



DAI-ICHI

52nd ANNUAL REPORT
2011-2012

DAI-ICHI KARKARIA LIMITED

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BOARD OF DIRECTORS:

Mr. D. M. Neterwala *Chairman*
Mrs. S. F. Vakil *Vice-Chairperson & Managing Director*

Mr. J. H. C. Jehangir
Mr. A. H. Jehangir
Dr. K. R. Bharucha
Mr. K. D. Patel
Dr. A. M. Naik
Mr. J. S. Bilimoria
Mr. K. M. Elavia

Mrs. Kavita Thadeshwar *Company Secretary*

Bankers:

Bank of India
HDFC Bank Ltd.
Central Bank of India

Auditors:

Deloitte Haskins & Sells.
Chartered Accountants, Mumbai

Solicitors:

Bharucha & Partners

Registered Office:

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

Works:

1. 105th Milestone, Mumbai-Pune Marg, P.O. Kasarwadi, Pune 411034.
2. 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 Fifty-Second Annual General Meeting of the Members of **DAI-ICHI KARKARIA LIMITED** will be held on Friday, the 10th day of August 2012 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, 2012 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 2012.
3. To appoint a Director in place of Mr. D. M. Neterwala, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. H. Jehangir, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Jimmy Bilimoria, who retires by rotation and, being eligible, offers himself for re-appointment.
6. 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

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

"RESOLVED THAT pursuant to the provisions of Section 314(1)(b) read with the Director's Relatives (Office or Place of Profit) Rules 2011 and other applicable provisions, if any, of the Companies Act, 1956, 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, consent of the Company be and is hereby accorded to appoint Ms. Meher Vakil, a relative of Mr. D. M. Neterwala, Chairman and Mrs. Shernaz Vakil, Vice Chairperson & Managing Director, as Representative for Export Promotion of the Company's products in United States, for a period of 3 years with effect from 1st June, 2012, with liberty to either party to terminate the appointment on 1 month notice in writing to the other, on terms mentioned below:

- (a) 1,000 USD per month as professional fees for carrying out the Export Promotion Activities.
- (b) Any further costs not exceeding 5,000 USD per annum towards Export Promotion Activities on presentation of necessary documents.

RESOLVED FURTHER THAT the Directors be and are hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the 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.

Place : Mumbai

Date : 11th May, 2012

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 3rd August, 2012 to 10th August, 2012 (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 10th August, 2012. 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 2nd August, 2012.
- (5) Payment of dividend will be made through National Electronic Clearing Service (NECS) at the RBI Centres by crediting the dividend amount to the bank account of the shareholders wherever relevant information is made available to the Company. Members holding shares in physical form and covered under the RBI Centres who have not furnished requisite information and who wish to avail of NECS facility to receive dividend from the Company may furnish the information to Sharex Dynamic (India) Pvt. Ltd., the Registrar and Transfer Agent. Members holding shares in electronic form may furnish the information to their Depository Participants in order to receive dividend through NECS mechanism.
- (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 2006 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 2006 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 - 400 072 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) The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices /documents such as General Meeting Notices (including AGM), Audited Financial Statements, Directors’ Report, Auditors’ Report, etc. to its shareholders through electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, members holding shares in physical form are requested to register their email address alongwith details of name, address, folio no., shares held to the Registrar & Share Transfer Agent of the Company.

In respect of shares held in demat form, members are requested to register the above details with their respective Depository Participants.

- (11) In terms of clause 49 of the listing agreement, the information relating to directors retiring by rotation and seeking re-appointment is as under:

Mr. D. M. Neterwala:

Mr. D. M. Neterwala, Chairman of the Company, retires by rotation and being eligible offers himself for re-appointment.

Brief resume and nature of expertise:

Mr. Neterwala, age 93 years, is a Civil Engineer. He is an eminent businessman heading the Neterwala Group of Companies and a renowned Entrepreneur. Mr. D. M. Neterwala has more than five decades of experience in leading diverse industries in the country.

Mr. Neterwala holds 1,66,500 equity shares of the Company. Apart from Dai-ichi Karkaria Ltd., Mr. D.M.Neterwala holds directorship of the following companies:

Sr. No.	Name of the Company	Designation
1.	Uni Abex Alloys Products Limited	Chairman Emeritus
2.	Universal Ferro & Allied Chemicals Limited	Chairman
3.	Chemicals & Ferro Alloys Pvt. Limited	Chairman
4.	Uni Deritend Limited	Chairman
5.	Anosh Finance & Investment Pvt. Limited	Chairman
6.	Unitel Finance & Investments Pvt. Ltd.	Chairman
7.	Indian Oxides & Chemicals Ltd.	Chairman
8.	Uni Klinger Limited	Chairman
9.	Performance Polymers and Chemicals Pvt. Limited	Chairman
10.	Dai-ichi Gosei Chemicals (India) Limited	Chairman
11.	Oil Field Instrumentation (India) Pvt. Limited	Chairman
12.	Netel (India) Limited	Chairman
13.	Neterwala Consulting & Corporate Services Ltd.	Director
14.	Norinco Private Limited	Director

He is a member of the following Board Committees:

Sr. No.	Name of the Company	Committee	Designation
1.	Uni Abex Alloy Products Ltd.	Shareholders/ Investors Grievance/ Share Transfer Committee	Chairman
2.	Netel (India) Ltd.	Audit Committee	Member
3.	Oil Field Instrumentation (I) Pvt. Ltd.	Audit Committee	Member
4.	Uni Deritend Ltd.	Audit Committee	Member

Mr. D. M. Neterwala and Mrs. S. F. Vakil are related being Father and Daughter.

The Directors recommend the Resolution for members' approval.

No Director other than Mr. D. M. Neterwala and Mrs. S. F. Vakil (being related) are concerned/interested in this resolution.

Mr. A. H. Jehangir:

Mr. A.H.Jehangir, Director retires by rotation and being eligible offers himself for re-appointment.

Brief resume and nature of expertise:

Mr. A. H. Jehangir, age 56 years is a Commerce Graduate and is one of the promoters of the Company. He is a Director of the Company since 1986. Mr. Jehangir has experience of more than 25 years in investment business.

Mr. A. H. Jehangir holds 100 equity shares of the Company. Apart from Dai-ichi Karkaria Ltd. Mr. Jehangir holds directorship of the following companies:

Sr. No	Name of the Company	Designation
1.	Amerado Trading Company	Chairman
2.	Cowhill Trading Company	Chairman
3.	Goodearth Trading Company	Chairman
4.	Cannadel Trading Company	Director
5.	Cowasjee Jehangir Trading Company	Director
6.	Wild Flower Trading Company	Director

Mr. A. H. Jehangir and Mr. J. H. C. Jehangir are related being brothers.

The Directors recommend the Resolution for members' approval.

No Director other than Mr. A. H. Jehangir and Mr. J. H. C. Jehangir (being related) are concerned/interested in this resolution.

Mr. Jimmy Bilimoria:

Mr. Jimmy Bilimoria, Director retires by rotation and being eligible offers himself for re-appointment.

Brief resume and nature of expertise:

Mr. Jimmy Bilimoria, age 65 years, was the Managing Director and Country Head for the Ciba Group in India. He has a Bachelor's degree in Commerce from the University of Bombay and is a Fellow member of the Institute of Chartered Accountants, England and Wales. He was associated with the Ciba Group since



1997 and has held various positions viz. Finance Director, Managing Director and Vice Chairman & Managing Director. Besides operational responsibility he was actively involved in various acquisition deals, restructuring of businesses and integration of new opportunities including joint ventures and strategic alliances.

He has been on the management committees of the Bombay Chamber of Commerce & Industry and the Indo-Swiss Business Forum.

Mr. Bilimoria is on the Board of the following companies:

Sr. No.	Name of the Company	Designation
1.	Champion Dai-ichi Technologies India Ltd.	Director
2.	eClerx Services Ltd.	Director
3.	Godrej Industries Ltd.	Director
4.	Infiniti Retail Ltd.	Director
5.	ING Investment Management (India) Pvt. Ltd.	Director
6.	National Peroxide Ltd.	Director
7.	Oberoi Realty Ltd.	Director
8.	Tata Global Beverages Ltd.	Director
9.	Tata Realty and Infrastructure Ltd.	Director
10.	Voltas Ltd.	Director

He is a member of the following Board Committees:

Sr. No.	Name of the Company	Designation
1.	eClerx Services Ltd.	Chairman – Audit Committee
2.	Infiniti Retail Ltd.	Chairman – Audit Committee
3.	National Peroxide Ltd.	Chairman – Audit Committee
4.	Tata Global Beverages Ltd.	Chairman – Audit Committee
5.	Voltas Ltd.	Chairman – Audit Committee
6.	Oberoi Realty Ltd.	Member – Audit Committee
7.	Tata Realty and Infrastructure Ltd.	Member – Audit Committee

He does not hold any shares of the Company.

The Directors recommend the Resolution for members' approval.

No Director other than Mr. Jimmy Bilimoria is concerned/interested in this resolution.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 REGARDING SPECIAL BUSINESS**

Ms. Meher Vakil is proposed to be appointed as Representative for Export Promotion of the Company's products in United States. Ms. Meher Vakil is a Bachelor of Arts in Economics with Double Concentration in Business Institutions from the Northwestern University, US and has vast experience in the matter of Export Promotion and International Marketing.

As per the provisions of Section 314(1)(b) of the Companies Act, 1956 the appointment of a Relative of a Director shall not be made except with the approval of shareholders by a special resolution passed at the General Meeting of the Company.

The resolution is recommended to the shareholder's for passing as a Special Resolution.

Mrs. S. F. Vakil and Mr. D. M. Neterwala being relative of Ms. Meher Vakil are deemed to be concerned and interested in the above matter. None of the other Directors of the Company are, in any way, concerned or interested in the said 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.

Place : Mumbai

Date : 11th May, 2012



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifty - Second Annual Report together with the audited accounts for the year ended March 31, 2012.

1. FINANCIAL RESULTS:

Operational Performance	2012 (₹ in millions)	2011 (₹ in millions)
Gross Revenue from operations	763.28	590.86
Less: Excise duty	59.84	48.56
Net Revenue from operations	703.44	542.30
PBDIT	51.87	58.45
EPS (₹)	4.50	5.51
Book Value of Shares (₹)	82.46	80.29

PERFORMANCE REVIEW:

Sales increased by 30% to approx. ₹ 76 crores compared with the year ended 2010-11. There is a substantial increase in exports contributing to 15% of total revenue.

Sharply increased RM costs could not be passed on in Sales prices with several customers, resulting in higher Material to Sales ratios. These high costs have put a strain on bottomline of the Company, reducing PBDIT to 7%.

2. DIVIDEND:

The Directors have recommended a dividend of ₹ 2/- per equity share, having face value of ₹ 10/- each, for the year ended 31st March 2012. The dividend payout will aggregate to ₹ 149.02 lacs and the tax on distributable profits payable by the Company would amount to ₹ 24.17 lacs.

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

The year started well as demand recovered from the 2008 recession, and the Company settled into a fine 10 – 15% growth pattern over most of its industrial segments.

However with the extreme volatility of the currency from July onwards, and unpredictable feedstock prices, there was a marked slowdown; into the 3rd & 4th quarter.

In the background of the European financial crisis and the lagging US economy, a general worry about future economic development has plagued the mind set of most companies. Future uncertainties together with higher interest rates affected the economic environment of the 2nd half 2011. There was a general slowdown compared with the first half of the year. Our customers planned cautiously, reducing inventories, delaying orders with the expectation of falling prices.

Worldwide the Chemical Industry is back on the growth path. Global demand for chemicals for 2011 grew by 23% reaching an all time high of € 3.10 billion.

The growth in Asia, South America and East Europe were the strongest.

India's chemical industry is on the way back to moderate growths. The country however remains a net importer, as the basic demand for feedstocks outstrips domestic supply.

In India where competition is very often determined by price, there can be dramatic shifts in Revenues, based on a company's competitive edge and its product differentiation.

SECTOR-WISE PERFORMANCE:

The Company has one Reportable Business segment viz. Specialty Chemicals.

In the past year the Company has concentrated on reducing the number of special customized products and focused on higher value business.

This has resulted in substantial increase in business for its Oil Field chemicals to the Middle East and further exports to the Far East and Russia through its joint venture partner Champion Technologies. In January earnings improved thanks to the successful business with oil field chemicals to the Middle East and through CTI.

Sales in Anionics and Nonionics rose due to good demand after January '12 and price increases followed.

In addition the Company has focused on increasing its reach for its specialty Textile and Spin Finish offerings to the Polyester Industry. However, this area remains highly competitive, with extremely stretched margins.

In the other industrial applications, the Company has seen moderate organic growth, and is presently limited by its own capacity constraints. The decision to expand capacities has been taken, and the logistics and time lines are being worked out.

Our turnover risk is pooled across several bands of the economy. This increases the complexity of the production processes and the constant need to review the product portfolio against capacities. It also requires a change in focus as products get commoditized.

In our attempt to step up our competitiveness and enhance our global reach, the Company has prioritized production and followed clearly defined scheduling, allowing for improved operational efficiencies.

The Company's multipurpose, batch production facilities and focus on increasing yields, and improving energy efficiency has resulted in Productivity increase of over 10-15% this year.

The Companies focus on cost reduction initiatives, through improving production efficiencies and reducing energy costs has allowed it to become more competitive, where products have become commoditized through time.

The Company has replaced and supplemented its present oil fired boiler, with a Bio fuel based system, and has already reduced costs substantially.

In the cluttered market of me-too products and inadequate intellectual property protection, it is important to differentiate ourselves by creating brand value. The Company has built up this credibility through not only its ability to pioneer new chemistries, but also by its insistence on batch to batch consistencies, and zero tolerance for deficiencies in quality.

The Company will remain committed to reducing costs further whilst improving efficiencies at all levels. The Company's focus on product innovations and value added niche applications will continue to be its prime objective.



In the oil field sector, our joint venture with Champion Technologies is moving forward very well.

Our ability to give the oil operators, much flexible and innovative solutions to their performance needs has resulted in substantial increase in business for the Joint Venture Company. Dai-ichi continues to support these operations through cost effective and timely local supplies.

The Kurkumbh Plant has recently started exports of its products, and has improved its bottom line, even though it continues to be in the red this year.

The Company's focus in the coming year will continue to be in customized, cost efficient, environmentally friendly products using innovative and pioneering technologies.

WORKING CAPITAL MANAGEMENT:

The significant ratios of the Company such as Ratio of Inventory to Sales is 13.09%, Receivable to Sales is 17.69%, and Net Working Capital to Sales is 24.87%.

The working capital was rotated 4 times in the year, showing 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.

The Company continues as a zero debt company with no long or short term borrowings.

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. 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 monitored 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 2012, the total numbers of employees on the payrolls of the Company at all the locations are 239.

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. JOINT VENTURE/SUBSIDIARY COMPANIES:**(i) JOINT VENTURE COMPANY – CHAMPION DAI-ICHI TECHNOLOGIES INDIA LTD.**

The Company had w.e.f. 7th September, 2010, formed a Joint Venture with CTI Chemicals Asia Pacific Pte. Ltd., in the ratio of 50:50.

(ii) ANNUAL REPORT OF SUBSIDIARY COMPANY:

As on 31st March 2012, the Company has only one subsidiary, Dai-ichi Gosei Chemicals (India) Limited.

Pursuant to General Circular 2/2011 of the Ministry of Corporate Affairs, with respect to Section 212(8) of the Companies Act, 1956, the Company has opted for not attaching the Annual Report of the subsidiary company to the balance sheet of the Company. The Annual accounts of the subsidiary company and related information will be made available for inspection to investors, at the registered office of the Company.

As per the Listing Agreement and applicable Accounting Standards, the Consolidated Financial Statements of the Company with its Joint Venture Company, Champion Dai-ichi Technologies India Ltd. and Subsidiary Company, Dai-ichi Gosei Chemicals (India) Limited., duly audited by the Statutory Auditors are attached.

5. FIXED DEPOSITS:

The Company has discontinued its fixed deposit scheme during the financial year 2007-2008. The Company has repaid all the outstanding Fixed Deposits by the year 2009-10. The only deposits that are outstanding as on 31st March 2012 are the matured but unclaimed deposits which amount to ₹ 3.97 lacs.

6. DIRECTORS:

Mr. D. M. Neterwala, Mr. A. H. Jehangir and Mr. J. S. Bilimoria 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 52nd Annual General meeting.

The Board of Directors recommends their re-appointment.

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

- (a) There are no employees 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.

8. 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 for the year ended 31st March, 2012, 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, 2012, and of the profit of the Company for the period April 1, 2011 to March 31, 2012;
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.

9. 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.

10. 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 2012-2013.

11. 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.

12. CONSOLIDATED ACCOUNTS:

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

13. HEALTH, SAFETY & ENVIRONMENT:

Safety, Health & Protection of the Environment continue to remain one of the priority areas for the Company. The Company continues to put special emphasis in this area at every stage, 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 & ENVIRONMENT:

(i) Following audits and compliances were completed for the year:

- (a) Risk assessment/ risk analysis, preparation of risk assessment/risk analysis report as per Maharashtra Factory Rules, 1963.
- (b) HAZOP study report of all machines as per Section- 41 B Factories Act, 1948.
- (c) HAZOP study report for all chemical & mfg. process as per Section- 41 B of Factories Act, 1948.

- (d) Preparation of fire fighting survey report.
- (e) Conducted electrical safety audit for whole plant.
- (f) Prepared health audit report, preparation of health hazard & occupational health survey report along with detection of occupational hazard.
- (g) Prepared welfare audit report.
- (ii) Safety Audit as per Factories Act - 1948 and Maharashtra Factories Control of Industrial Major Accident Hazards) Rules-2003 was completed & submitted to Director of Industrial Safety & Health, Pune.
- (iii) Prepared fresh factory site layout, Factory elevation plan, machine layout plan, Stability certificate as per Maharashtra Factories (Control of Industrial Major Accident Hazards) Rules-2003 & Submitted the copies to Director of Industrial Safety & Health, Pune.

14. INDUSTRIAL RELATIONS:

The wage agreement with the workers of the Company expired on 30th November 2008. As Conciliation proceedings before the Labour Commissioner, Pune for arriving at a settlement were not conclusive, the matter was referred to the Industrial Court, Pune for adjudication. The said reference is rejected by the Hon'ble Industrial court for want of prosecution by the recognized union.

