accounts are prepared on a going concern basis since the Board of Directors has plans for undertaking other profitable activities in the near future.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. Nil/- (Previous year Rs. Nil).
3. No provision has been made for Income-tax in view of the loss and other deductions available under the Income Tax Act, 1961.
4. Balances in Sundry Creditors, Current Liabilities are subject to confirmations, reconciliations and consequent adjustments, if any.

	2009-10	2008-09
5. Expenditure in Foreign Currency (Rs.)	Nil	Nil
6. Earning in Foreign Exchange (Rs.)	Nil	Nil

7. Disclosures as required by Accounting Standard (AS) 18 Related Party Disclosures:

(i) List of related Parties:

Sr. No.	Name of Related Parties	Relationship
1.	Dai-ichi Karkaria Limited	Holding Company
2.	Baker Oil Treating (India) Limited	Fellow Subsidiary

(ii) Disclosure of Related Party Transactions:

Sr. No.	Nature of Transaction	Name of Related Party	Amount (in Rupees)
1.	Amount due	Dai-ichi Karkaria Limited	Rs. 2,92,579 (Previous Year Rs. 2,92,579)

8. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

9. Earnings per Share:

Particulars	31/03/2010	31/03/2009
(a) Basic Earnings per Share (Rs.)	(0.12)	(0.10)
(b) Diluted Earnings per Share (Rs.)	(0.12)	(0.10)
(c) Profit/(Loss) after Tax as per Profit & Loss Account (Rs.)	(5,976)	(5,084)
(d) Weighted average number of equity shares outstanding.....	50,000	50,000
(e) Nominal Value per Equity Share (Rs.)	10.00	10.00

Schedules forming part of the Accounts for the year ended 31st March, 2010 (Contd.)

10. Additional information as required under Part IV of Schedule VI to The Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration Details:

Registration No.	11-59922
State Code	11
Balance Sheet Date	31st March, 2010

II. Capital Raised during the year:

	Rs. '000
Public Issue	—
Rights Issue	—
Bonus Issue	—
Private Placement	—

III. Position of Mobilisation and Deployment of Funds:

	Rs. '000
Total Liabilities	500
Total Assets	500
Sources of Funds	
Paid-up Capital	500
Reserves & Surplus	—
Secured Loans	—
Unsecured Loans	—
Application of Funds	
Net Fixed Assets	—
Investments	—
Net Current Assets	231
Miscellaneous Expenditure	—
Accumulated Losses	269

IV. Performance of the Company:

	Rs '000
Turnover (including Other Income)	—
Total Expenditure	6
Profit/(Loss) Before Extraordinary items & taxation	(6)
Profit/(Loss) Before Tax	(6)
Profit/(Loss) After Tax	(6)
Earnings Per Share (Rs.)	(0.12)
Dividend Rate	—

V. Generic Names of Principal Products of the Company:

Product Description	Item Code No.
	(ITC Code)
	NOT APPLICABLE

11. Previous year's figures have been regrouped/re-classified wherever necessary.

Signatures to Schedules 1 to 7

As per our report attached

SHARP & TANNAN
Chartered Accountants

By the hand of
Ashwin B. Chopra
Partner
Membership No.: 38159
Place : Mumbai
Dated: April 26, 2010

For and on behalf of the Board

S. F. Vakil Director

P. R. Mehta Director



DAI-ICHI KARKARIA LIMITED

Registered Office: Liberty Building, Sir Vithaldas Thackersey Marg, Mumbai 400 020.

PROXY FORM

Reg. Folio No. No. of Shares held

I/We

of.....

being a member/members of **DAI-ICHI KARKARIA LIMITED** hereby appoint.....

of..... or failing him..... of

as my/our proxy to vote for me/us on my/our behalf at the **50th ANNUAL GENERAL MEETING** of the Company to be held at 11.30 a.m. on Tuesday, 31st August, 2010 and at any adjournment thereof.

Signed this..... day of..... 2010

Signature.....

Note: This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

Affix
0.15 Paise
Revenue
Stamp



DAI-ICHI KARKARIA LIMITED

Registered Office: Liberty Building, Sir Vithaldas Thackersey Marg, Mumbai 400 020.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

50th ANNUAL GENERAL MEETING — Tuesday, 31st August, 2010

I hereby record my presence at the 50th Annual General Meeting of the Company held at M. C. Ghia Hall, Bhogilal Hargovindas Bldg., 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 023 on Tuesday, 31st August, 2010 at 11.30 a.m.

Full Name of Member (in BLOCK LETTERS)

Reg. Folio No.No. of shares held

Full Name of Proxy (in BLOCK LETTERS)

Member's/Proxy's Signature

**PLEASE BRING YOUR COPY OF
ANNUAL REPORT AT THE TIME OF
ATTENDING THE MEETING**

BOOK-POST

UNDER CERTIFICATE OF POSTING

If undelivered please return to:
DAI-ICHI KARKARIA LIMITED
Liberty Building,
Sir Vithaldas Thackersey Marg,
Mumbai - 400 020.