

DCM SHRIRAM INDUSTRIES LIMITED

Board of Directors	Shri Tilak Dhar	<i>Chairman and Managing Director</i>
	Shri Alok B. Shriram	<i>Dy. Managing Director</i>
	Shri Madhav B. Shriram	<i>Whole-Time Director</i>
	Shri G. Kumar	<i>Director – Sugar Operations</i>
	Shri P.R. Khanna	
	Dr. V.L. Dutt	
	Shri S. B. Mathur	
	Shri Ravinder Narain	
	Shri S. C. Kumar	<i>IFCI Nominee</i>
Company Secretary	Shri B.P. Khandelwal	<i>Sr. Executive Director</i>
Principal Executives	Shri D.C. Mittal	<i>President</i>
	Shri Anil Gujral	<i>Chief Executive Officer (Chemicals & Alcohol)</i>
	Shri K.N. Rao	<i>Chief Operating Officer (Rayons)</i>
	Shri P.V. Bakre	<i>Sr. Vice President</i>
	Shri N.K. Jain	<i>Chief Financial Officer</i>
Bankers	State Bank of India	
	Punjab National Bank	
	Oriental Bank of Commerce	
	State Bank of Bikaner & Jaipur	
	Punjab & Sind Bank	
	IDBI Bank Ltd.	
	Karnataka Bank Ltd.	
	Syndicate Bank	
	State Bank of Hyderabad	
	Ghaziabad Zila Sahkari Bank Ltd.	
Bijnor Zila Sahkari Bank Ltd.		
Auditors	A.F. Ferguson & Co.	
	New Delhi	
Registered Office	Kanchenjunga Building,	Tel. No. : (011) 2375 9300
	6 th Floor,	Fax No. : (011) 2335 0765
	18, Barakhamba Road,	e-mail : dsil@dcmsr.com
	New Delhi - 110 001	Website : http://www.dcmsr.com

DCM SHRIRAM INDUSTRIES LIMITED

Registered Office : Kanchenjunga Building,
18, Barakhamba Road,
New Delhi -110 001.

NOTICE

The 19th Annual General Meeting of the Company will be held on Friday, the 6th August, 2010 at 10.00 A.M. at the FICCI Auditorium, Federation House, Tansen Marg, New Delhi - 110 001 for transacting the following business:

1. To consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 2010, and the Profit & Loss Account for the year ended on that date.
2. To declare dividend for the financial year ended 31st March, 2010.
3. To appoint a Director in place of Dr. V.L. Dutt, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.B. Mathur, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:

"Resolved that Messrs A.F. Ferguson & Co., Chartered Accountants, be and are hereby re-appointed auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be fixed by the Board of Directors/Audit Committee plus reimbursement of travelling and other incidental expenses, if any, incurred in connection with the audit."

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

"Resolved that, pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for mortgaging and/or charging of all movable and immovable properties of the Company excluding the assets of Company's Unit Daurala Organics, on the basis of first charge, ranking pari passu in all respects with similar charges, if any, already created or to be created on the said properties, to secure the existing borrowings and the term loan of Rs. 1500 lacs from State Bank of Indore."

"Resolved further that the Board of Directors or a duly constituted Committee thereof be and is hereby authorised to finalise agreements and other documents and deeds for creating the aforesaid mortgage/charge and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing this resolution, to execute them under the Common Seal of the Company, where necessary, to sub-delegate the powers hereby delegated to any person in its absolute discretion and to resolve any question or doubt which may arise in relation thereto or otherwise considered by the Board of Directors or a duly constituted Committee thereof in the best interest of the Company."

"Resolved also that the Board of Directors or a duly constituted Committee thereof be and is hereby authorised to approve the execution of documents to extend the charge/s created pursuant to this resolution in favour of any other Bank/s to secure term loan facilities which may be extended by them in future without requiring a fresh resolution of the Shareholders."

“Resolved further that the mortgage/charge created/to be created and/or agreements/documents executed/to be executed and all acts done in connection with creation of security in the manner stated above by and with the authority of the Board of Directors or a duly constituted Committee thereof be and are hereby ratified and confirmed.”