15. 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.

16. 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 2012-2013.

17. 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. Keki Elavia

Vice Chairperson & Managing Director

Director

Place : MUMBAI

Date : May 11, 2012

**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 2012.

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

The Company gives high priority to conservation of energy on a continuous basis through improved operational and maintenance practices.

- (1) Power Quality/Harmonic Measurement study was done to study fluctuations, Voltage and Current imbalance, Spikes, Surges as per Maharashtra State Electricity Distribution Co-op. Ltd., requirement.
- (2) All water ring vacuum pumps discharge water recycling system was established to conserve water.
- (3) Installed activated alumina & silica gel tower (capacity 320 Kg) with on line dew point analyser range : -20 deg. cent. to -40 deg. cent and moisture separator unit in sulfonation Plant to minimize oleum discharge and reduce ETP load.
- (4) Commissioned 4 MT capacity briquette fired boiler and stopped usage of fossil fuel fired boiler to control carbon emission.

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

- (1) VFD panel with star delta starter for new briquette fired boiler ID fan motor to save power of 10 HP.
- (2) Installation of 7 KL capacity oil heated reactor with PLC Based Automation along with Field Instruments for power savings and higher output with least time cycle.

(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:

	2011-12	2010-11
A POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
(a) Purchased:		
Units (KWH)	19,91,358	16,44,878
Purchased cost of units (₹)	1,25,19,917	92,70,119
Rate per unit purchased	6.29	5.64

	2011-12	2010-11
(b) Own Generation:		
(i) Through Diesel Generator		
No of units Generated (KWH)	24,631	18,856
Diesel Oil consumed (KL)	8.02	6.18
Cost of Diesel Oil consumed(₹)	3,54,747	5,84,774
Cost of Diesel/Unit Generated (₹)	14.40	31.01
(ii) — Through Steam Turbine	Nil	Nil
2. COAL USED		
No. of Units consumed KG	—	—
Purchase cost ₹	—	—
Rate per unit Kg.	—	—
3. FURNACE OIL		
Furnace oil consumed (KL)	600.14	680.42
Cost of Furnace oil consumed (₹)	2,09,92,871	1,83,72,214
Average Rate (₹/Lt.)	34.98	27.00
4. BIO - FUEL BRIQUETTS		
Bio Fuel Briquetts consumed (MT)	616.13	—
Cost of B.F Briquetts consumed (₹)	29,59,231	—
Average Rate (₹/KG)	4.80	—
B CONSUMPTION PER UNIT OF PRODUCTION in MT		
Electricity-KWH/TONS	234.01	284.63
Furnace Oil (Lt./Ton)	86.43	116.40
Briquettes (Ton/Ton)	2.71	Nil

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) Development of a new range of products in the areas of Textiles, Emulsion manufacturing, paint, oil field, Alumina, Construction, paper and pigment industries.
 - (ii) Product Improvement in Textile, Auxiliaries and Construction chemicals together with Application developments.
 - (iii) Process improvement for key products.



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, more application data generation to increase the effectiveness in penetration in the market and cost reduction of already developed products, in particular Construction chemicals.

4. Expenditure on R&D during the year

Capital	– ₹ Nil
Recurring	– ₹ 101.77 lacs
Total R&D expenditure as a percentage of turnover : 1.34%	

III. Technology absorption, adaptation and Innovation:

- (i) 17 new products have been developed.
- (ii) 15 new products have been scaled up at the pilot plant and production level. 9 products have been commercialized.
- (iii) During last 5 years no new technology was imported.

IV. Foreign Exchange Earning and outgo:

Foreign Exchange Earned	₹ 1054.29 lacs
Foreign Exchange used for imports and other remittance	₹ 1018.43 lacs

CORPORATE GOVERNANCE REPORT

The following Corporate Governance Report is attached as a part of the Directors' Report of the Company for the year 2011-12.

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 9 (Nine) Directors. The Board comprises of a Non-Executive Chairman, a Managing Director and seven other Non-Executive Directors. Out of the seven Non-Executive Directors, five 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 five Board Meetings were held on 4th May 2011, 21st July 2011, 14th November, 2011, 23rd January, 2012 and 14th February, 2012.

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	3	No	8	1/2
Mrs. S. F. Vakil (Promoter)	E.D.	Vice-Chairperson & Managing Director	5	Yes	4	None
Mr. J. H. C. Jehangir (Promoter)	N.E.D.	Director	Nil	No	2	None
Mr. A. H. Jehangir (Promoter)	N.E.D.	Director	3	Yes	None	None
Dr. K. R. Bharucha	I.&N.E.D.	Director	1	No	None	None
Mr. K. D. Patel	I.& N.E.D.	Director	4	Yes	7	3/2
Dr. A. M. Naik	I.& N.E.D.	Director	4	Yes	4	None
Mr. J. S. Bilimoria	I.& N.E.D.	Director	1	No	9	5/2
Mr. Keki Elavia	I.& N.E.D.	Director	4	No	8	3/3

* 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, Mr. J. S. Bilimoria and Mr. Keki Elavia.

During the financial year under review, four Audit Committee Meetings were held on 4th May 2011, 21st July 2011, 14th November, 2011 and 14th February, 2012.

The attendance at the Audit Committee Meetings is as under:

Name of the Director	No. of meetings attended
1. Mr. K. D. Patel	3
2. Dr. A. M. Naik	3
3. Mr. A. H. Jehangir	3
4. Dr. K. R. Bharucha	1
5. Mr. J. S. Bilimoria	1
6. Mr. Keki Elavia	3

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

(ii) Share Transfer & Shareholder's/Investor's 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, Nil complaint was received from the shareholders. There are no pending complaints or share transfers at the end of the year under review. The Committee holds fortnightly meetings.

(iii) 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 ₹ 26,00,000/-, perquisites amounting to ₹ 18,95,940/- and performance incentive amounting to ₹ 4,50,000/-. 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 (₹)	Fees for Audit committee (₹)
Mr. D. M. Neterwala	42,000/-	N.A.
Mr. J. H. C. Jehangir	Nil	N.A.
Mr. A. H. Jehangir	42,000/-	22,500/-
Mr. K. D. Patel	56,000/-	22,500/-
Dr. A. M. Naik	56,000/-	22,500/-
Mr. J. S. Bilimoria	14,000/-	7,500/-
Mr. Keki Elavia	56,000/-	22,500/-
Dr. K. R. Bharucha	Nil*	Nil*

* waived

5. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Financial year	Date	Time	Location
2008-2009	9.9.2009	11.30 a.m.	M.C. Ghia Hall, Mumbai
2009-2010	31.8.2010	11.30 a.m.	M.C. Ghia Hall, Mumbai
2010 – 2011	21.7.2011	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 31st August, 2010, 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.
3. The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures including risk mitigation mechanisms, which are periodically reviewed and reported to the Board of Directors by senior executives.

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 Directors Report.

9. GENERAL SHAREHOLDER INFORMATION:

A. Annual General Meeting:

Date, Time and Venue:

10th August, 2012 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 2012 to 31st March 2013

First Quarter Results

Second week of August, 2012

Half Yearly Results

Second week of November, 2012

Third Quarter Results

Second week of February, 2013

Audited Results for the year
ending 31st March 2013

Third week of May, 2014

C. Dates of Book Closure

3rd August, 2012 to 10th August, 2012

D. Dividend Payment Date

25th August, 2012

E. Listing on Stock Exchanges

The Bombay Stock Exchange Ltd.

F. Stock Code –

DAI ICH KARK

Demat ISIN Number for NSDL & CDSL

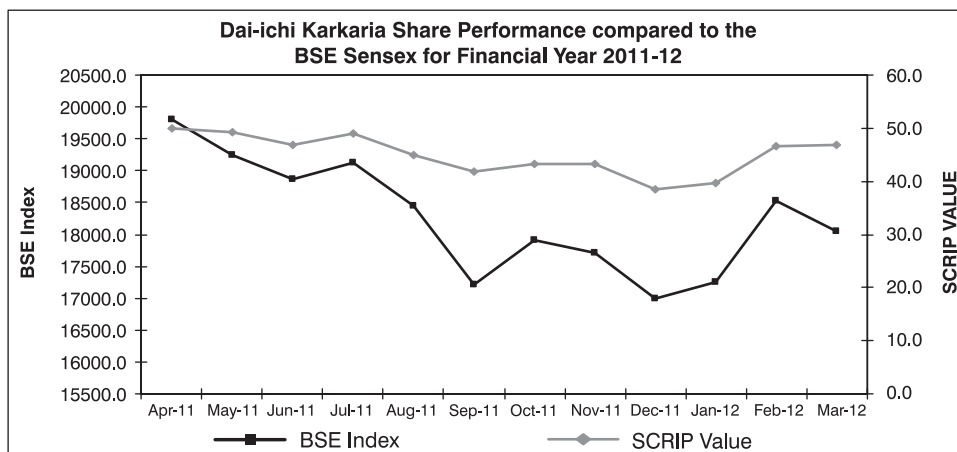
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G. Market Price Data:

High/Low Share price of the Company during the last financial year on The Bombay Stock Exchange Ltd. (BSE) (Face Value ₹ 10)

Sr. No.	Month	High (₹)	Low (₹)
1.	April 2011	49.90	42.00
2.	May 2011	49.35	44.00
3.	June 2011	46.75	42.55
4.	July 2011	49.00	43.20
5.	August 2011	44.95	37.90
6.	September 2011	41.75	34.70
7.	October 2011	43.30	37.60
8.	November 2011	43.30	31.05
9.	December 2011	38.40	30.75
10.	January 2012	39.65	31.30
11.	February 2012	46.50	36.00
12.	March 2012	46.75	37.25

H. Stock Performance:



I. Registrar and Share Transfer Agents:

Registrars & Transfer Agents

: Sharex Dynamic (India) Pvt. Ltd.
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.

: 28515606/28515644

E-mail address:

: sharexindia@vsnl.com

J. 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.

K. Shareholding Pattern as on 31st March, 2012:

	Categories of Shareholders	No. of shares held	%
A	Promoters Holding		
	Indian Promoters	38,33,913	51.45
	Foreign Promoters	Nil	Nil
	Persons acting in concert	6,86,717	9.22
	Sub Total	45,20,630	60.67
B	Non-Promoters Holding		
	Institutional Investors:		
	(i) Mutual Funds and UTI	1600	0.02
	(ii) Banks, Financial Institutions, Insurance Companies	Nil	Nil
	(iii) FIIs	Nil	Nil
	Sub Total	1600	0.02
	Others:		
	(i) Private Corporate Bodies	2,19,571	2.95
	(ii) Indian Public	26,14,295	35.09
	(iii) NRIs/OCBs	88,953	1.19
	(iv) Any other (clearing members)	6,180	0.08
	Sub Total	29,28,999	39.31
	GRAND TOTAL	74,51,229	100



- L. Dematerialisation of shares : As on 31st March 2012, 71,93,219 equity shares representing 96.54% 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.
- M. 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
- N. 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)
- O. 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.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Dai-ichi Karkaria Ltd.

We have examined the compliance of conditions of Corporate Governance by Dai-ichi Karkaria Ltd., for the year ended on March 31, 2012, 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 : 11th May, 2012

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, 2012, the Statement of Profit and Loss 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 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, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss 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 31st March 2012;
 - (ii) in the case of the Statement of Profit and Loss, 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 31st March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 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 : 11th May, 2012



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 Company's business/activities, during the year are such that clauses (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:
- (ii) 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) The Company has a revised program of physical verification of its fixed assets once in two years on a unit-wise basis, which in our opinion is reasonable. During the year, some of the assets (plant and machinery and laboratory equipment) of the unit due for verification were physically verified by the management and the discrepancies noticed on such verification, with the book records were not material.
 - (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.
- (iii) 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.
- (iv) 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 according to the information and explanations given to us:
 - Loans granted
 - (a) The Company has granted loans aggregating ₹ 30,000,000 (number of parties – One) during the year. At the end year-end, the outstanding balances of such loans aggregated ₹ 10,000,000 and the maximum amount involved during the year was ₹ 40,252,603 (number of parties – One).
 - (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) The receipts of principal amounts and interest have been regular/as per stipulations.
 - (d) There were no overdue amounts of ₹ 1 lakh remaining outstanding as at the year-end.
 - Loans taken
 - (e) The Company has not taken any loans during the year from parties covered under section 301 of Companies Act, 1956.
- (v) 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.
- (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 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 ₹ 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.

- (vii) 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.
- (viii) 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.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained and are being made up. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
- 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.
 - There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
 - 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 31st March, 2012, on account of disputes are given below:

Name of the Statute	Nature of dues	Period to which the amount relates	Forum where the dispute is pending	Amount (in ₹)
Income tax Act, 1961	Income Tax	2000-2001	ITAT	88.49 lakhs
Income tax Act, 1961	Income Tax	2006-2007	CIT(A)	35.87 lakhs
Income tax Act, 1961	Income Tax	2007-2008	ITAT	87.04 lakhs
Income tax Act, 1961	Income Tax	2008-2009	ITAT	1.36 lakhs
Income tax Act, 1961	Income Tax	2009-2010	CIT(A)	177.87 lakhs

- (xi) The Company does not have any accumulated losses as at 31st March, 2012. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xii) 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.
- (xiii) 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.
- (xiv) 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.
- (xv) 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 : 11th May, 2012



Balance Sheet as at 31 March, 2012

Particulars	Note No.	31/03/2012 ₹	31/03/2011 ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital.....	3	7,45,12,290	7,45,12,290
(b) Reserves and surplus	4	57,59,51,557	56,01,01,227
		65,04,63,847	63,46,13,517
2. Non-current liabilities			
(a) Long-term borrowings.....	5	1,13,50,928	1,20,88,361
(b) Deferred tax liabilities (net)	6	19,46,920	32,91,249
(c) Other long-term liabilities.....	7	47,29,839	1,28,27,212
(d) Long-term provisions.....	8	64,91,018	70,93,200
		2,45,18,705	3,53,00,022
3. Current liabilities			
(a) Trade payables	9	8,64,27,910	5,87,90,955
(b) Other current liabilities	10	4,51,60,472	3,06,49,071
(c) Short-term provisions.....	11	1,94,03,020	1,85,96,760
		15,09,91,402	10,80,36,786
TOTAL		82,59,73,954	77,79,50,325
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12A	15,41,76,010	14,06,77,151
(ii) Intangible assets.....	12B	2,86,892	2,67,307
(iii) Capital work-in-progress.....		2,75,528	27,43,700
(iv) Intangible assets under development		82,725	—
		15,48,21,155	14,36,88,158
(b) Non-current investments	13	9,15,72,710	11,85,75,710
(c) Long-term loans and advances.....	14	6,09,10,945	5,35,94,065
	A	15,24,83,655	17,21,69,775
	A+B	30,73,04,810	31,58,57,933
2. Current assets			
(a) Current investments.....	15	17,83,95,783	21,63,55,084
(b) Inventories	16	9,18,13,381	6,67,63,323
(c) Trade receivables	17	13,46,94,675	9,59,73,909
(d) Cash and cash equivalents	18	9,80,37,651	7,30,31,990
(e) Short-term loans and advances.....	19	1,46,60,536	97,45,256
(f) Other current assets.....	20	10,67,118	2,22,830
		51,86,69,144	46,20,92,392
TOTAL		82,59,73,954	77,79,50,325

The accompanying notes are an integral part of the financial statements

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

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : 11th May, 2012

For and on behalf of the Board

S. F. Vakil
Anil Naik
Keki Elavia
Jimmy Billimoria
Nitin Nimkar
Kavita Thadeshwar

Vice-Chairperson and Managing Director
Director
Director
Director
Financial Comptroller
Company Secretary

Statement of Profit and Loss for the year ended 31 March, 2012

Particulars	Note No.	31/03/2012 ₹	31/03/2011 ₹
1. Revenue from operations (gross)	21	76,32,81,538	59,08,59,386
Less: Excise duty on revenue from operations		5,98,44,559	4,85,63,084
Revenue from operations (net)		70,34,36,979	54,22,96,302
2. Other income	22	4,37,24,516	5,52,51,707
3. Total Revenue		74,71,61,495	59,75,48,009
4. Expenses			
(a) Cost of materials consumed	23	50,70,76,889	37,48,72,966
(b) Changes in inventories of finished goods, work-in-progress.....	24	(77,58,988)	(56,84,105)
(c) Employee benefits expenses	25	9,03,31,394	7,94,86,326
(d) Finance costs.....	26	18,452	2,940
(e) Depreciation and amortisation expenses	29	1,14,26,982	1,00,08,172
(f) Other expenses	27	10,56,44,040	9,04,21,201
Total Expenses		70,67,38,769	54,91,07,500
5. Profit before Tax		4,04,22,726	4,84,40,509
6. Tax expense:			
(a) Current Tax	28	82,50,000	88,00,000
(b) Deferred Tax.....	28	(13,44,329)	(13,98,594)
		69,05,671	74,01,406
7. Profit for the year		3,35,17,055	4,10,39,103
Earning per Equity Share basic and diluted (of ₹ 10/- each).....		4.50	5.51

The accompanying notes are an integral part of the financial statements

In terms of our report of even date
For **Deloitte Haskins & Sells**
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Shyamak R. Tata
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Cash Flow Statement for the year ended 31 March, 2012

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before extraordinary items and tax	4,04,22,726	4,84,40,509
Adjustments for:		
Depreciation and amortisation	1,14,26,982	1,00,08,172
Provision for doubtful debts	(13,848)	(1,30,804)
(Profit) on sale of Fixed Assets	(20,547)	(1,53,40,895)
Interest income	(1,03,71,560)	(78,04,915)
Dividend income	(1,14,23,409)	(1,05,96,518)
Excess of cost or fair value of current MF investments	(1,24,000)	—
Profit on sale of investment	(59,89,801)	(43,44,079)
Rent income	(1,48,79,184)	(1,39,27,607)
Write back of diminution in value of investment	—	(2,00,000)
Finance costs	18,452	2,940
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	90,45,811	61,06,803
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(2,50,50,058)	(1,26,20,028)
Trade receivables	(3,87,06,918)	(54,57,968)
Short-term loans and advances	(49,15,280)	(60,386)
Long-term loans and advances	(33,04,781)	(81,04,871)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	2,76,36,955	34,52,300
Other current liabilities	59,36,459	3,63,762
Other long-term liabilities	(48,241)	6,70,692
Short-term provisions	8,06,260	(5,71,916)
Long-term provisions	(6,02,182)	14,07,914
	(3,82,47,786)	(2,09,20,501)
CASH GENERATED FROM OPERATIONS	(2,92,01,975)	(1,48,13,698)
Net income tax (paid)/refunds	(1,68,66,626)	(1,12,67,944)
NET CASH FLOW FROM OPERATIONS (A)	(4,60,68,601)	(2,60,81,642)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets	(1,83,45,621)	(1,14,04,358)
Sale proceeds of fixed assets	64,000	1,53,96,332
Movement in enmarked accounts	(6,55,699)	(5,47,113)
Bank balances not considered as cash and cash equivalents		
— New deposits placed	(2,00,00,000)	(31,361)
— Proceeds of deposits	1,12,59,816	—
Current investments not considered as cash and cash equivalents		
— Purchased	(27,94,55,546)	(53,93,36,842)
— Proceeds from sale	32,05,48,541	55,99,94,204
Purchase of long-term investments	(1,29,97,000)	(1,47,46,708)
Proceeds from sale of long-term investments	4,29,80,107	—
Interest received	95,27,272	77,79,235
Dividend received	1,14,23,409	1,05,96,518
Rent income	1,48,79,184	1,39,27,607
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES (B)	7,92,28,463	4,16,27,514

Cash Flow Statement for the year ended March 31, 2012 (Contd.)

Particulars

	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	₹	₹
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of sales tax deferral	(6,81,577)	(1,96,917)
Receipt of loan	4,61,000	
Repayment of Loan	(32,888)	(70,623)
Repayment of fixed deposits	(1,18,000)	(1,19,126)
Finance costs	(18,452)	(2,940)
Dividend paid	(1,47,42,616)	(1,47,55,710)
Tax on dividend	(24,17,551)	(24,75,112)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES (C).	(1,75,50,084)	(1,76,20,428)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	1,56,09,778	(20,74,556)
 CASH AND CASH EQUIVALENT (Opening Balance)	47,25,000	67,99,556
CASH AND CASH EQUIVALENT (Closing Balance)	2,03,34,778	47,25,000
NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS	1,56,09,778	(20,74,556)
	As at 31st March 2012	As at 31st March 2011
	₹	₹
Cash and cash equivalents at the end of the year comprise		
(a) Cash on hand	56,756	43,300
(b) Balances with banks	—	—
(c) In current accounts	2,02,78,022	46,81,700
(d) In earmarked accounts	—	—
Total Cash and bank balances (Refer Note 18)	2,03,34,778	47,25,000

Notes:

See accompanying notes forming part of the financial statements.

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

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : 11th May, 2012

For and on behalf of the Board

S. F. Vakil
Anil Naik
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Vice-Chairperson and Managing Director
Director
Director
Director
Financial Comptroller
Company Secretary



Notes forming part of the Financial Statements

1. COMPANY OVERVIEW

Dai-ichi Karkaria Limited ("the Company") was incorporated on 13th May, 1960 under the laws of the Republic of India and has its registered office at Mumbai (Maharashtra). The Company is engaged in manufacturing of Specialty Chemicals. The Company has a joint venture with CTI Chemicals Asia Pacific Pte. Ltd., Singapore.

The manufacturing activities of the Company are carried out at its plants located at Kasarwadi and Kurkumbh, Pune (Maharashtra).

2. NOTES TO THE ACCOUNTS

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/materialised.

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

i. Recognition:

Recognized at cost of acquisition/construction (inclusive of expenses (net) up to 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 statement of profit and loss.

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.

Notes forming part of the Financial Statements

Inventory:

Inventories are valued at lower of cost and net realizable value, on the weighted average basis. Work in progress, Semi finished goods 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 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 of 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.



Notes forming part of the Financial Statements

Particulars	31/03/2012		31/03/2011	
	Number of shares	₹	Number of shares	₹
NOTE 3 : SHARE CAPITAL				
(A) Authorised				
Equity shares of ₹ 10/- (2011 : ₹ 10/-) each with voting rights.....	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
(B) Issued, Subscribed and fully paid				
Equity shares of ₹ 10/- (2011 : ₹ 10/-) each with voting rights.....	74,51,229	7,45,12,290	74,51,229	7,45,12,290
Total	74,51,229	7,45,12,290	74,51,229	7,45,12,290

(C) Reconciliation of number of shares and amount outstanding

Particulars	31/03/2012		31/03/2011	
	Number of shares	₹	Number of shares	₹
Equity shares of ₹ 10/- (2011 : ₹ 10/- each outstanding at the beginning of the year	74,51,229	7,45,12,290	74,51,229	7,45,12,290
Equity shares issued during the year	—	—	—	—
Equity shares outstanding at the end of the year	74,51,229	7,45,12,290	74,51,229	7,45,12,290

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

Class of shares/Name of shareholder	31/03/2012		31/03/2011	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
Mr. Ashokumar Parmar.....	7,32,266	9.83	7,27,529	9.76
Mrs. S. F Vakil	12,83,630	17.23	12,73,115	17.09
Mrs. P. R. Mehta.....	16,87,500	22.65	16,87,500	22.65

(E) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares As at 31st March, 2012	Aggregate number of shares As at 31st March, 2011	Aggregate number of shares As at 31st March, 2010	Aggregate number of shares As at 31st March, 2009	Aggregate number of shares As at 31st March, 2008
Equity Shares bought back...	—	—	1,55,171	—	—

(F) The Company has one class of equity shares having a par value of ₹ 10/- per share. Each equity share holder is eligible for one vote per share held. Each equity share holder is entitled to dividend as and when the Company declares and pays dividend after obtaining share holders approval. Dividends are paid in Indian Rupees.

Notes forming part of the Financial Statements

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 4 : RESERVES AND SURPLUS		
(a) Capital reserve		
Balance as at the beginning and end of the year.....	77,10,000	77,10,000
(b) Capital redemption reserve		
Balance as at the beginning and end of the year.....	15,51,710	15,51,710
(c) Securities premium account		
Balance as at the beginning and end of the year.....	25,94,37,591	25,94,37,591
(d) Revaluation reserve		
Balance as at the beginning of the year.....	3,63,64,908	3,88,47,785
Less: Utilised for set off against depreciation	3,46,716	3,85,240
Deduction on sale of revalued assets	—	20,97,637
	3,46,716	24,82,877
Balance as at the end of the year	3,60,18,192	3,63,64,908
(e) General reserve		
Balance as at the beginning of the year.....	3,24,59,482	2,93,59,482
Add: Transferred from surplus in Statement of Profit and Loss	25,50,000	31,00,000
Balance as at the end of the year	3,50,09,482	3,24,59,482
(f) Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year.....	22,25,77,536	20,19,58,442
Add: Profit for the year.....	3,35,17,055	4,10,39,103
	25,60,94,591	24,29,97,545
Less: Dividends proposed to be distributed to equity shareholders (₹ 2/- per share)	1,49,02,458	1,49,02,458
Tax on proposed dividend.....	24,17,551	24,17,551
Transferred to General reserve	25,50,000	31,00,000
	1,98,70,009	2,04,20,009
Balance as at the end of the year	23,62,24,582	22,25,77,536
Total	57,59,51,557	56,01,01,227



Notes forming part of the Financial Statements

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 5 : LONG-TERM BORROWINGS		
(a) Term loans		
From banks		
Secured (Refer Note (i) below).....	3,54,338	—
(b) Deferred payment liabilities – Unsecured		
Deferred sales tax liability (Refer Note (ii) below)	1,09,96,590	1,20,88,361
Total	1,13,50,928	1,20,88,361

Note (i) : The term loan of ₹ 4,61,000/- from HDFC Bank Ltd. is secured against hypothecation of the vehicle purchased under the loan and is payable in 60 equated monthly installments of ₹ 10,268/- each commencing from October 2011 at an interest rate of 12.50% p.a. on reducing balance.

Note (ii) : 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 ₹ 48,442,000 for the Kurkumbh unit at Pune. The deferred amount is recognized as long term borrowing and is unsecured, interest free and payable after a moratorium period of 10 years in 5 yearly equal installments which commence from year 2011.

The deferred sales tax liability is payable in annual installments as below:

Year	31/03/2012 ₹	31/03/2011 ₹
2013	—	10,91,771
2014	16,01,010	16,01,010
2015	20,07,553	20,07,553
2016	21,73,501	21,73,501
2017	19,11,793	19,11,793
2018	15,01,600	15,01,600
2019	9,92,361	9,92,361
2020	5,85,818	5,85,818
2021	2,22,954	2,22,954
	1,09,96,590	1,20,88,361

For the current maturities of long term borrowings, refer item(a) of Note-10 Other current liabilities:

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 6 : DEFERRED TAX LIABILITIES (NET)		
Deferred tax (liability)/asset		
Deferred tax liability		
On Tangible fixed assets	87,65,320	1,00,23,911
	87,65,320	1,00,23,911
Less: Deferred tax assets :		
On Employee benefits	43,17,105	42,66,536
On Provision for Doubtful Debts	5,42,668	5,47,162
On Commission	10,74,689	10,70,625
On Bonus.....	8,83,938	8,48,339
	68,18,400	67,32,662
Net deferred tax (liability)	19,46,920	32,91,249

Notes forming part of the Financial Statements

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 7 : OTHER LONG-TERM LIABILITIES		
(i) Deposit for rented premises	—	80,49,132
(ii) Gratuity (Refer Note 32 Employee benefits)	47,29,839	47,78,080
Total	47,29,839	1,28,27,212
NOTE 8 : LONG-TERM PROVISIONS		
Provision for employee benefits:		
Provision for compensated absences	64,91,018	70,93,200
Total	64,91,018	70,93,200
NOTE 9 : TRADE PAYABLES		
Trade payables:		
(a) Acceptances	50,66,114	12,17,436
(b) Other than acceptances		
Related parties (Refer Note 43 Related party transactions)	14,69,138	7,18,412
Others	7,98,92,658	5,68,55,107
Total	8,64,27,910	5,87,90,955

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, 2012 is ₹ Nil (2011: ₹ 64,525) including unpaid amounts of ₹ Nil (2011: ₹ Nil) outstanding for more than 45 days. No interest is due thereon

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 10 : OTHER CURRENT LIABILITIES		
(a) Current maturities of long term borrowings (refer note (i) below):		
(i) Term loan	73,774	—
(ii) Deferred sales tax liabilities	10,91,771	6,81,577
(b) Rent received in advance	12,39,932	12,39,932
(c) Unpaid dividends	10,42,356	8,82,514
(d) Unpaid matured deposits	3,97,000	5,15,000
(e) Security Deposits	8,56,350	3,46,225
(f) Other payables:		
(i) Statutory remittances	47,64,705	38,87,775
(ii) Payables on purchase of tangible fixed assets	25,91,109	1,62,636
(iii) Deposit for rented premises	80,49,132	—
(iv) Advances from customers	11,82,805	9,67,839
(v) Others liabilities (including commission etc.)	2,38,71,538	2,19,65,573
Total	4,51,60,472	3,06,49,071

Note (i) : Refer item (a) & (b) of Note 5 Long term borrowings for details of security.



Notes forming part of the Financial Statements

Particulars

31/03/2012

31/03/2011

₹

₹

NOTE 11 : SHORT-TERM PROVISIONS

(a) Provision for employee benefits:

Provision for Compensated Absence

20,83,011

12,76,751

20,83,011

12,76,751

(b) Provision - Others:

(i) Provision for proposed equity dividend

1,49,02,458

1,49,02,458

(ii) Provision for tax on proposed dividends

24,17,551

24,17,551

1,73,20,009

1,73,20,009

Total

1,94,03,020

1,85,96,760

NOTE 12 : FIXED ASSETS

Particulars	Gross block at cost				Depreciation				Net Block	
	As at 01.04.2011	Additions	Deductions	As at 31.3.2012	As at 01.04.2011	For the period	Deductions	As at 31.3.2012	As at 31.3.2012	As at 31.03.2011
A. Tangible Assets										
Leasehold Land.....	18,58,391	—	—	18,58,391	2,50,671	20,649	—	2,71,320	15,87,071	16,07,720
Freehold Land.....	5,36,30,801	—	—	5,36,30,801	—	—	—	—	5,36,30,801	5,36,30,801
Buildings Residential	1,65,16,917	—	—	1,65,16,917	81,51,380	4,18,277	—	85,69,657	79,47,260	83,65,537
Buildings: Non Residential										
Own use	5,87,42,454	58,43,585	—	6,45,86,039	4,73,19,606	9,90,443	—	4,83,10,049	1,62,75,990	1,14,22,848
Given under operating lease	2,90,84,465	—	—	2,90,84,465	70,05,020	11,03,972	—	81,08,992	2,09,75,473	2,20,79,445
Plant & Machinery.....	26,19,72,202	50,77,328	—	26,70,49,530	23,37,28,143	52,58,623	—	23,89,86,766	2,80,62,764	2,82,44,059
Furniture & Fixtures.....	82,65,834	1,12,19,979	—	1,94,85,813	59,59,089	13,56,752	—	73,15,841	1,21,69,972	23,06,745
Laboratory, Office and Factory Equipment and Air conditioners.....	2,34,78,287	21,29,284	—	2,56,07,571	1,79,50,154	11,41,299	—	1,90,91,453	65,16,118	55,28,133
Vehicles.....	67,13,196	8,88,231	5,26,482	70,74,945	47,69,636	5,85,683	4,83,029	48,72,290	22,02,655	19,43,560
Scientific Research- Capital Expenditure :										
Bldg. - Non Resi.	14,20,149	—	—	14,20,149	13,50,840	3,279	—	13,54,119	66,030	69,309
Plant & Machinery.....	78,24,529	—	—	78,24,529	54,30,619	3,14,038	—	57,44,657	20,79,872	23,93,910
Furniture & Fixtures	6,31,513	—	—	6,31,513	5,78,096	9,669	—	5,87,765	43,748	53,417
Laboratory, Office and Factory Equipment & Air-conditioners.....	1,56,46,717	—	—	1,56,46,717	1,26,15,050	4,13,411	—	1,30,28,461	26,18,256	30,31,667
Total Tangible Assets	48,57,85,455	2,51,58,407	5,26,482	51,04,17,380	34,51,08,304	1,16,16,095	4,83,029	35,62,41,370	15,41,76,010	14,06,77,151
Previous year.....	48,14,99,514	73,86,205	31,00,264	48,57,85,455	33,58,29,188	1,02,26,305	9,47,189	34,51,08,304	14,06,77,151	14,56,70,326
B. Intangible Assets										
Purchased Computer Software	7,38,837	1,77,188	—	9,16,025	4,71,530	1,57,603	—	6,29,133	2,86,892	2,67,307
Previous year.....	7,15,360	23,477	—	7,38,837	3,04,423	1,67,107	—	4,71,530	2,67,307	4,10,937

Notes forming part of the Financial Statements

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 13 : NON-CURRENT INVESTMENTS		
Investments (at cost, unless otherwise stated)		
(A) Trade, in equity instruments		
(a) Unquoted:		
(i) of subsidiary company		
48,500 (2011 : 48,500) equity shares of ₹ 10 each fully paid up of Dai-ichi Gosei Chemicals (India) Limited. *	2,00,000	2,00,000
(ii) of joint venture company		
1,125,000 (2011 : 1,125,000) equity shares of ₹ 10 each fully paid up of Champion Dai-ichi Technologies India Limited.....	67,50,000	67,50,000
(iii) of associate company		
2,600,000 (2011 : 2,600,000) equity shares of ₹ 10 each fully paid up of Inogen Laboratories Private Limited	4,00,00,000	4,00,00,000
Nil (2011 : 4,900) equity shares of ₹ 10 each fully paid up of Performance Polymers & Chemicals Private Limited.*	—	—
(b) Quoted, in others		
57,167 (2011 : 57,167) equity shares of ₹ 10 each fully paid up in Clariant Chemicals (India) Limited	13,62,502	13,62,502
	4,83,12,502	4,83,12,502
* At cost less diminution other than temporary, aggregating ₹ 285,000 (2011 : ₹ 334,000)		
(B) Other than trade, in equity instruments		
(a) Quoted:		
8,100 (2011 : 8,100) equity shares of ₹ 10 each fully paid up of Bank of India	3,64,500	3,64,500
2,000 (2011 : 2,000) equity shares of ₹ 2 each of Bharat Seats Limited	2,000	2,000
(b) Unquoted:		
1,000 (2011 : 1,000) equity shares of ₹ 25 each fully paid up of The Shamrao Vithal Co-op. Bank Limited	25,000	25,000
2,500 (2011 : 2,500) equity shares of ₹ 10 each fully paid up of The Saraswat Co-op. Bank Limited	25,000	25,000
4,000 (2011 : 4,000) equity shares of ₹ 25 each fully paid up of The Zoroastrian Co-op. Bank Limited.....	1,00,000	1,00,000
	5,16,500	5,16,500
(C) Other than trade, in debentures or bonds		
100 (2011 : 100) Secured redeemable non-convertible debenture of Citicorp Finance (India) Ltd. of ₹ 100,000 each.....	1,00,00,000	1,00,00,000
10 (2011 : Nil) 11.40% TATA POWER PERPETUAL BONDS of ₹ 10,00,000 each	1,05,25,000	—
10,000 (2011 : Nil) NHAI BONDS (TRANCHE-I) of ₹ 1,000/- each	24,72,000	—
	2,29,97,000	1,00,00,000