By order of the Board
For DCM SHRIRAM INDUSTRIES LIMITED



(B.P. Khandelwal)
Sr. Executive Director & Co. Secretary

New Delhi
29th May, 2010

NOTES:

1. Explanatory Statement, as required under Section 173(2) of the Companies Act, 1956, is attached.
2. Please notify change of address if any. Shareholders who have not received the share certificate/s against the shares held in the erstwhile Daurala Organics Limited may write to the Registrars, Karvy Computershare Pvt. Ltd., 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 or 105-108, Arunachal Building, 19, Barakhamba Road, New Delhi - 110 001.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 20.07.2010 to 06.08.2010 (both days inclusive).
4. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IS ATTACHED.
5. At the ensuing Annual General Meeting Dr. V. L. Dutt and Shri S. B. Mathur, retire by rotation and being eligible offer themselves for re-appointment (Item Nos. 3 & 4). Brief resume and other requisite information about these Directors are given below.

a) Dr. V. L. Dutt

Dr. V.L. Dutt, aged 72 years, is an industrialist of repute. He is Chairman & Managing Director of KCP Ltd. and past President of FICCI. Dr. V.L. Dutt has vast experience and knowledge in industry and business, especially sugar and cement.

He is Chairman of the Remuneration Committee and Member of Audit Committee of the Company.

Dr. V.L. Dutt holds 3700 equity shares in the Company. Other directorships held by Dr. Dutt are:-

- 1) The K.C.P. Ltd., 2) Fives Cail- KCP, 3) KCP Vietnam Industries Ltd., 4) V. Ramakrishna Sons Pvt. Ltd.

Except Dr. V.L. Dutt, none of the other directors of the Company is interested in the resolution.

b) Shri S. B. Mathur

Shri S. B. Mathur, aged 65 years is FCA and ICWA (London). He was Chairman of LIC and is presently Chairman of National Collateral Management Services Ltd. He has very long experience in Insurance and Financial Sector. He is Member of the Audit Committee of the Company.

NOTICE (Continued)

Other Directorships

Chairman/Member of the Committee of the Board

- | | | |
|--|-----------------|------------|
| 1. National Stock Exchange of India Ltd. | | |
| 2. National Collateral Management Services Ltd. | | |
| 3. AXIS Bank Ltd. | | |
| 4. Orbis Financial Corporation Ltd. | Audit Committee | (Member) |
| 5. Havells India Ltd. | Audit Committee | (Chairman) |
| 6. ITC Ltd. | Audit Committee | (Chairman) |
| 7. HOEC Ltd. | Audit Committee | (Member) |
| 8. IL&FS Ltd. | | |
| 9. Housing Development & Infrastructure Ltd. | | |
| 10. JM Financial Asset Reconstruction Co. (P) Ltd. | | |
| 11. Universal Sompo General Insurance Co. Ltd. | Audit Committee | (Chairman) |
| 12. IDFC Trustee Co. Ltd. | | |
| 13. AIG Trustee Co. Pvt. Ltd. | | |
| 14. Munich re India Services Pvt. Ltd. | | |
| 15. EMD Locomotive Technologies Pvt. Ltd. | | |
| 16. Ultra Tech Cements Ltd. | | |
| 17. General Insurance Corporation of India | | |
| 18. Samruddhi Cement Ltd. | | |

Shri S.B. Mathur does not hold any shares in the Company.

Except Shri S. B. Mathur, none of the other directors of the Company is interested in the resolution.

ANNEXURE TO NOTICE

[Explanatory Statement under Section 173(2) of the Companies Act, 1956]

ITEM NO. 6

The Company avails financial facilities from Banks from time to time. Usually such borrowings, in addition to charge on movable assets, are required to be secured by mortgage/charge on the immovable assets of the Company. The borrowing of Rs. 1500 lacs from State Bank of Indore is to be secured by a first charge on the assets of the Company excluding the assets of Company's Unit Daurala Organics. The charge so created will rank pari passu with existing similar charges, if any. Creation of mortgage/charge as stated in the Resolution, subject to the approval of the existing charge holders, requires approval of shareholders u/s 293(1)(a) of the Companies Act, 1956.

None of the directors is concerned with or interested in the resolution.

Interest

Except as indicated under the respective items none of the directors is interested in any of the aforementioned resolutions.

Inspection

Copies of terms and conditions of the Loan from the Bank (item 6) will be open for inspection at the Registered Office of the Company at 6th Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi - 110 001 on all working days between 11.00 A.M. to 1.00 P.M.

The Directors have pleasure in presenting the Annual Report and the Audited Accounts of your Company for the year ended 31st March 2010.

The earlier part of the year found the world gasping in the aftermath of the economic upheaval faced in the previous year, taking various measures to address the unprecedented crisis. Fortunately for the Indian economy the impact was relatively mild, and the timely measures initiated and implemented by an alert Central Government mitigated the impact on the economy, and helped in steadying the path of growth.