Notes forming part of the Financial Statements

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 13 : NON-CURRENT INVESTMENTS (Contd.)		
(D) Other than trade, in mutual funds		
2580 Grams (2011 : 2580) in Benchmark MF Gold Bees.....	47,46,708	47,46,708
Nil (2011 : 2,000,000) Units of Canara Robeco – FMP Series 5-13 Months Plan B of ₹ 10 each	—	2,00,00,000
Nil (2011 : 2,000,000) Units of HDFC FMP 13M March 2010 (3) Series XII of ₹ 10 each.....	—	2,00,00,000
1,500,000 (2011 : 1,500,000) Units of Birla Sunlife Capital Protection Oriented Fund Series-1 of ₹ 10 each	1,50,00,000	1,50,00,000
	1,97,46,708	5,97,46,708
Total Non-Current Investments	9,15,72,710	11,85,75,710
Notes		
(1) Aggregate cost of quoted investments	17,29,002	17,29,002
(2) Aggregate market value of listed and quoted investments	4,00,79,708	4,18,96,440
(3) Aggregate cost of unquoted investments (net of provision)	8,98,43,708	11,68,46,708
NOTE 14 : LONG-TERM LOANS AND ADVANCES		
Unsecured considered good		
(a) Capital Advances.....	—	46,04,527
(b) Security deposits.....	1,30,68,854	1,29,32,815
(c) Loans to related parties (Refer Note 43 Related party transactions).....	1,00,00,000	1,00,00,000
(d) Loans and advances to employees	22,59,969	—
(e) Prepaid expenses	4,49,380	99,756
(f) VAT credit receivable	17,19,083	11,59,934
(g) Advance income tax (net of provisions)	3,34,13,659	2,47,97,033
Total	6,09,10,945	5,35,94,065
NOTE 15 : CURRENT INVESTMENTS		
Other than trade (Valued at cost or market value whichever is less)		
Unquoted Mutual Funds.....	17,83,95,783	21,63,55,084
	17,83,95,783	21,63,55,084

Notes forming part of the Financial Statements

Investment in Mutual Funds (Current investments)

Name of Mutual Fund	Scheme of Mutual Fund	Face Value	Balance as at 1/4/2011		Purchased during the year		Sold during the year	Balance as at 31/3/2012	
			No. of units	₹	No. of units	₹		No. of units	₹
HDFC	Income Fund	10.00	—	—	1,90,389	45,99,800	—	1,90,389	45,99,800
DSP Blackrock	Top 100 Equity Fund-Growth.....	10.00	9,294	4,51,615	—	—	—	9,294	4,51,615
DSP Blackrock	Top 100 Equity Fund-Growth.....	10.00	2,22,807	2,04,32,179	—	—	2,22,807	—	—
ICICI Prudential	Gilt Fund-Dividend	10.00	1,88,260	23,50,314	—	—	1,88,260	—	—
IDFC	Reinvestment.....	10.00	2,15,936	23,74,476	—	—	2,15,936	—	—
Kotak	Floater Long Term.....	10.00	—	—	20,39,666	2,05,59,433	20,39,666	—	—
ICICI Prudential	Quarterly Interval Fund 2R.....	10.00	—	—	9,97,416	99,99,993	—	9,97,416	99,99,993
Reliance	Medium Term Daily Dividend Plan	10.00	38,249	6,53,425	1,432	24,951	39,681	—	—
Tata	FMP Series 38 Scheme F.....	10.00	—	—	10,00,000	1,00,00,000	—	10,00,000	1,00,00,000
ICICI Prudential	Liquid Fund	10.00	—	—	1,70,198	2,01,70,992	1,70,198	—	—
ICICI Prudential	FMP Series 54 (18 months)	10.00	14,50,000	1,45,00,000	—	—	—	14,50,000	1,45,00,000
DSP Blackrock	Equity Liquid Fund	10.00	—	—	5,98,213	1,49,89,800	—	5,98,213	1,49,89,800
BNP Paribas	FTF Series 19D – Growth.....	10.00	10,00,000	1,00,00,000	—	—	10,00,000	—	—
HDFC	Equity Fund – Growth.....	10.00	—	—	—	—	—	—	—
Franklin Templeton	Income Opportunities Fund	10.00	19,12,247	2,00,00,000	—	—	—	19,12,247	2,00,00,000
Birla Sun Life	Dynamic Bond Fund – Growth.....	10.00	—	—	5,59,519	1,00,00,000	—	5,59,519	1,00,00,000
DWS	Hybrid FTP Series 1 – Growth	10.00	10,00,000	98,76,000	—	—	—	10,00,000	1,00,00,000
Birla Sun Life	Dividend	10.00	10,25,946	1,02,96,550	16,969	1,73,180	10,42,915	—	—
ICICI Prudential	Flexible Income Plan Premium – Daily Dividend	10.00	98,368	1,04,01,005	11,48,274	12,14,12,731	8,34,727	4,11,915	4,35,53,826
BNP Paribas	FTP Series 19F Dividend on maturity.....	10.00	10,00,000	1,00,00,000	—	—	10,00,000	—	—
BNP Paribas	Money Plus Instrument	10.00	—	—	6,91,432	1,08,66,000	6,91,432	—	—
Kotak	FMP Series 77 (Growth)	10.00	—	—	10,09,479	1,00,94,790	—	10,09,479	1,00,94,790
Kotak	Liquid Regular Growth.....	10.00	—	—	4,97,530	99,91,208	4,97,530	—	—
Kotak	Quarterly Interval Plan Series 10 Dividend ...	10.00	9,99,121	1,00,00,000	—	—	9,99,121	—	—
ICICI Prudential	Interval Fund Plan 3 Quarterly Retail Dividend	10.00	39,99,080	4,00,00,000	—	—	39,99,080	—	—
ICICI Prudential	Interval Fund Plan 2 Quarterly Retail Dividend	10.00	9,99,910	1,00,00,000	—	—	9,99,910	—	—
DSP Blackrock	FMP 3M Series 31 Dividend on maturity.....	10.00	20,00,000	2,00,00,000	—	—	20,00,000	—	—
IDFC	Money Manger Fund – TP	10.00	—	—	26,12,335	2,63,05,959	6,05,766	20,06,569	2,02,05,959
IDFC	Fixed Maturity Series 3 – 100 days Dividend	10.00	25,01,952	2,50,19,520	26,671	2,66,709	25,28,623	—	—
ICICI Prudential	Interval Fund FMP Series 61 (18M)	10.00	—	—	10,00,000	1,00,00,000	—	10,00,000	1,00,00,000
Total			21,63,55,084		27,94,55,546			17,83,95,783	



Notes forming part of the Financial Statements

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 16 : INVENTORIES		
At lower of cost and net realizable value		
(a) Raw materials & Packing Materials.....	3,88,39,528	2,78,10,905
Goods-in-transit	41,26,166	—
	4,29,65,694	2,78,10,905
(b) Fuels	35,95,527	14,59,246
(c) Work-in-progress		
Textile.....	2,78,318	2,96,445
Anionic/Cationic	3,95,177	1,83,906
Non Ionic	4,63,847	35,450
Sizing	77,877	—
Spin Finish	—	16,58,270
	12,15,219	21,74,071
(d) Semi Finished Goods	1,06,79,876	1,00,85,486
(e) Finished goods	2,80,96,837	2,40,31,530
Goods-in-transit	52,60,228	12,02,085
	3,33,57,065	2,52,33,615
Total	9,18,13,381	6,67,63,323
NOTE 17 : TRADE RECEIVABLES		
Unsecured		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered Good	3,48,256	7,81,295
Considered Doubtful.....	16,72,322	16,86,170
	20,20,578	24,67,465
Less: Provision for doubtful debts.....	16,72,322	16,86,170
	3,48,256	7,81,295
Other debts	13,43,46,419	9,51,92,614
Total	13,46,94,675	9,59,73,909

Notes forming part of the Financial Statements

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
NOTE 18 : CASH AND CASH EQUIVALENTS		
(a) Cash on hand.....	56,756	43,300
(b) Balances with banks		
(i) In current accounts.....	2,02,78,022	46,81,700
(ii) In deposit accounts	7,00,00,000	6,12,59,816
(Having original maturity of more than 12 months)		
(iii) In earmarked accounts		
— Unpaid dividend accounts	10,42,356	8,82,514
— Deposit balances held as margin money against guarantees and other commitments.....	66,60,517	61,64,660
Total	9,80,37,651	7,30,31,990
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 <i>Cash Flow Statements</i> is	2,03,34,778	47,25,000
NOTE 19 : SHORT-TERM LOANS AND ADVANCES (UNSECURED CONSIDERED GOOD)		
(a) Loans and advances to employees.....	3,27,688	1,67,782
(b) Prepaid expenses.....	17,84,496	18,40,417
(c) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable.....	36,74,717	26,05,274
(ii) VAT credit receivable	15,78,671	8,22,113
(iii) Service Tax credit receivable.....	6,47,725	6,04,018
(d) Others (advances to suppliers etc.)	66,47,239	37,05,652
Total	1,46,60,536	97,45,256
NOTE 20 : OTHER CURRENT ASSETS		
(a) Interest accrued on bank deposits.....	4,61,250	—
(b) Interest accrued on other deposits	6,05,868	2,22,830
Total	10,67,118	2,22,830



Notes forming part of the Financial Statements

Particulars	For the year ended 31st March, 2012 ₹	For the year ended 31st March, 2011 ₹
NOTE 21 : REVENUE FROM OPERATIONS		
(a) Sale of products [Refer Note (i) below]	75,89,83,426	58,73,38,873
(b) Sale of services (Job work)	22,48,020	4,91,480
	76,12,31,446	58,78,30,353
(c) Less: Excise duty on revenue from operations	5,98,44,559	4,85,63,084
	70,13,86,887	53,92,67,269
(d) Other operating revenues [Refer Note (ii) below]	20,50,092	30,29,033
Total....	70,34,36,979	54,22,96,302
Note		
(i) Sale of products comprises		
Manufactured goods		
Anionic/Cationic	13,06,49,208	11,13,05,783
Non Ionic	21,43,41,592	14,91,41,428
Textile	10,06,93,117	9,37,12,775
Oil Field	5,46,27,367	2,94,83,287
Flocculant	7,16,48,816	5,24,16,500
Others	18,70,23,326	15,12,79,100
Total – Sale of manufactured goods....	75,89,83,426	58,73,38,873
(ii) Other operating revenues comprise:		
Duty drawback	3,52,619	3,05,573
Commission	2,25,866	3,04,043
Scrap sale	14,71,607	24,19,417
Total – Other operating revenues....	20,50,092	30,29,033
NOTE 22 : OTHER INCOME		
(a) Interest income [Refer Note (i) below]	1,03,71,560	78,04,915
(b) Dividend income:		
from current investments		
others	84,86,759	57,14,443
from long-term investments		
others	29,36,650	48,82,075
(c) Net gain on sale of 'current investments'	30,09,694	19,08,434
Profit on sale of:		
long-term investments	29,48,600	24,35,645
long-term investment in associate	31,507	—
(d) Net gain on foreign currency transactions & translations	7,16,944	1,45,478
(e) Lease rent	1,48,79,184	1,39,27,607
(f) Profit on sale of fixed assets	20,547	1,53,40,895
(g) Excess of cost over fair value of current investments, written back	1,24,000	—
(h) Bad debts recovered	50,000	7,00,000
(i) Provision for doubtful debts written back	13,848	1,30,804
(j) Provision for diminution in value of investment no longer required, written back	—	2,00,000
(k) Sundry balances written back	1,35,223	9,58,232
(l) Performance guarantee written back	—	11,03,179
Total....	4,37,24,516	5,52,51,707

Notes forming part of the Financial Statements

Particulars	For the year ended 31st March, 2012 ₹	For the year ended 31st March, 2011 ₹
Note:		
Interest income comprises:		
Interest from banks on deposits	74,88,687	57,84,858
Interest on loans and advances	20,38,356	18,08,172
Interest income from long term investments	6,15,539	—
Other interest	2,28,978	2,11,885
Total....	<u>1,03,71,560</u>	<u>78,04,915</u>

NOTE 23 : COST OF MATERIALS CONSUMED

Material consumed comprises:

Ethylene Oxide	15,99,05,743	12,25,21,427
Fatty Alcohol, Phenol & Glycol	12,85,49,662	8,67,97,970
Oils & Fatty Acids	3,67,90,730	2,00,02,764
Acrylamide	1,67,74,638	1,17,00,931
Amines	1,35,36,293	97,67,812
Other items	15,15,19,823	12,40,82,062
	<u>50,70,76,889</u>	<u>37,48,72,966</u>

Particulars	For the year ended 31st March, 2012 %	₹	For the year ended 31st March, 2011 %	₹
Raw material consumed:				
Imported	21	10,52,56,741	17	6,53,53,379
Indigenous	79	40,18,20,148	83	30,95,19,587
Total....	<u>100</u>	<u>50,70,76,889</u>	<u>100</u>	<u>37,48,72,966</u>

Particulars	For the year ended 31st March, 2012 ₹	For the year ended 31st March, 2011 ₹
NOTE 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS		
Closing Stock		
Finished goods – Speciality Chemicals	3,33,57,065	2,52,33,615
Semi finished goods – Speciality Chemicals	1,06,79,876	1,00,85,486
Work-in-progress:		
Textile	2,78,318	2,96,445
Anionic/Cationic	3,95,177	1,83,906
Non Ionic	4,63,847	35,450
Sizing	77,877	—
Spin Finish	—	16,58,270
	<u>4,52,52,160</u>	<u>3,74,93,172</u>



Notes forming part of the Financial Statements

Particulars	For the year ended 31st March, 2012 ₹	For the year ended 31st March, 2011 ₹
NOTE 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS (Contd.)		
Opening Stock		
Finished goods – Speciality Chemicals	2,52,33,615	2,38,05,529
Semi finished goods – Speciality Chemicals	1,00,85,486	77,09,942
Work-in-progress:		
Textile	2,96,445	—
Anionic/Cationic	1,83,906	2,93,596
Non Ionic	35,450	—
Spin Finish	16,58,270	—
	3,74,93,172	3,18,09,067
Net (increase)/decrease....	(77,58,988)	(56,84,105)
NOTE 25 : EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	7,62,75,138	6,70,01,055
Contributions to provident and other funds (Refer Note 32 Employee benefits)	66,38,359	62,03,396
Staff welfare expenses.....	74,17,897	62,81,875
Total....	9,03,31,394	7,94,86,326
NOTE 26 : FINANCE COSTS		
Interest on term loan.....	18,452	2,940
Total....	18,452	2,940
NOTE 27 : OTHER EXPENSES		
Consumption of stores and spare parts	43,93,679	33,32,072
Excise duty*	8,98,847	4,79,752
Power and fuel	3,90,15,309	2,83,95,629
Rent	24,22,956	23,95,116
Repairs and maintenance:		
Buildings	13,29,417	8,82,495
Machinery	34,58,428	20,63,883
Others.....	20,31,878	20,39,937
Insurance.....	8,49,858	8,45,562
Rates and taxes.....	53,33,794	46,64,849
Freight Expenses.....	91,62,260	78,18,985
Commission on sales	44,11,668	85,93,657
Donations	10,30,000	10,25,000
Bank Charges.....	31,98,695	22,04,447
Telephone, telex and telegrams	18,07,029	17,96,205
Vehicle Expenses	9,88,640	8,57,416
Legal and professional.....	47,56,594	58,59,882
Travelling Expenses	23,84,360	25,43,868
Directors Sitting Fees	3,63,500	2,68,000
Bad debts and advances written off	2,31,167	5,586
Payments to auditors [Refer Note (i) below]	25,55,946	20,20,313
Miscellaneous expenses	1,50,20,015	1,23,28,547
Total....	10,56,44,040	9,04,21,201

* Represents excise duty on difference between closing and opening stock.

Notes forming part of the Financial Statements

Particulars	For the year ended 31st March, 2012 ₹	For the year ended 31st March, 2011 ₹
Note:		
Payments to the auditors comprises (net of service tax input credit, where applicable):		
Audit fees	11,00,000	9,00,000
Tax audit	3,00,000	2,00,000
Limited review/Consolidation	10,00,000	8,00,000
Certification.....	1,00,000	75,000
Out of pocket expenses	55,946	20,313
Other services	—	25,000
Total....	<u>25,55,946</u>	<u>20,20,313</u>
NOTE 28 : TAX EXPENSE		
(a) Current Tax		
for the year.....	82,50,000	88,00,000
(b) Deferred tax		
for the year.....	(13,44,329)	(13,98,594)
Total....	<u>69,05,671</u>	<u>74,01,406</u>
NOTE 29 : DEPRECIATION & AMORTISATION EXPENSES		
As per Fixed assets schedule:		
on tangible assets	1,16,16,095	1,02,26,305
Less: Transfer from revaluation reserve	3,46,716	3,85,240
	<u>1,12,69,379</u>	<u>98,41,065</u>
on intangible assets	1,57,603	1,67,107
Total....	<u>1,14,26,982</u>	<u>1,00,08,172</u>



Notes forming part of the Financial Statements

	2012 ₹	2011 ₹
30. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	18,32,873	83,96,708
31. (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.....	1,94,13,765	2,83,79,092
(ii) Guarantee given to Bank of Baroda, for credit facilities extended to Joint Venture – Champion Dai-ichi Technologies India Ltd.....	—	2,25,00,000
(iii) Customs duty bonds	**7,35,52,625	5,26,50,472
** Includes ₹ 5,06,70,751/- of Bonds, issued jointly in name of the Company and Champion Dai-ichi Technologies India Ltd.		
(b) Wage agreement at Kasarwadi Plant was expired on 30th November, 2008. Negotiations with employees are in progress. The Company does not expect any significant additional liability on this account.		
(c) Claims against the company not acknowledged as debts relating to:		

	2012 ₹	2011 ₹
(i) Octroi (classification of raw materials)*	2,38,80,407	2,38,80,407
(ii) Labour matters (back wages and compensation under Workmen Compensation Act)	8,42,000	14,04,000
(iii) Product performance (Refer Note 34).....	29,36,060	29,36,060
(iv) Disputed Income Tax liability	4,65,62,768	2,07,28,307

* Includes ₹ 1,41,97,321 for which bank guarantee has been given and Shown under 31 (a) (i) above.

32. 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, 2012 ₹	31st March, 2011 ₹
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	4,37,04,341	4,20,82,206
2. Current Service cost.....	12,06,431	13,03,151
3. Interest Cost	23,01,439	20,75,444
4. Losses (gains) on Curtailment	—	—
5. Liabilities extinguished on settlements.....	—	—
6. Plan amendments.....	—	—
7. Past Service cost	—	9,15,295
8. Actuarial (gains)/losses	(1,09,582)	6,70,916
9. Benefits paid	(39,27,636)	(33,42,671)
10 Present value of Defined Benefit Obligation as on Balance Sheet date	4,31,74,993	4,37,04,341

Notes forming part of the Financial Statements

32. Employee Benefits (Contd.):

Particulars

	Gratuity (Funded)	
	31st March, 2012	31st March, 2011
	₹	₹
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.....	3,80,10,966	3,79,74,818
2. Expected return on plan assets.....	30,40,877	30,37,985
3. Actuarial gains/(losses)	3,00,815	2,77,724
4. Actual contributions by employers.....	10,20,132	63,110
5. Benefits paid	(39,27,636)	(33,42,671)
6. Plan assets as on Balance Sheet Date	3,84,45,154	3,80,10,966
III. Analysis of Defined Benefit Obligation:		
1. Defined Benefit Obligation as at 31st March	4,31,74,993	4,37,04,341
2. Fair Value of Plan assets at the end of the year.....	3,84,45,154	3,80,10,966
3. Net Asset/(Liability) recognized in the Balance Sheet as on Balance Sheet Date	(47,29,839)	(56,93,375)
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.....	4,31,74,993	4,37,04,341
2. Fair value of plan assets	3,84,45,154	3,80,10,966
3. Funded status [Surplus/(Deficit)].....	(47,29,839)	(56,93,375)
4. Unrecognized Past Service Costs	—	9,15,295
5. Net Asset/(Liability) recognized in Balance Sheet.....	(47,29,839)	(47,78,080)
V. Components of employer expenses recognized in the statement of profit and loss		
1. Current Service cost.....	12,06,431	13,03,151
2. Interest cost.....	23,01,439	20,75,444
3. Expected return on plan assets.....	(30,40,877)	(30,37,985)
4. Curtailment cost/(credit)	—	—
5. Settlement cost/(credit)	—	—
6. Past Service cost	9,15,295	—
7. Actuarial Losses/(Gains).....	(4,10,397)	3,93,192
8. Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	9,71,891	7,33,802
VI. The Category of Plan assets – 100% Qualifying insurance policy (Insurer managed fund)		
VII. Principal Actuarial Assumptions:		
1. Discount Rate (%)	8.50%	8.00%
2. Expected Return on plan assets (%)	8.80%	8.00%
3. Salary escalation (%).....	5.00%	5.00%
4. Medical cost inflation	N A	N A



Notes forming part of the Financial Statements

32. Employee Benefits (Contd.):

VIII. Experience History:

	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
1. Experience adjustments on plan liabilities (Gain)/ Loss	(1,09,582)	18,73,719	29,84,241	19,74,571	N.A.
2. Experience adjustments on plan assets (Loss)/ Gain	3,00,815	2,77,724	4,56,702	3,21,965	N.A.
3. Defined Benefit Obligation at the end of the period	4,31,74,993	4,37,04,341	4,20,82,206	4,19,91,257	3,65,59,972
4. Plan Assets at the end of the period	3,84,45,154	3,80,10,966	3,79,74,818	3,82,75,892	3,62,74,763
5. Funded Status	(47,29,839)	(47,78,080)	(41,07,388)	(37,15,365)	2,85,209
IX. Contributions expected to be paid to the plan during the next financial year	10,00,000	10,00,000	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.

(B) Defined Contribution Plan

Amount recognized as an expense in the Statement of Profit & Loss in respect of Defined Contribution Plan is ₹ 55,11,559 (2011: 53,67,009).

33. In 2010-11, the Company had executed a tripartite shareholders agreement dated 26th May, 2010, with CTI Chemicals Asia Pacific Pte. Ltd. and its wholly owned subsidiary - Basic Oil Treating (India) Ltd, (now known as Champion Dai-ichi Technologies India Ltd), for formation of Joint Venture.

Pursuant to the formation of Joint Venture, the shareholding of Champion Dai-ichi Technologies India Ltd (formerly known as Basic Oil Treating (India) Ltd.), is held by the Company and CTI Chemicals Asia Pacific Pte. Ltd. in the ratio of 50:50. Accordingly Champion Dai-ichi Technologies India Ltd. (Formerly known as Basic Oil Treating (India) Ltd), has ceased to be a subsidiary of the Company w.e.f 7th September, 2010.

34. 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 ₹ 55,45,325 after retaining ₹ 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.

35. Lease payable/receivable under cancellable operating lease:

The Company has taken office under operating lease. The lease is not non cancellable. The lease payment recognized in the statement of profit and loss, debited to rent account is ₹ 23,78,146/- (2011- ₹ 21,48,561/-).

The Company has given commercial premises under leave and licence agreement, which is not non cancellable. Lease rental credited to the statement of profit and loss is ₹ 1,48,79,184/- (2011- ₹ 1,39,27,607/-).

36. Research and development expenditure:

	2012	2011
	₹	₹
Revenue Expenditure	1,01,76,822	96,25,574

Notes forming part of the Financial Statements

	2012 ₹	2011 ₹
37. CIF value of imports		
Raw and packing materials	10,05,50,050	6,18,97,072
Capital Goods.....	—	11,98,725
38. Expenditure in foreign currency:		
Travelling.....	3,01,176	2,65,139
Commission	5,62,514	9,03,880
Advertisement	4,19,840	—
Books & Periodicals.....	10,706	—
39. Earnings in foreign exchange:		
FOB value of Export*	10,52,03,272	4,54,33,534
Commission	2,25,866	3,04,043
* Includes ₹ 22,25,919/- (2011 – ₹ 33,67,899) for Freight and Insurance on Export.		
40. Earnings per share:		
Profit after tax as per accounts	3,35,17,055	4,10,39,103
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share	74,51,229	74,51,229
Nominal value per share (₹)	10	10
Basic and diluted earnings per share (₹).....	4.50	5.51
41. Although the Company's equity interests in Inogen Laboratories Private Limited (IPL) 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. During the year, the Company has sold the Shares of PPCL to the Director of that Company.		
42. Segment reporting:		
Primary Segment:		
The Company is principally engaged in single business segment - manufacturing of specialty chemicals only.		
Secondary Segment:		
Information regarding secondary segment is as under:		

	31/3/2012			31/3/2011		
Segment	Within India	Outside India	Total	Within India	Outside India	Total
Revenue	59,80,07,841	10,54,29,138	70,34,36,979	49,65,58,725	4,57,37,577	54,22,96,302

All the assets are located in India.

43. 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:

Related parties where control exists:

(i) Subsidiary Company:

Basic Oil Treating (India) Limited (BOTI), (Subsidiary upto 6th September, 2010 – Refer Note 33)

Dai-ichi Gosei Chemicals (India) Limited (DGCIL)

(ii) Joint Venture

Champion Dai-ichi Technologies India Ltd. (CDTIL), (w.e.f. 7th September, 2010 – Refer Note 33)

(iii) Key management personnel

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

(iv) Relatives of key management personnel

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

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



Notes forming part of the Financial Statements

A. Relationships (Contd.):

(v) 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)
 Uni Deritend Ltd. (UDL)
 Oil Field Instrumentation (India) Pvt. Ltd. (OFIL)
 Neteron Technologies Pvt. Ltd (NTPL)
 Netal India Ltd (NIL)
 Anosh Finance & Investment Pvt. Ltd. (AFIPL)
 Inogent Laboratories Private Limited (ILPL)
 Performance Polymers & Chemicals Pvt. Ltd. (PPCPL) – (Sold on 30/11/2011)
 Neterwala Consulting & Corporate Service Limited (NCCSL)
 Neteron Agrofarm Agency Pvt. Ltd. (NAAPL)
 Uni VTL Engineering Pvt. Ltd. (UVEPV)
 Unitel Finance & Investment Pvt. Ltd. (UFIPL)

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:

						(₹)
Nature of transactions	Joint Venture CDTIL	Subsidiary Company	Associate entities	Key management personnel	Relatives of key management personnel	Total
Purchase of Goods.....	3,288 CDTIL	—	13,89,780 IOCL 11,82,603 GPPL 51,621 UKL 13,580 NIL	—	—	26,40,872
	(1,11,990) CDTIL	(—)	(1,01,83,239) IOCL (6,29,686) GPPL (84,948) UKL (46,967) NIL	(—)	(—)	(1,10,56,830)
Sales of Goods	1,68,92,144 CDTIL	—	30,17,491 GPPL	—	—	1,99,09,635
	(1,81,54,230) CDTIL	(71,21,726) (BOTI)	(5,04,986) IOCL (19,93,928) GPPL	(—)	(—)	(2,77,74,870)

Notes forming part of the Financial Statements

(₹)

Nature of transactions	Joint Venture CDTIL	Subsidiary Company	Associate entities	Key management personnel	Relatives of key management personnel	Total
Compensation/Others.....	—	—	—	—	23,78,146 DMN	23,78,146
	(—)	(—)	(—)	(—)	(21,48,561) DMN	(21,48,561)
Reimbursement/Rendering of Services.....	7,61,898 CDTIL	—	22,48,020 IOCL 3,68,951 SDNC 4,54,553 NCCS 78,517 ILPL 21,600 AFIPL	—	—	39,33,539
	(1,99,775) CDTIL	(13,890) BOTI	(1,06,068) IOCL (3,14,509) SDNC (29,107) CFAL (94,586) ILPL (9,205) AFIPL	(—)	(—)	(7,67,140)
Reimbursement/Receiving of Services.....	—	—	72,125 SDN 54,235 UFA 31,987 NIL	—	89,186 DMN	2,47,533
	(—)	(—)	(1,00,731) IOCL (49,450) UFA (24,266) NIL (25,075) SDN (26,033) NCCSL	(—)	(1,14,003) DMN	(3,39,558)
Interest Received	—	—	20,38,356 IOCL	—	—	20,38,356
	(—)	(—)	(18,08,172) IOCL	(—)	(—)	(18,08,172)
Miscellaneous receipt.....	—	—	—	—	—	—
	(—)	(2,92,579) DGCIL	(—)	(—)	(—)	(2,92,579)



Notes forming part of the Financial Statements

(₹)

Nature of transactions	Joint Venture CDTIL	Subsidiary Company	Associate entities	Key management personnel	Relatives of key management personnel	Total
Remuneration.....	—	—	—	49,45,940 SFV	—	49,45,940
	(—)	(—)	(—)	(42,84,821) SFV	(—) (—)	(42,84,821)
Inter Corporate Deposits Placed	—	—	3,00,00,000 IOCL	—	—	3,00,00,000
	(—)	(—)	(3,00,00,000) IOCL	(—)	(—)	(3,00,00,000)
Investments	67,50,000 (67,50,000) CDTIL	—	4,00,00,000 (—) (4,00,00,000) ILPL (49,000) PPCPL	—	—	4,67,50,000 (4,67,99,000)
Outstanding Debtors	28,53,067 CDTIL	—	1,05,417 IOCL 6,32,350 GPPL	—	—	35,90,834
	(9,47,789) CDTIL	(—)	(1,70,061) IOCL (6,12,035) GPPL (255) NIL	(—)	(—)	(17,30,140)
Outstanding Receivables.....	—	—	19,592 ILPL	—	—	19,592
	(—)	(—)	(27,301) SDNC (1,250) NTPL	(—)	(—)	(28,551)
Outstanding Payables	—	—	13,89,780 IOCL 63,144 GPPL 16,214 NIL	—	—	14,69,138
	(—)	(—)	(1,00,731) IOCL (5,35,992) GPPL (81,689) NIL	(—)	(—)	(7,18,412)
Deposits given	—	—	—	—	32,00,000 DMN	32,00,000
	(—)	(—)	(—)	(—)	(32,00,000) DMN	(32,00,000)
Outstanding ICD placed	—	—	1,00,00,000 IOCL	—	—	1,00,00,000
	(—)	(—)	(1,00,00,000) IOCL	(—)	(—)	(1,00,00,000)

Note: Figures in bracket relate to previous year.

Notes forming part of the Financial Statements

44. Financial and derivative instrument disclosure:

(a) The following is the outstanding forward exchange contract entered into by the Company as on 31st March, 2012

As at 31/03/2012				As at 31/03/2011			
Currency	Amount	Buy/Sell	Cross Currency	Currency	Amount	Buy/Sell	Cross Currency
US Dollar	66,843	Buy	Indian ₹	US Dollar	2,36,229	Buy	Indian ₹
US Dollar	3,25,728	Sell	Indian ₹	US Dollar	46,858	Sell	Indian ₹

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

(c) Unhedged foreign currency exposure:

Particulars	2012 ₹	2011 ₹
Debtors	97,75,436	29,302
Creditors	72,34,831	15,24,844

45. Interest in Joint Ventures:

The Company's Interest, as a venture, in jointly controlled entities (incorporated Joint Venture) is:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2012
Champion Dai-ichi Technologies India Limited	India	50%

The Company's interest in this Joint Venture is reported as Non Current Investment (Refer Note 13) and stated at cost. However, the company's share of each of the assets, liabilities, income & expenses, etc. (each without elimination of the effect of transaction between the company & Joint Venture) related to its interest in this Joint Venture is:

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
I. ASSETS		
1. Fixed assets	86,56,172	77,67,475
2. Non current investments	13,500	13,500
3. Long term loans & advances	42,81,785	16,49,735
4. Current investments	1,71,50,877	51,43,003
5. Inventories	1,00,89,306	45,54,572
6. Trade receivables	1,15,08,893	1,29,90,617
7. Cash and cash equivalents	98,51,024	2,47,15,666
8. Short term loans and advances	1,14,15,404	59,08,420
9. Other current assets	11,778	14,235
II. LIABILITIES		
1. Long term borrowings	71,554	1,48,176
2. Deferred tax liabilities	6,94,829	9,24,268
3. Long term provisions	3,44,520	2,26,672
4. Trade payables	1,73,38,097	1,51,77,431
5. Other current liabilities	14,01,656	12,86,985
6. Short term provisions	26,45,296	6,79,771
III. INCOME		
1. Revenue from operations	7,58,07,152	3,63,18,280
2. Other Income	14,09,238	7,39,269



Notes forming part of the Financial Statements

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
IV. EXPENSES		
1. Materials	4,67,78,420	2,09,79,356
2. Employee benefits expenses	40,37,489	19,53,296
3. Other expenses.....	1,24,79,624	1,07,38,252
4. Finance costs	4,11,201	1,06,408
5. Depreciation & Amortization	8,52,056	4,75,186
6. Tax expense.....	38,73,731	8,29,162

46. The revised schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statement. Previous year figures have been regrouped and reclassified wherever necessary to correspond with the current year's classification/disclosure.

Signatures to notes '1' to '46'

	For and on behalf of the Board	
	S. F. Vakil	Vice-Chairperson and Managing Director
	Anil Naik	Director
	Keki Elavia	Director
	Jimmy Bilimoria	Director
	Nitin Nimkar	Financial Comptroller
	Kavita Thadeshwar	Company Secretary
Place : Mumbai		
Date : 11th May, 2012		

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	: Dai-ichi Gosei Chemicals (India) Ltd.
Financial Year of the Subsidiary Company	: 31st March, 2012
Total issued and paid-up share capital of the Subsidiary Company	: 50,000 Equity shares of ₹ 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 ₹ 10/- each
Net aggregate amount of Profit/Loss of Dai-ichi Gosei Chemicals (India) Ltd.	: Dai-ichi Gosei Chemicals (India) Ltd. has made a Profit of ₹ 3,225/- (Previous Year Loss of ₹ 7,569/-). The total accumulated Loss carried to its Balance Sheet as on 31st March, 2012, amounted to ₹ 2,73,435/- (Previous Year Accumulated Loss ₹ 2,76,760/-).

No adjustment has been made in the accounts of the company in respect of the Profit/Loss incurred by Dai-ichi Gosei Chemicals (India) Ltd.

	For and on behalf of the Board	
	S. F. Vakil	Vice-Chairperson and Managing Director
	Anil Naik	Director
	Keki Elavia	Director
	Jimmy Bilimoria	Director
	Nitin Nimkar	Financial Comptroller
	Kavita Thadeshwar	Company Secretary
Place : Mumbai		
Date : 11th May, 2012		

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 subsidiary (the Group) as at 31st March, 2012, and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. The Consolidated Financial Statements are the responsibility of 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 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 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. 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 ₹ 2.24 lakhs as at 31st March, 2012, and the Group's share of total revenues of ₹ 0.12 lakh for the year ended on that date, and net cash outflows amounting to ₹ 0.04 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 auditors.
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 Standard 21, Consolidated Financial Statements and Accounting Standard 27, Financial Reporting of Interests in Joint Ventures as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of Dai-ichi Karkaria Limited Group as at 31st March, 2012;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date, and
 - (c) in the case of the 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 : 11th May, 2012



Consolidated Balance Sheet as at March 31, 2012

Particulars	Note No.	31/03/2012 ₹	31/03/2011 ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	7,45,12,290	7,45,12,290
(b) Reserves and surplus.....	4	62,20,77,498	59,73,96,675
		69,65,89,788	67,19,08,965
Minority interest.....		6,798	6,698
2. Non-current liabilities			
(a) Long-term borrowings	5	1,14,22,482	1,22,36,537
(b) Deferred tax liabilities (net).....	6	26,41,749	42,15,517
(c) Other long-term liabilities	7	47,29,839	1,30,53,884
(d) Long-term provisions	8	68,35,538	70,93,200
		2,56,29,608	3,65,99,138
3. Current liabilities			
(a) Trade payables.....	9	10,23,43,346	7,34,97,250
(b) Other current liabilities.....	10	4,65,62,128	3,19,36,056
(c) Short-term provisions	11	1,94,33,310	1,92,76,531
		16,83,38,784	12,47,09,837
Total		89,05,64,978	83,32,24,638
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets.....	12A	16,15,14,414	14,84,44,622
(ii) Intangible assets	12B	2,86,892	2,67,307
(iii) Capital work-in-progress		15,93,292	27,43,701
(iv) Intangible assets under development.....		82,725	—
		16,34,77,323	15,14,55,630
(b) Non-current investments.....	13	8,46,36,210	11,16,39,210
(c) Long-term loans and advances	14	6,51,92,340	5,52,43,800
		14,98,28,550	16,68,83,010
	A	31,33,05,873	31,83,38,640
	B		
	A+B		
2. Current assets			
(a) Current investments	15	19,55,46,660	22,14,98,087
(b) Inventories	16	10,16,61,074	7,10,32,883
(c) Trade receivables	17	14,47,77,034	10,84,90,632
(d) Cash and cash equivalents.....	18	10,81,19,501	9,79,73,654
(e) Short-term loans and advances	19	2,60,75,940	1,56,53,677
(f) Other current assets	20	10,78,896	2,37,065
		57,72,59,105	51,48,85,998
Total		89,05,64,978	83,32,24,638