It gives a sense of accomplishment to report that notwithstanding the severe set back in the later part of the year, your Company achieved its best ever results. Various measures, such as cost saving, energy conservation, co-generation of power and quality improvement, initiated and implemented during the last few years, yielded satisfactory results. This is a continuous process and further areas for betterment are being explored.

FINANCIAL RESULTS

Turnover for the year including other income at Rs.874 cr. was at an all time high against Rs.835 cr. in the previous year. Gross profit and net profit of Rs.76 cr. and Rs.57 cr. as compared to Rs.61 cr. and Rs.44 cr., respectively are also the highest ever.

DIVIDEND

The Company has paid an interim dividend of Rs.1.50 (15%) per equity share of Rs.10 in November, 2009. Considering the better results the Board is pleased to recommend a final dividend of Rs.3.00 (30%) for the year ended 31st March, 2010. The aggregate dividend for the year will amount to Rs.4.50 (45%) per equity share against Rs.2.00 (20%) declared last year. The total dividend payout for the year under review, inclusive of corporate tax on dividend distribution, is Rs.9.14 cr.

After payment of dividend and transfer of Rs.5.00 cr to General Reserve (previous year Rs.10.00 cr.) the balance carried forward in the Profit & Loss Account will be Rs.110.10 cr, which includes Rs.82.54 cr brought forward from previous year and Rs.2.78 cr Debenture Redemption Reserve written back.

OPERATIONS

Sugar

During the year, your Company achieved a sugar production of 1.20 lac MT by crushing 13.05 lac MT of cane against 1.25 lac MT sugar and 13.31 lac MT of cane in the previous year. The performance of the Unit was satisfactory with crush being the highest in the State. The Unit commissioned a new 90 TPH boiler and achieved a peak export of 19 MW power to the Grid.

The first three quarters of the year saw sugar prices at very attractive levels anticipating low domestic and international production. The Government initiated various steps to control sugar prices. However, the subsequent unexpected upward revision of domestic and global sugar production estimates resulted in sugar prices collapsing drastically. In the changed scenario, the high cane prices paid in anticipation of the continued strength in the sugar markets, in order to combat diversion of cane to the unorganised sector, became unrealistic. Domestic prices remain weak due to the reluctance of the Government to roll back the price control measures in place, as also a collapse of the global markets due to higher production prospects for next year.

The State Government announced a higher SAP of Rs.165 per quintal of cane for the season 2009-10. The Central Government in the meantime amended the Sugar Cane (Control) Order, 1966 replacing "minimum price" with "fair and remunerative price" (FRP). The intention was that if any authority fixed a cane price above FRP, the said authority was to bear the difference, so as to insulate sugar mills from any unrealistic cane pricing. This provision was subsequently withdrawn, bringing the situation back to square one, and leaving the mills vulnerable to unrealistic cane pricing/ litigation once again.

DIRECTORS' REPORT (Continued)

Overall, considering the volatility seen in the industry last year, the performance of the Company's Sugar Unit has been satisfactory.

The Company has taken in hand debottlenecking of cane crushing capacity, as also an expansion of its co-generation facility so as to increase the peak export of power to the Grid to 23 MW in the next season.

Alcohol

Overall performance of the alcohol business was maintained despite volumes being largely limited to captive molasses availability. The market was sluggish because the alcohol based chemical sector reduced purchases of domestic alcohol as imported alcohol and finished products were cheaper, and off take by oil companies for blending with petrol was low. Towards the end of the year, molasses availability as well as alcohol demand from the chemical sector have shown some signs of revival.

Chemicals

The performance of the Company's chemical business was largely maintained despite appreciation of the Rupee and increased competition leading to lower sales volumes and prices towards the year end. This was achieved by focusing on raising productivity and cost reduction.

To further consolidate its market position, the Company is undertaking expansion wherever viable and diversification in its range of products.

Rayon

In spite of the global recession we succeeded in maintaining our market share. The Unit improved its operating margins through better realizations and improved operating efficiencies. Continuous use of the TQM philosophy enabled the Unit in improving product quality and reduce process wastages.

To control energy costs and also promote clean fuel usage, one more boiler is being modified to use agro fuels in place of coal. With this the carbon foot print of the Unit should come down significantly in the current year.

The Unit achieved higher domestic sale of Nylon Chafer as well as Carbon di Sulphide.

Subsidiary

The bottling facility of Daurala Foods & Beverages Pvt. Ltd. continued to be on lease with the Company.