The accompanying notes are an integral part of these financial statements

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

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : 11th May, 2012

For and on behalf of the Board

S. F. Vakil
Anil Naik
Keki Elavia
Jimmy Billimoria
Nitin Nimkar
Kavita Thadeshwar

Vice-Chairperson and Managing Director
Director
Director
Director
Financial Comptroller
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2012

Particulars	Note No.	31/03/2012 ₹	31/03/2011 ₹
1. Revenue from operations (gross)	21	83,15,15,373	6,89,945,296
Less: Excise duty on revenue from operations		5,98,44,559	5,04,83,297
Revenue from operations (net)		77,16,70,814	63,94,61,999
2. Other income	22	4,51,45,894	5,24,19,163
3. Total Revenue		81,68,16,708	69,18,81,162
4. Expenses			
(a) Cost of materials consumed	23	55,05,05,368	42,43,76,747
(b) Changes in inventories of finished goods, work-in-progress	24	(1,20,25,764)	(53,90,073)
(c) Employee benefits expenses.....	25	9,43,68,883	8,34,16,996
(d) Finance costs	26	4,29,653	1,09,348
(e) Depreciation and amortisation expenses.....	29	1,22,79,038	1,11,00,284
(f) Other expenses.....	27	11,81,30,880	11,55,25,061
Total Expenses		76,36,88,058	62,91,38,363
5. Profit before Tax		5,31,28,650	6,27,42,799
Exceptional item – Income/(Expenses).....	30	—	(52,13,039)
		5,31,28,650	5,75,29,760
6. Tax expense:			
(a) Current Tax	28	1,23,54,770	1,44,63,402
(b) Deferred Tax	28	(15,73,768)	(14,52,030)
		1,07,81,002	1,30,11,372
7. Profit for the year		4,23,47,648	4,45,18,388
Minority Interest.....		(100)	227
Net Profit		4,23,47,548	4,45,18,615
Earning per Equity Share basic and diluted (of ₹ 10/- each)		5.68	5.97
Earning per Equity Share basic and diluted excluding exceptional items (of ₹ 10/- each)		5.68	6.67
The accompanying notes are an integral part of these financial statements			

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

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : 11th May, 2012

For and on behalf of the Board

S. F. Vakil
Anil Naik
Keki Elavia
Jimmy Billimoria
Nitin Nimkar
Kavita Thadeshwar

Vice-Chairperson and Managing Director
Director
Director
Director
Financial Comptroller
Company Secretary



Consolidated Cash Flow Statement for the year ended March 31, 2012

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before extraordinary items and tax	5,31,28,650	5,75,29,760
Adjustments for:		
Depreciation and amortisation	1,22,79,038	1,11,00,284
Provision for Doubtful Debts.....	(13,848)	(1,30,804)
(Profit) on sale Fixed Assets.....	(20,547)	(1,53,51,242)
Interest income	(1,03,83,700)	(78,72,136)
Dividend income.....	(1,14,23,409)	(77,22,284)
Excess of cost or fair value of current MF investments	(1,24,000)	—
Profit on sale of investments.....	(59,89,801)	(43,34,524)
Rent income	(1,48,79,184)	(1,39,27,607)
Finance costs.....	4,29,653	1,79,112
Operating profit before working capital changes	2,30,02,852	1,94,70,559
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(3,06,28,191)	(1,33,09,241)
Trade receivables	(3,62,72,554)	(1,55,64,881)
Short-term loans and advances.....	(1,04,22,263)	9,99,600
Long-term loans and advances.....	(1,36,87,074)	(1,33,00,382)
Other current assets.....	—	(11,533)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	2,88,46,096	1,70,71,116
Other current liabilities	1,40,91,296	34,44,076
Other long-term liabilities.....	(83,24,045)	—
Short-term provisions	1,56,779	—
Long-term provisions	(2,57,662)	15,67,175
	(5,64,97,618)	(1,91,04,070)
Exceptional items	—	52,13,039
Cash generated from operations	(3,34,94,766)	55,79,528
Net income tax paid	(86,16,236)	(1,53,07,632)
Net cash flow from operating activities (A).....	(4,21,11,002)	(97,28,104)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets.....	(2,47,96,274)	(1,51,29,871)
Sale proceeds of fixed assets	1,69,375	1,54,16,334
Movements in earmarked accounts *	(7,05,293)	6,82,101
Bank balances not considered as Cash and cash equivalents:		
– New Deposits placed.....	(2,00,00,000)	(31,361)
– Proceeds of Deposits	1,12,59,816	—
Current investments not considered as Cash and cash equivalents:		
– Purchased.....	(29,14,63,420)	(55,57,29,845)
– Proceeds from sale	32,05,48,541	57,12,34,648
Purchase of long-term investments	(1,29,97,000)	(1,47,46,708)
Proceeds from sale of long-term investments	4,29,80,107	—
Interest received	95,41,869	79,45,635
Dividend received	1,14,23,409	77,22,284
Rent income	1,48,79,184	1,39,27,607
Net cash flow from investing activities (B)	6,08,40,314	3,12,90,824

Consolidated Cash Flow statement for the year ended March 31, 2012 (Contd.)

Particulars

C. CASH FLOW FROM FINANCING ACTIVITIES

	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
Repayment of sales tax deferral	(6,81,577)	(1,96,917)
Receipt of Loan.....	4,61,000	—
Repayment of Loan	(1,00,545)	(1,59,302)
Repayment of Fixed Deposits.....	(1,18,000)	(1,19,126)
Finance costs	(4,29,653)	(1,79,112)
Dividends paid	(1,47,42,616)	(1,47,55,710)
Tax on dividend	(24,17,551)	(30,35,657)
Net cash flow used in financing activities (C)	(1,80,28,942)	(1,84,45,824)
Net additional cash and cash equivalents on conversion of subsidiary to joint venture	—	47,97,120
Net increase/(decrease) in cash and cash equivalents (A+B+C)	7,00,370	79,14,016
CASH AND CASH EQUIVALENTS (Opening Balance)	2,82,93,556	2,03,79,540
CASH AND CASH EQUIVALENTS (Closing Balance)	2,89,93,926	2,82,93,556
NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS	7,00,370	79,14,016
	As at 31st March 2012	As at 31st March 2011
Cash and Cash equivalents at the end of the year comprise		
(a) Cash on hand	64,370	48,148
(b) Balances with banks in current accounts.....	2,89,29,556	2,82,45,408
Total Cash and bank balances (Refer Note 18)	2,89,93,926	2,82,93,556

Note:

* These earmarked account balances with banks can be utilised only for the specific identified purposes.

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

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : 11th May, 2012

For and on behalf of the Board

S. F. Vakil
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Kavita Thadeshwar

Vice-Chairperson and Managing Director
Director
Director
Director
Financial Comptroller
Company Secretary



Notes Annexed to and forming part of Consolidated Accounts for the period ended March 31, 2012

1. COMPANY OVERVIEW

Dai-ichi Karkaria Limited ("the Company") was incorporated on 13th May, 1960 under the laws of the Republic of India and has its registered office at Mumbai (Maharashtra). The Company has a Joint venture with CTI Chemicals Asia Pacific Pte. Ltd., Singapore. The Joint Venture Company is known as Champion Dai-ichi Technologies India Limited (CDTIL). The Company and CDTIL are engaged in manufacture and sale of Specialty Chemicals.

The manufacturing activities of the Company are carried out at its plants located at Kasarwadi and Kurkumbh, Pune and CDTIL at plant located at Jejuri, Pune.

2. NOTES TO CONSOLIDATED ACCOUNTS

SIGNIFICANTS ACCOUNTING POLICIES

Principles of consolidation:

The Consolidated Financial Statements relate to the Company and its subsidiary Dai-ichi Gosei Chemicals (India) Limited, where the holding company holds ninety seven percent of equity capital and a joint venture CDTIL where the holding company holds fifty percent of equity capital. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 – "Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006.

The financial statements of the subsidiary and joint venture, used in the consolidation are drawn up to the same reporting dates as that of the parent company i.e. March 31, 2012.

Minority interest in the net assets of the consolidated subsidiary 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.

Interest in Joint Venture has been accounted by using the proportionate consolidation method as per Accounting Standard 27 – "Financial Reporting of Interests in Joint Ventures" notified by Companies (Accounting Standards) Rules, 2006.

In addition, the status and classification of the holding company's investments in Inogen Laboratories Private Limited (ILPL) is 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.

Basis of accounting:

The consolidated 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; except in respect of the revaluation of fixed assets as stated in "Fixed Assets" below.

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) up to attainment of commercial production) except assets at Kasarwadi, Pune as at April 1, 1993, which is stated at revalued figures as on that date.

Notes Annexed to and forming part of Consolidated Accounts for the period ended March 31, 2012 (Contd.)

(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 amortized over the lease period.

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 joint venture which is valued at First in First out (FIFO) and constitute ten percent of total inventory. Work in progress, Semi finished goods 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 gratuity scheme funded with Life Insurance Corporation of India. Payments, determined as per actuarial valuation, under the scheme are charged to the statement of profit and loss. 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 the statement of profit and loss.

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 statement of profit and loss.

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



Notes Annexed to and forming part of Consolidated Accounts for the period ended March 31, 2012 (Contd.)

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.

Particulars	31/03/2012		31/03/2011	
	Number of shares	₹	Number of shares	₹
NOTE 3 : SHARE CAPITAL				
(A) Authorised Equity shares of ₹ 10/- (2011: ₹ 10/-) each with voting rights.....	1,12,50,000	11,25,00,000	1,00,00,000	10,00,00,000
(B) Issued, Subscribed and fully paid Equity shares of ₹ 10/- (2011: ₹ 10/-) each with voting rights.....	74,51,229	7,45,12,290	74,51,229	7,45,12,290
Total	74,51,229	7,45,12,290	74,51,229	7,45,12,290

(C) Reconciliation of number of shares and amount outstanding

Particulars	31/03/2012		31/03/2011	
	Equity Shares	₹	Equity Shares	₹
	Number of shares		Number of shares	
Equity shares of ₹ 10/- (2011: ₹ 10/- each outstanding at the beginning of the year	74,51,229	7,45,12,290	74,51,229	7,45,12,290
Equity shares issued during the year	—	—	—	—
Equity shares outstanding at the end of the year	74,51,229	7,45,12,290	74,51,229	7,45,12,290

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

Class of shares/Name of shareholder	31/03/2012		31/03/2011	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
Mr. Ashokumar Parmar.....	7,32,266	9.83	7,27,529	9.76
Mrs. S. F Vakil	12,83,630	17.23	12,73,115	17.09
Mrs. P. R. Mehta	16,87,500	22.65	16,87,500	22.65

(E) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares 31/03/2012	Aggregate number of shares 31/03/2011	Aggregate number of shares 31/03/2010	Aggregate number of shares 31/03/2009	Aggregate number of shares 31/03/2008
Equity Shares bought back...	—	—	1,55,171	—	—

(F) The Company has one class of equity shares having a par value of ₹ 10/- per share. Each equity share holder is eligible for one vote per share held. Each equity share holder is entitled to dividend as and when the Company declares and pays dividend after obtaining share holders approval. Dividends are paid in Indian Rupees.

Notes Annexed to and forming part of Consolidated Accounts for the period ended March 31, 2012 (Contd.)

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 4 : RESERVES AND SURPLUS		
(a) Capital reserve		
Balance as at the beginning and end of the year.....	77,10,000	77,10,000
(b) Capital redemption reserve		
Balance as at the beginning and end of the year.....	15,51,710	15,51,710
(c) Capital Incentive		
Balance as at the beginning and end of the year.....	—	15,00,000
Less: Amount adjusted on deemed disposal of subsidiary	—	15,00,000
	—	—
(d) Securities premium account		
Balance as at the beginning and end of the year.....	25,94,37,591	25,94,37,591
(e) Revaluation reserve		
Balance as at the beginning of the year.....	3,63,64,908	3,88,47,785
Less: Utilised for set off against depreciation	3,46,716	3,85,240
Deduction on sale of revalued assets.....	—	20,97,637
	3,46,716	24,82,877
Balance as at the end of the year	3,60,18,192	3,63,64,908
(f) General reserve		
Balance as at the beginning of the year.....	3,24,59,482	2,93,59,482
Add: Transferred from surplus in Statement of Profit and Loss.....	25,50,000	31,00,000
Balance as at the end of the year	3,50,09,482	3,24,59,482
(g) Capital Reserve on Consolidation		
Balance as at the beginning of the year.....	—	88,05,472
Less: Amount adjusted on deemed disposal of subsidiary	—	88,05,472
	—	—
(h) Reserve arising on deemed disposal of subsidiary.....	1,19,55,472	1,19,55,472
(i) Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year.....	22,20,15,762	22,43,79,442
Add: Profit for the year.....	3,35,63,679	1,86,16,865
	25,55,79,441	24,29,96,307
Less: Dividends proposed to be distributed to equity shareholders (₹ 2/-per share)	1,49,02,458	1,49,02,458
Tax on proposed dividend	24,17,551	29,78,087
Transferred to General reserve.....	25,50,000	31,00,000
	1,98,70,009	2,09,80,545
Balance as at the end of the year	23,57,09,432	22,20,15,762
(j) Share of joint venture – Refer Note 34.....	3,46,85,619	2,59,01,750
Total	62,20,77,498	59,73,96,675



Notes Annexed to and forming part of Consolidated Accounts for the period ended March 31, 2012 (Contd.)

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 5 : LONG-TERM BORROWINGS		
(a) Term loans		
From banks		
Secured (refer Note (i) below).....	3,54,338	—
(b) Deferred payment liabilities – Unsecured		
Deferred sales tax liability (Refer Note (ii) below)	1,09,96,590	1,20,88,361
Total	1,13,50,928	1,20,88,361
Share of joint venture – Refer Note 34	71,554	1,48,176
Grand Total	1,14,22,482	1,22,36,537

Note (i) The term loan of ₹ 4,61,000/- from HDFC Bank Ltd. is secured against hypothecation of the vehicle purchased under the loan and is payable in 60 equated monthly installments of ₹ 10,268/- each commencing from October 2011 at an interest rate of 12.50% p.a. on reducing balance.

Note (ii) 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 ₹ 4,84,42,000 for the Kurkumbh unit at Pune. The deferred amount is recognized as long term borrowing and is unsecured, interest free and payable after a moratorium period of 10 years in 5 yearly equal installments which commence from year 2011.

The deferred sales tax liability is payable in annual installments as below:

Year	31/03/2012 ₹	31/03/2011 ₹
2013	—	10,91,771
2014	16,01,010	16,01,010
2015	20,07,553	20,07,553
2016	21,73,501	21,73,501
2017	19,11,793	19,11,793
2018	15,01,600	15,01,600
2019	9,92,361	9,92,361
2020	5,85,818	5,85,818
2021	2,22,954	2,22,954
	1,09,96,590	1,20,88,361

For the current maturities of long term borrowings, refer item(a) of Note 10 Other current liabilities

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 6 : DEFERRED TAX LIABILITIES (NET)		
Deferred tax (liability)/asset		
Deferred tax liability		
On Tangible fixed assets	87,65,320	1,00,23,911
	87,65,320	1,00,23,911
Less: Deferred tax assets:		
On Employee benefits	43,17,105	42,66,536
On Provision for Doubtful Debts	5,42,668	5,47,162
On Commission	10,74,689	10,70,625
On Bonus.....	8,83,938	8,48,339
	68,18,400	67,32,662
Net deferred tax (liability)	19,46,920	32,91,249
Share of joint venture – Refer Note 34	6,94,829	9,24,268
Grand Total	26,41,749	42,15,517

**Notes Annexed to and forming part of Consolidated Accounts
for the period ended March 31, 2012 (Contd.)**

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 7 : OTHER LONG-TERM LIABILITIES		
(i) Deposit for rented premises	—	80,49,132
(ii) Gratuity (Refer Note 33 Employee benefits)	47,29,839	47,78,080
Total	47,29,839	1,28,27,212
Share of joint venture – Refer Note 34	—	2,26,672
Grand Total	47,29,839	1,30,53,884
NOTE 8 : LONG-TERM PROVISIONS		
(a) Provision for employee benefits:		
(i) Provision for compensated absences	64,91,018	70,93,200
Total	64,91,018	70,93,200
Share of joint venture – Refer Note 34	3,44,520	—
Grand Total	68,35,538	70,93,200
NOTE 9 : TRADE PAYABLES		
Trade payables:		
(a) Acceptances	50,66,114	12,17,436
(b) Other than acceptances		
Related parties	14,69,138	7,18,412
Others	7,98,96,529	5,63,83,971
Total	8,64,31,781	5,83,19,819
Share of joint venture – Refer Note 34	1,59,11,565	1,51,77,431
Grand Total	10,23,43,346	7,34,97,250

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, 2012 is ₹ Nil (2011: ₹ 64,525) including unpaid amounts of ₹ Nil (2011: ₹ Nil) outstanding for more than 45 days. No interest is due thereon.

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 10 : OTHER CURRENT LIABILITIES		
(a) Current maturities of long term borrowings (refer note (i) below):		
(i) Term loan	73,774	—
(ii) Deferred sales tax liabilities	10,91,771	6,81,577
(b) Rent received in advance	12,39,932	12,39,932
(c) Unpaid dividends	10,42,356	8,82,514
(d) Unpaid matured deposits	3,97,000	5,15,000
(e) Security Deposits	8,56,350	3,46,225
(f) Other payables:		
(i) Statutory remittances	47,64,705	38,87,775
(ii) Payables on purchase of tangible fixed assets	25,91,109	1,62,636
(iii) Deposit for rented premises	80,49,132	—
(iv) Advances from customers	11,82,805	9,67,839
(v) Others liabilities (including commission etc.)	2,38,71,538	2,19,65,573
Total	4,51,60,472	3,06,49,071
Share of joint venture – Refer Note 34	14,01,656	12,86,985
Grand Total	4,65,62,128	3,19,36,056

Note (i) : Refer item (a) & (b) of Note 5 Long term borrowings for details of security.



Notes Annexed to and forming part of Consolidated Accounts for the period ended March 31, 2012 (Contd.)

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 11 : SHORT-TERM PROVISIONS		
(a) Provision for employee benefits:		
Provision for Compensated Absence	20,83,011	12,76,751
	20,83,011	12,76,751
(b) Provision – Others:		
(i) Provision for proposed equity dividend	1,49,02,458	1,49,02,458
(ii) Provision for tax on proposed dividends	24,17,551	24,17,551
	1,73,20,009	1,73,20,009
Total	1,94,03,020	1,85,96,760
Share of joint venture – Refer Note 34	30,290	6,79,771
Grand Total	1,94,33,310	1,92,76,531

NOTE 12 : FIXED ASSETS

Particulars	Gross block at cost				Depreciation				Net Block	
	As at 01.04.2011	Additions	Deductions	As at 31.3.2012	As at 01.04.2011	For the period	Deductions	As at 31.3.2012	As at 31.3.2012	As at 31.03.2011
A. Tangible Assets										
Leasehold Land.....	18,58,391	—	—	18,58,391	2,50,671	20,649	—	2,71,320	15,87,071	16,07,720
Freehold Land.....	5,36,30,801	—	—	5,36,30,801	—	—	—	—	5,36,30,801	5,36,30,801
Buildings Residential	1,65,16,917	—	—	1,65,16,917	81,51,380	4,18,277	—	85,69,657	79,47,260	83,65,537
Buildings: Non Residential										
Own use	5,87,42,454	58,43,585	—	6,45,86,039	4,73,19,606	9,90,443	—	4,83,10,049	1,62,75,990	1,14,22,848
Given under operating lease	2,90,84,465	—	—	2,90,84,465	70,05,020	11,03,972	—	81,08,992	2,09,75,473	2,20,79,445
Plant & Machinery.....	26,19,72,202	50,77,328	—	26,70,49,530	23,37,28,143	52,58,623	—	23,89,86,766	2,80,62,764	2,82,44,059
Furniture & Fixtures.....	82,65,834	1,12,19,979	—	1,94,85,813	59,59,089	13,56,752	—	73,15,841	1,21,69,972	23,06,745
Laboratory, Office and Factory Equipment and Air conditioners.....	2,34,78,287	21,29,284	—	2,56,07,571	1,79,50,154	11,41,299	—	1,90,91,453	65,16,118	55,28,133
Vehicles	67,13,196	8,88,231	5,26,482	70,74,945	47,69,636	5,85,683	4,83,029	48,72,290	22,02,655	19,43,560
Scientific Research – Capital Expenditure :										
Bldg. – Non Resi.	14,20,149	—	—	14,20,149	13,50,840	3,279	—	13,54,119	66,030	69,309
Plant & Machinery.....	78,24,529	—	—	78,24,529	54,30,619	3,14,038	—	57,44,657	20,79,872	23,93,910
Furniture & Fixtures	6,31,513	—	—	6,31,513	5,78,096	9,669	—	5,87,765	43,748	53,417
Laboratory, Office and Factory Equipment & Air-conditioners.....	1,56,46,717	—	—	1,56,46,717	1,26,15,050	4,13,411	—	1,30,28,461	26,18,256	30,31,667
Total Tangible Assets	48,57,85,455	2,51,58,407	5,26,482	51,04,17,380	34,51,08,304	1,16,16,095	4,83,029	35,62,41,370	15,41,76,010	14,06,77,151
Add: Share of Joint Venture – Refer Note 34	1,84,72,474	5,28,364	2,64,421	1,87,36,417	1,07,05,003	8,52,056	1,59,046	1,13,98,013	73,38,404	77,67,471
	50,42,57,929	2,56,86,771	7,90,903	52,91,53,797	35,58,13,307	1,24,68,151	6,42,075	36,76,39,383	16,15,14,414	14,84,44,622
Previous year.....		1,06,68,386	32,31,142	50,49,96,788		1,14,85,524	10,68,415	35,62,84,838	14,87,11,930	15,81,62,157
B. Intangible Assets										
Purchased Computer Software.....	7,38,837	1,77,188	—	9,16,025	4,71,530	1,57,603	—	6,29,133	2,86,892	2,67,307
Add: Share of Joint Venture – Refer Note 34	—	—	—	—	—	—	—	—	—	—
	7,38,837	1,77,188	—	9,16,025	4,71,530	1,57,603	—	6,29,133	2,86,892	2,67,307
Previous year.....	7,15,360	23,477	—	7,38,837	3,04,423	1,67,107	—	4,71,530	2,67,307	4,10,937

Notes Annexed to and forming part of Consolidated Accounts for the period ended March 31, 2012 (Contd.)

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 13 : NON-CURRENT INVESTMENTS		
Investments (at cost, unless otherwise stated)		
(A) Trade, in equity instruments		
(a) Unquoted:		
(i) of associate company		
26,00,000 (2011: 26,00,000) equity shares of ₹ 10 each fully paid up of Inogent Laboratories Private Limited.....	4,00,00,000	4,00,00,000
Nil (2011: 4,900) equity shares of ₹ 10 each fully paid up of Performance Polymers & Chemicals Private Limited *.....	—	—
(b) Quoted, in others:		
57,167 (2011: 57,167) equity shares of ₹ 10 each fully paid up in Clariant Chemicals (India) Limited.....	13,62,502	13,62,502
	4,13,62,502	4,13,62,502
 * At cost less diminution other than temporary, aggregating ₹ 2,85,000 (2011: ₹ 3,34,000)		
(B) Other than trade, in equity instruments		
(a) Quoted:		
8,100 (2011: 8,100) equity shares of ₹ 10 each fully paid up of Bank of India.....	3,64,500	3,64,500
2,000 (2011: 2,000) equity shares of ₹ 2 each of Bharat Seats Limited.....	2,000	2,000
(b) Unquoted:		
1,000 (2011: 1,000) equity shares of ₹ 25 each fully paid up of The Shamrao Vithal Co-op. Bank Limited	25,000	25,000
2,500 (2011: 2,500) equity shares of ₹ 10 each fully paid up of The Saraswat Co-op. Bank Limited	25,000	25,000
4,000 (2011: 4,000) equity shares of ₹ 25 each fully paid up of The Zoroastrian Co-op. Bank Limited	1,00,000	1,00,000
	5,16,500	5,16,500
(C) Other than trade, in debentures or bonds		
100 (2011: 100) Secured redeemable non convertible debenture of Citicorp Finance (India) Ltd. of ₹ 1,00,000 each	1,00,00,000	1,00,00,000
10 (2011: Nil) 11.40% TATA POWER PERPETUAL BONDS of ₹ 10,00,000 each	1,05,25,000	—
10,000 (2011: Nil) NHAI BONDS (TRANCHE-I) of ₹ 1,000/- each.....	24,72,000	—
	2,29,97,000	1,00,00,000



Notes Annexed to and forming part of Consolidated Accounts for the period ended March 31, 2012 (Contd.)

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 13 : NON-CURRENT INVESTMENTS (Contd.)		
(D) Other than trade, in mutual funds		
2,580 Grams (2011: 2,580) in Benchmark MF Gold Bees	47,46,708	47,46,708
Nil (2011: 20,00,000) Units of Canara Robeco – FMP Series 5 13 Months Plan B of ₹ 10 each	—	2,00,00,000
Nil (2011: 20,00,000) Units of HDFC FMP 13M March 2010 (3) Series XII of ₹ 10 each	—	2,00,00,000
15,00,000 (2011: 15,00,000) Units OF Birla Sunlife Capital Protection Oriented Fund Series-1 of ₹ 10 each	1,50,00,000	1,50,00,000
	1,97,46,708	5,97,46,708
Total Non-Current Investments	8,46,22,710	11,16,25,710
Share of joint venture – Refer Note 34	13,500	13,500
Grand Total	8,46,36,210	11,16,39,210
Notes		
(1) Aggregate cost of quoted investments	17,29,002	17,29,002
(2) Aggregate market value of listed and quoted investments	4,00,79,708	4,18,96,440
(3) Aggregate cost of unquoted investments (net of provision)	8,29,07,208	10,99,10,208
NOTE 14 : LONG-TERM LOANS AND ADVANCES		
Unsecured considered good		
(a) Capital Advances	—	46,04,527
(b) Security deposits	1,30,68,854	1,29,32,815
(c) Loans to related parties (Refer Note 40 Related party transactions)....	1,00,00,000	1,00,00,000
(d) Loans and advances to employees.....	22,59,969	—
(e) Prepaid expenses	4,49,380	99,756
(f) VAT credit receivable.....	17,19,083	11,59,934
(g) Advance income tax (net of provisions)	3,34,13,269	2,47,97,033
Total	6,09,10,555	5,35,94,065
Share of joint venture – Refer Note 34	42,81,785	16,49,735
Grand Total	6,51,92,340	5,52,43,800
Note 15 : Current investments		
Other than trade (Valued at cost or market value whichever is less)		
Unquoted Mutual Funds	17,83,95,783	21,63,55,084
Total	17,83,95,783	21,63,55,084
Share of joint venture – Refer Note 34	1,71,50,877	51,43,003
Grand Total	19,55,46,660	22,14,98,087

Notes Annexed to and forming part of Consolidated Accounts for the period ended March 31, 2012 (Contd.)

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 16 : INVENTORIES		
At lower of cost and net realizable value		
(a) Raw materials & Packing Materials.....	3,88,39,528	2,75,25,893
Goods-in-transit	41,26,166	—
	<u>4,29,65,694</u>	<u>2,75,25,893</u>
(b) Fuels	35,95,527	14,59,246
(c) Work-in-progress		
Textile	2,78,318	2,96,445
Anionic/Cationic	3,95,177	1,83,906
Non-Ionic	4,63,847	35,450
Sizing	77,877	—
Spin Finish	—	16,58,270
	<u>12,15,219</u>	<u>21,74,071</u>
(d) Semi Finished Goods	1,06,79,876	1,00,85,486
(e) Finished goods	2,80,96,837	2,40,31,530
Goods-in-transit	52,60,228	12,02,085
	<u>3,33,57,065</u>	<u>2,52,33,615</u>
Total	9,18,13,381	6,64,78,311
Share of joint venture – Refer Note 34	98,47,693	45,54,572
Grand total	<u>10,16,61,074</u>	<u>7,10,32,883</u>
NOTE 17 : TRADE RECEIVABLES		
Unsecured		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered Good	3,48,256	7,55,839
Considered Doubtful.....	16,72,322	16,86,170
	<u>20,20,578</u>	<u>24,42,009</u>
Less: Provision for doubtful debts.....	16,72,322	16,86,170
	<u>3,48,256</u>	<u>7,55,839</u>
Other debts	13,43,46,419	9,47,44,176
Total	13,46,94,675	9,55,00,015
Share of joint venture – Refer Note 34.....	1,00,82,359	1,29,90,617
Grand total	<u>14,47,77,034</u>	<u>10,84,90,632</u>



Notes Annexed to and forming part of Consolidated Accounts for the period ended March 31, 2012 (Contd.)

Particulars	31/03/2012 ₹	31/03/2011 ₹
NOTE 18 : CASH AND CASH EQUIVALENTS		
(a) Cash on hand.....	56,756	43,944
(b) Balances with banks		
(i) In current accounts.....	2,05,08,848	49,07,054
(ii) In deposit accounts (Having original maturity of more than 12 months)	7,00,00,000	6,12,59,816
(iii) In earmarked accounts		
— Unpaid dividend accounts	10,42,356	8,82,514
— Deposit balances held as margin money against guarantees and other commitments.....	66,60,517	61,64,660
Total	9,82,68,477	7,32,57,988
Share of joint venture – Refer Note 34.....	98,51,024	2,47,15,666
Grand Total	10,81,19,501	9,79,73,654
NOTE 19 : SHORT-TERM LOANS AND ADVANCES (UNSECURED CONSIDERED GOOD)		
(a) Loans and advances to employees.....	3,27,688	1,67,782
(b) Prepaid expenses.....	17,84,496	18,40,417
(c) Balances with government authorities Unsecured, considered good		
(i) CENVAT credit receivable.....	36,74,717	26,05,274
(ii) VAT credit receivable.....	15,78,671	8,22,113
(iii) Service Tax credit receivable.....	6,47,725	6,04,018
(d) Others (advances to suppliers etc.)	66,47,239	37,05,653
Total	1,46,60,536	97,45,257
Share of joint venture – Refer Note 34.....	1,14,15,404	59,08,420
Grand Total	2,60,75,940	1,56,53,677
NOTE 20 : OTHER CURRENT ASSETS		
(a) Interest accrued on bank deposits.....	4,61,250	—
(b) Interest accrued on other deposits	6,05,868	2,22,830
Total	10,67,118	2,22,830
Share of joint venture – Refer Note 34.....	11,778	14,235
Grand Total	10,78,896	2,37,065

Notes forming part of the Financial Statements

Particulars	31-03-2012	31/03/2011
	₹	₹
NOTE 21 : REVENUE FROM OPERATIONS		
(a) Sale of products (Refer Note (i) below)	75,89,83,426	64,99,37,268
(b) Sale of services (Job work)	22,48,020	4,91,480
	76,12,31,446	65,04,28,748
Less: Excise duty on revenue from operations	5,98,44,559	5,04,83,297
	70,13,86,887	59,99,45,451
(c) Other operating revenues (Refer Note (ii) below)	20,50,092	31,98,268
Total	70,34,36,979	60,31,43,719
Share of joint venture – Refer Note 34	6,82,33,835	3,63,18,280
Grand Total	77,16,70,814	63,94,61,999

Notes:

- (i) Sale of products comprises:

Manufactured goods

Anionic/Cationic	13,06,49,208	11,13,05,783
Non Ionic	21,43,41,592	14,91,41,428
Textile	10,06,93,117	9,37,12,775
Oil Field	5,46,27,367	2,94,83,287
Flocculant	7,16,48,816	5,24,16,500
Others	18,70,23,326	21,38,77,495
Total – Sale of manufactured goods	75,89,83,426	64,99,37,268

- (ii) Other operating revenues comprise:

Duty drawback	3,52,619	3,05,573
Commission	2,25,866	3,04,043
Scrap sale	14,71,607	25,88,652
Total – Other operating revenues	20,50,092	31,98,268



Notes forming part of the Financial Statements

Particulars	31-03-2012 ₹	31/03/2011 ₹
NOTE 22 : OTHER INCOME		
(a) Interest income (Refer Note (i) below)	1,03,83,700	78,08,103
(b) Dividend income:		
from current investments		
others	84,86,759	57,14,443
from long-term investments		
others	29,36,650	15,07,075
(c) Net gain on sale of 'current investments'	30,09,694	19,08,434
Profit on sale of:		
long-term investments	29,48,600	24,35,645
long term investment in associate	31,507	—
(d) Net gain on foreign currency transactions & translations	7,16,944	1,45,478
(e) Lease rent.....	1,48,79,184	1,39,27,607
(f) Profit on sale of fixed assets.....	20,547	1,53,40,895
(g) Excess of cost over fair value of current investments, written back	1,24,000	—
(h) Bad debts recovered	50,000	7,00,000
(i) Provision for doubtful debts written back	13,848	1,30,804
(j) Sundry balances written back.....	1,35,223	9,58,232
(k) Performance guarantee written back.....	—	11,03,179
Total	4,37,36,656	5,16,79,895
Share of joint venture – Refer Note 34	14,09,238	7,39,268
Grand Total	4,51,45,894	5,24,19,163
Note:		
(i) Interest income comprises:		
Interest from banks on deposits	75,00,827	57,88,046
Interest on loans and advances	20,38,356	18,08,172
Interest income from long term investments	6,15,539	—
Other interest	2,28,978	2,11,885
Total	1,03,83,700	78,08,103

Notes forming part of the Financial Statements

Particulars	31-03-2012 ₹	31/03/2011 ₹
NOTE 23 : COST OF MATERIALS CONSUMED		
Material consumed comprises:		
Ethylene Oxide.....	15,99,05,743	12,25,21,427
Fatty Alcohol, Phenol & Glycol	12,85,49,662	8,67,97,970
Oils & Fatty Acids	3,67,90,730	2,00,02,764
Acrylamide	1,67,74,638	1,17,00,931
Amines	1,35,36,293	97,67,812
Other items	15,15,19,823	15,35,25,585
Total	50,70,76,889	40,43,16,489
Share of joint venture – Refer Note 34	4,34,28,479	2,00,60,258
Grand Total	55,05,05,368	42,43,76,747
NOTE 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS		
<u>Closing Stock</u>		
Finished goods – Speciality Chemicals	3,33,57,065	2,52,33,616
Semi Finished Goods – Speciality Chemicals.....	1,06,79,876	1,00,85,486
Work-in-progress		
Textile	2,78,318	2,96,445
Anionic/Cationic	3,95,177	1,83,906
Non Ionic	4,63,847	35,450
Sizing	77,877	—
Spin Finish	—	16,58,270
	4,52,52,160	3,74,93,173
<u>Opening Stock</u>		
Finished goods – Speciality Chemicals	2,52,33,615	2,62,46,505
Semi Finished Goods – Speciality Chemicals.....	1,00,85,486	77,09,943
Work-in-progress		
Textile	2,96,445	—
Anionic/Cationic	1,83,906	2,93,596
Non Ionic	35,450	—
Spin Finish	16,58,270	—
	3,74,93,172	3,42,50,044
Less: Stock movement arising on deemed disposal of Subsidiary	—	30,66,043
Net (increase)/decrease.....	(77,58,988)	(63,09,172)
Share of joint venture – Refer Note 34	(42,66,776)	9,19,099
Grand Total	(1,20,25,764)	(53,90,073)



Notes forming part of the Financial Statements

Particulars	31-03-2012 ₹	31/03/2011 ₹
NOTE 25 : EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	7,62,75,138	6,88,17,741
Contributions to provident and other funds (Refer Note 33 Employee benefits)	66,38,359	62,60,958
Staff welfare expenses.....	74,17,897	63,85,001
Total	9,03,31,394	8,14,63,700
Share of joint venture – Refer Note 34	40,37,489	19,53,296
Grand Total	9,43,68,883	8,34,16,996
NOTE 26 : FINANCE COSTS		
Interest on term loan.....	18,452	2,940
Total	18,452	2,940
Share of joint venture – Refer Note 34	4,11,201	1,06,408
Grand Total	4,29,653	1,09,348
NOTE 27 : OTHER EXPENSES		
Consumption of stores and spare parts	43,93,679	33,32,072
Excise duty *	8,98,847	4,89,472
Power and fuel	3,90,15,309	2,85,64,390
Rent	24,22,956	23,95,116
Repairs and maintenance		
Buildings.....	13,29,417	8,82,495
Machinery	34,58,428	23,53,737
Others	20,31,878	20,67,240
Insurance.....	8,49,858	9,51,543
Rates and taxes.....	53,34,320	46,89,395
Freight Expenses.....	91,62,260	1,05,62,116
Commission on sales	44,11,668	87,82,239
Donations	10,30,000	10,25,000
Bank Charges.....	31,98,790	23,74,068
Telephone, telex and telegrams	18,07,029	19,25,008
Vehicle Expenses	9,88,640	8,57,416
Legal and professional	47,59,094	61,96,946
Travelling Expenses	23,84,360	33,13,422
Directors Siting Fees	3,63,500	2,71,000
Bad debts and advances written off	2,31,167	5,586
Payments to auditors.....	25,58,946	22,71,436
Technical Services.....	—	85,50,000
Exchange difference (net)	—	6,154
Miscellaneous expenses	1,50,21,110	1,29,20,958
Total	10,56,51,256	10,47,86,809
Share of joint venture – Refer Note 34	1,24,79,624	1,07,38,252
Grand Total	11,81,30,880	11,55,25,061

* Represents excise duty on difference between closing and opening stock.

Notes forming part of the Financial Statements

Particulars	31-03-2012 ₹	31/03/2011 ₹
NOTE 28 : TAX EXPENSE		
(a) Current Tax for the year.....	82,51,600	1,35,80,804
Total	82,51,600	1,35,80,804
Share of joint venture – Refer Note 34.....	41,03,170	8,82,598
Grand Total	1,23,54,770	1,44,63,402
(b) Deferred Tax for the year.....	(13,44,329)	(13,98,594)
Total	(13,44,329)	(13,98,594)
Share of joint venture – Refer Note 34.....	(2,29,439)	(53,436)
Grand Total	(15,73,768)	(14,52,030)
	1,07,81,002	1,30,11,372
NOTE 29 : DEPRECIATION AND AMORTISATION EXPENSES		
As per Fixed assets schedule		
on tangible assets.....	1,16,16,095	1,08,43,231
Less: Transfer from revaluation reserve.....	3,46,716	3,85,240
	1,12,69,379	1,04,57,991
on intangible assets.....	1,57,603	1,67,107
Total	1,14,26,982	1,06,25,098
Share of joint venture – Refer Note 34.....	8,52,056	4,75,186
Grand Total	1,22,79,038	1,11,00,284
NOTE 30 : EXCEPTIONAL ITEMS-INCOME/(EXPENSES)		
Expenses:		
Loss on account of deemed disposal of Subsidiary	—	(52,13,039)
Total	—	(52,13,039)
	2012 ₹	2011 ₹
31. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	24,48,384	97,86,365
32. (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.....	1,94,13,765	2,83,79,092
(ii) Guarantee given to Bank of Baroda, for credit facilities extended to Joint Venture – Champion Dai-ichi Technologies India Ltd.	—	2,25,00,000
(iii) Customs duty bonds	**7,35,52,625	5,26,50,472
** Includes ₹ 5,06,70,751/- of Bonds, issued jointly in name of the Company and Champion Dai-ichi Technologies India Ltd.		
(b) Wage agreement at Kasarwadi Plant has expired on 30th November, 2008. Negotiations with employees are in progress. The Company does not expect any significant additional liability on this account.		



Notes forming part of the Financial Statements

	2012 ₹	2011 ₹
(c) Claims against the Company not acknowledged as debts relating to:		
(i) Custom duty (wrong classification of item).....	15,810	15,810
(ii) Octroi (classification of raw materials)*	2,38,80,407	2,38,80,407
(iii) Labour matters (back wages and compensation under Workmen Compensation Act)	8,42,000	14,04,000
(iv) Product performance (Refer Note 35)	29,36,060	29,36,060
(v) Disputed Income Tax liability.....	4,65,62,768	2,07,28,307

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

33. 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 ₹

Particulars	Gratuity (Funded)	
I. Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:	31st March, 2012	31st March, 2011
1. Present Value of Defined Benefit Obligation at the beginning of the year	4,38,20,292	4,22,74,805
2. Current Service cost.....	12,29,012	13,15,495
3. Interest Cost.....	23,12,897	20,84,136
4. Past Service cost	—	9,15,295
5. Actuarial (gains)/losses	(84,515)	6,69,532
6. Benefits paid	(39,35,093)	(33,42,671)
7. Less: Transfer of defined obligations on deemed disposal of subsidiary	—	(96,300)
8. Present value of Defined Benefit Obligation as on Balance Sheet date.....	4,33,42,593	4,38,20,292
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	3,80,10,966	3,79,74,818
2. Expected return on plan assets.....	30,40,877	30,37,985
3. Actuarial gains/(losses)	3,00,815	2,77,724
4. Actual contributions by employers	10,20,132	63,110
5. Benefits paid	(39,35,093)	(33,42,671)
6. Plan assets as on Balance Sheet Date	3,84,45,154	3,80,10,966
III. Analysis of Defined Benefit Obligation:		
1. Defined Benefit Obligation as at 31st March	4,33,42,593	4,38,20,292
2. Fair Value of Plan assets at the end of the year.....	3,84,45,154	3,80,10,966
3. Net Asset/(Liability) recognized in the Balance Sheet as on Balance Sheet Date.....	(48,97,439)	(58,09,326)
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	4,33,42,593	4,38,20,292
2. Fair value of plan assets.....	3,84,45,154	3,80,10,966
3. Funded status [Surplus/(Deficit)]	(48,97,439)	(58,09,326)
4. Unrecognized Past Service Costs	—	9,15,295
5. Net Asset/(Liability) recognized in Balance Sheet.....	(48,97,439)	(48,94,031)

Notes forming part of the Financial Statements

Amount in ₹

Particulars	Gratuity (Funded)				
V. Components of employer expenses recognized in the statement of profit and loss:	31st March, 2012	31st March, 2011			
1. Current Service cost.....	12,29,012	13,15,495			
2. Interest cost.....	23,12,897	20,84,136			
3. Expected return on plan assets.....	(30,40,877)	(30,37,985)			
4. Curtailment cost/(credit).....	—	—			
5. Settlement cost/(credit).....	—	—			
6. Past Service cost.....	9,15,295	—			
7. Actuarial Losses/(Gains).....	(3,85,330)	3,91,808			
8. Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds.....	10,30,997	7,53,453			
VI. The Category of Plan assets – 100% Qualifying insurance policy (Insurer managed fund):					
VII. Principal Actuarial Assumptions:					
1. Discount Rate (%).....	8.50%	8.00%			
2. Expected Return on plan assets (%).....	8.80%	8.00%			
3. Salary escalation (%).....	5.00%	5.00%			
4. Medical cost inflation.....	N A	N A			
5. Withdrawal Rate (%).....	2.00%	2.00%			
VIII. Experience History:	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
1. Experience adjustments on plan liabilities (Gain)/ Loss.....	(1,09,582)	18,80,595	28,53,781	19,95,430	N A
2. Experience adjustments on plan assets (Loss)/ Gain.....	3,00,815	2,77,724	4,56,702	3,21,965	N A
3. Defined Benefit Obligation at the end of the period.....	4,33,42,593	4,38,20,292	4,22,74,805	4,24,81,707	3,69,28,610
4. Plan Assets at the end of the period.....	3,84,45,154	3,80,10,966	3,79,74,818	3,82,75,892	3,62,74,763
5. Funded Status.....	(47,29,839)	(47,78,080)	(42,99,987)	(42,05,815)	(6,53,847)
IX. Contributions expected to be paid to the plan during the next financial year.....	10,00,000	10,00,000	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.					

B. Defined Contribution Plan

Amount recognized as an expense in statement of profit & loss in respect of Defined Contribution Plan is ₹ 56,37,885 (2011: ₹ 53,67,009)

34. Interest in Joint Venture:

The Group's interests in jointly controlled entity (incorporated Joint Venture) is:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2012	Percentage of ownership interest as at 31st March, 2011
Champion Dai-ichi Technologies India Limited	India	50	50

In the year 2010-11, the Company had executed a tripartite shareholders agreement dated 26th May, 2010, with CTI Chemicals Asia Pacific Pte. Ltd. and its wholly owned subsidiary-Basic Oil Treating (India) Ltd. (now known as Champion Dai-ichi Technologies India Ltd.) for formation of Joint Venture.



Notes forming part of the Financial Statements

Pursuant to the formation of Joint Venture, the shareholding of Champion Dai-ichi Technologies India Ltd. (formerly known as Basic Oil Treating (India) Ltd.), is held by the Company and CTI Chemicals Asia Pacific Pte. Ltd. in the ratio of 50:50. Accordingly Champion Dai-ichi Technologies India Ltd. (Formerly known as Basic Oil Treating (India) Ltd.), has ceased to be a subsidiary of the Company w.e.f. 7th September, 2010.

35. 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 ₹ 55,45,325 after retaining ₹ 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.

36. Lease payable/receivable under cancellable operating lease:

The Company has taken office under operating lease. The lease is not non cancellable. The lease payment recognized in the statement of profit and loss, debited to Rent account is ₹ 23,78,146/- (2011 – ₹ 21,48,561/-).

The Company has given commercial premises under leave and licence agreement, which is not non cancellable. Lease rental credited to the statement of profit and loss is ₹ 1,48,79,184/- (2011 – ₹ 1,39,27,607/-).

37. Research and development expenditure:

	2012 ₹	2011 ₹
Revenue Expenditure	1,01,76,822	96,25,574

38. Earnings per share:

	2012 ₹	2011 ₹
(A) Before exceptional items and after tax:		
Profit after tax as per accounts	4,23,47,548	4,97,31,654
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share	74,51,229	74,51,229
Nominal value per share (₹).....	10	10
Basic and diluted earnings per share (₹).....	5.68	6.67
(B) After exceptional items and after tax:		
Profit after tax as per accounts	4,23,47,548	4,45,18,615
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share	74,51,229	74,51,229
Nominal value per share (₹).....	10	10
Basic and diluted earnings per share (₹).....	5.68	5.97

39. Segment reporting:

Primary Segment:

The company is principally engaged in single business segment – manufacturing of specialty chemicals only.

Secondary Segment:

Information regarding secondary segment is as under:

	31/3/2012			31/3/2011		
Segment	Within India	Outside India	Total	Within India	Outside India	Total
Revenue	59,80,07,841	10,54,29,138	70,34,36,979	49,65,58,725	4,57,37,577	54,22,96,302

All the assets are located in India.

Notes forming part of the Financial Statements

40. 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:

Related parties where control exists

(i) Joint Venture

CTI Chemicals Asia Pacific Pte. Ltd. (Singapore) (CTI)

(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)

(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)

Uni Deritend Ltd. (UDL)

Oil Field Instrumentation (India) Pvt. Ltd. (OFIL)

Neterson Technologies Pvt. Ltd. (NTPL)

Netal India Ltd. (NIL)

Anosh Finance & Investment Pvt. Ltd. (AFIPL)

Inogent Laboratories Private Limited (ILPL)

Performance Polymers & Chemicals Pvt. Ltd. (PPCPL) (sold on 30/11/2011)

Neterwala Consulting & Corporate Service Limited (NCCSL)

Neterson Agrofarm Agency Pvt. Ltd. (NAAPL)

Uni VTL Engineering Pvt. Ltd. (UVEPV)

Unitel Finance & Investment Pvt. Ltd. (UFIPL)

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:

(₹)					
Nature of transactions	Joint Venture	Associate entities	Key management personnel	Relatives of key management personnel	Total
Purchase of Goods	1,36,08,602	13,89,780	—	—	1,62,46,186
	CTI	IOCL			
		11,82,603			
		GPPL			
		51,621			
		UKL			
		13,580			
		NIL			
	(11,53,985)	(1,01,83,239)	(—)	(—)	(1,20,98,825)
	CTI	IOCL			
		(6,29,686)			
		GPPL			
		(84,948)			
		UKL			
		(46,967)			
		NIL			



Notes forming part of the Financial Statements

(₹)

Nature of transactions	Joint Venture	Associate entities	Key management personnel	Relatives of key management personnel	Total
Sales of Goods.....	—	30,17,491 GPPL	—	—	30,17,491
	(—)	(5,04,986) IOCL (19,93,928) GPPL	(—)	(—)	(24,98,914)
Compensation/Others.....	—	—	—	23,78,146 DMN	23,78,146
	(—)	(—)	(—)	(21,48,561) DMN	(21,48,561)
Reimbursement/Rendering of Services.....	40,257 CTI	22,48,020 IOCL 3,68,951 SDNC 4,54,553 NCCS 78,517 ILPL 21,600 AFIPL	—	—	32,11,898
	(—) CTI	(1,06,068) IOCL (3,14,509) SDNC (29,107) CFAL (94,586) ILPL (9,205) AFIPL	(—)	(—)	(5,53,475)
Reimbursement/Receiving of Services.....	—	72,125 SDN 54,235 UFA 31,987 NIL	—	89,186 DMN	247,533
	—	(1,00,731) IOCL (49,450) UFA (24,266) NIL (25,075) SDN (26,033) NCCSL	(—)	(1,14,003) DMN	(3,39,558)
Interest Received.....	—	20,38,356 IOCL	—	—	20,38,356
	(—)	(18,08,172) IOCL	(—)	(—)	(18,08,172)
Remuneration.....	—	—	49,45,940 SFV	—	49,45,940
	(—)	(—)	(42,84,821) SFV	(—)	(42,84,821)
Inter Corporate Deposits Placed.....	—	3,00,00,000 IOCL	—	—	3,00,00,000
	(—)	(3,00,00,000) IOCL	(—)	(—)	(3,00,00,000)

Notes forming part of the Financial Statements

(₹)

Nature of transactions	Joint Venture	Associate entities	Key management personnel	Relatives of key management personnel	Total
Investments	—	4,00,00,000 ILPL	—	—	4,00,00,000
	(—)	(4,00,00,000) ILPL (49,000) PPCPL	(—)	(—)	(4,00,49,000)
Outstanding Debtors	—	1,05,417 IOCL 6,32,350 GPPL	—	—	7,37,767
	(—)	(1,70,061) IOCL (6,12,035) GPPL (255) NIL	(—)	(—)	(7,82,351)
Outstanding Receivables	—	19,592 ILPL	—	—	19,592
	(—)	(27,301) SDNC (1,250) NTPL	(—)	(—)	(28,551)
Outstanding Payables	15,64,421 CTI	13,89,780 IOCL 63,144 GPPL 16,214 NIL	—	—	30,33,559
	(2,88,161) CTI	(1,00,731) IOCL (5,35,992) GPPL (81,689) NIL	(—)	(—)	(10,06,573)
Deposits given	—	—	—	32,00,000 DMN	32,00,000
	(—)	(—)	(—)	(32,00,000) DMN	(32,00,000)
Outstanding ICD Placed	—	1,00,00,000 IOCL	—	—	1,00,00,000
	(—)	(1,00,00,000) IOCL	(—)	(—)	(1,00,00,000)

Note: Figures in bracket relate to previous year.

41. Payment to auditors

Particulars	2012 ₹	2011 ₹
Audit Fees	13,03,000	11,12,500
Tax Audit	3,50,000	2,35,416
For company law matters		
Limited Review/Consolidation	10,00,000	8,00,000
Certification	1,00,000	75,000
Out of pocket expenses	62,714	23,520
Other services	—	25,000
Total	28,15,714	22,71,436



Notes forming part of the Financial Statements

42. Financial and derivative instrument disclosure:

(a) The following is the outstanding forward exchange contract entered into by the Company as on 31st March, 2012.

As at 31/03/2012				As at 31/03/2011			
Currency	Amount	Buy/Sell	Cross Currency	Currency	Amount	Buy/Sell	Cross Currency
US Dollar	66,843	Buy	Indian ₹	US Dollar	2,36,229	Buy	Indian ₹
US Dollar	3,25,728	Sell	Indian ₹	US Dollar	46,858	Sell	Indian ₹

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

(c) Un-hedged foreign currency exposure:

Particulars	2012 ₹	2011 ₹
Debtors	1,54,00,578	29,302
Creditors	88,43,055	71,42,198

43. The revised schedule VI has become effective from 1st April, 2011 for the preparation of financial Statements. This has significantly impacted the disclosure and presentation made in the financial Statement. Previous year figures have been regrouped and reclassified wherever necessary to Correspond with the current year's classification/disclosure.

Signatures to Notes '1' to '43'

For and on behalf of the Board

S. F. Vakil

Vice-Chairperson and Managing Director

Anil Naik

Director

Keki Elavia

Director

Jimmy Billimoria

Director

Nitin Nimkar

Financial Comptroller

Kavita Thadeshwar

Company Secretary

Place : Mumbai

Date : 11th May, 2012

Details of Subsidiary for the year 2011-12

Sr. No.	Name of Subsidiary Company	(₹ in '000)
	Dai-ichi Gosei Chemicals (India) Ltd.	
1.	Capital	500
2.	Reserves	(273)
3.	Total Assets	231
4.	Total Liabilities	(4)
5.	Details of Investment	—
6.	Turnover includes other income	—
7.	Profit before Taxation	—
8.	Provision for Taxation	—
9.	Profit after Taxation	—
10.	Proposed Dividend	—

For and on behalf of the Board

S. F. Vakil

Vice-Chairperson and Managing Director

Anil Naik

Director

Keki Elavia

Director

Jimmy Billimoria

Director

Nitin Nimkar

Financial Comptroller

Kavita Thadeshwar

Company Secretary

Place : Mumbai

Date : 11th May, 2012



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 **52nd ANNUAL GENERAL MEETING** of the Company to be held at 11.30 a.m. on Friday, 10th August, 2012 and at any adjournment thereof.

Signed this..... day of 2012

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)

52nd ANNUAL GENERAL MEETING — Friday, 10th August, 2012

I hereby record my presence at the 52nd 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 Friday, 10th August, 2012 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**

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If undelivered please return to:

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Liberty Building,
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Mumbai - 400 020.