RESEARCH & DEVELOPMENT

Research and Developments have always been and continue to be a priority area in the Company's scheme of things. The outcome of these activities helped the Company by providing inputs for developing new products, energy saving, upgrading production processes and quality. These are essential to remain competitive and maintain leadership position in its chemical products and achieve substantial qualitative change in other operational areas.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 your Directors state:

- While preparing annual accounts the applicable accounting standards had been followed.

- The Company had selected such accounting policies and applied them consistently and made judgements that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the period.
- That the Company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Company had prepared the annual accounts on a going concern basis.

AUDITORS' OBSERVATIONS

The explanations/ information in respect of the observations of the Auditors in their Report on the standalone Accounts are given in detail in Notes to Accounts – (2)(b) of Schedule 11. These Notes read with the relevant Audit observations are self-explanatory.

CORPORATE GOVERNANCE

Corporate Governance and Management Discussion and Analysis Reports are given in Annexure-I.

DIRECTORS

Shri Atam Parkash, an independent director, resigned from the Board with effect from 31.10.2009 on health grounds after serving on the Board for about 2 decades. He passed away on 21.11.2009. The Company all through immensely benefited from his mature advice. The Board of Directors deeply mourns his passing away. The Board decided not to fill the vacancy for the time being.

Dr. V. L. Dutt and Shri S.B. Mathur, retire by rotation at the forth-coming Annual General Meeting and being eligible offer themselves for re-appointment.

OTHER INFORMATION

The information required under Section 217(2A) of the Companies Act, 1956 and the Rules framed thereunder relating to particulars of employees is given in Annexure-II to this Report.

The information pursuant to Section 217(1)(e) of the Companies Act on conservation of energy, technology absorption and foreign exchange earnings/ outgo is given in Annexure - III.

ACKNOWLEDGEMENT

The Directors acknowledge the continued co-operation and support received from the financial institutions, banks and various Government agencies, and all our business associates.

The Directors also place on record their appreciation of the contribution made by employees at all levels.

For and on behalf of the Board



CHAIRMAN

DIRECTORS' REPORT (Continued)

Annexure - I

CORPORATE GOVERNANCE REPORT

Corporate Governance Philosophy

Corporate Governance (CG) is all about ethical conduct of business. It is concerned with code of values and principles, which guide a person to select between right and wrong. Today, if an organization has to survive and thrive in a commercial environment that is becoming increasingly global in its outlook, it has got to factor in the interests and concerns of every stakeholder in the business. That includes not just the shareholder, but also the domestic and global customer, the vendor, the creditor, Government, the community in which the enterprise operates and environment groups. It is in this context that CG has assumed greater significance.

The Company believes that good CG should be internally driven and not merely an exercise to comply with the statutory requirements.

The Board of Directors of the Company consists of eminent persons as independent directors, who closely monitor CG practices followed by the Company. The Board has laid down a 'Code of business conduct and ethics' for itself and also for others responsible for conduct of the business of the Company, in order to ensure transparency and ethics in all activities. The Company has also laid down guidelines for prevention of insider trading in the shares of the Company as required under the relevant Guidelines.

The Company follows the CG guidelines for listed companies, laid down by SEBI a decade ago, in letter and spirit. CG is an evolving process and it will be the Company's earnest effort to follow the regulatory guidelines in this regard from the competent authorities considering the practical aspects of the same, whether they are mandatory or voluntary.

The CG Report in respect of the year ended 31.3.2010 as per Clause 49 of the Listing Agreement is given below:

Board of Directors

The Company's Board comprises of an ideal combination of Executive and Non-Executive Directors headed by an executive Chairman & Managing Director. Of the 9 Directors, 4 are Executive Directors. All the non-executive directors are independent directors and are persons of eminence with experience in the fields of finance, law, trade and industry, including one financial institution nominee. The Board's composition is in line with the CG requirements.

Meetings and attendance

During the year 6 Board meetings were held on 30.5.2009, 27.6.2009, 29.7.2009, 18.9.2009, 31.10.2009 and 30.1.2010. Attendance and other details are given below:

Sl. No.	Name of Director	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM	Other Directorships*	No. of Committee Memberships@ (other companies)	
						Member	Chairman
1	Shri Tilak Dhar	CMD	6	Yes	Nil	N.A.	N.A
2	Shri Alok B. Shriram	DMD	6	Yes	1	1	Nil
3	Shri Madhav B Shriram	WTD	4	Yes	Nil	N.A.	N.A
4	Shri G. Kumar	Director (Sugar)	6	Yes	Nil	N.A.	N.A
5	Shri P.R. Khanna	Non-executive/independent	6	Yes	5	4	2
6	Dr. V.L. Dutt	- do -	4	Yes	3	Nil	Nil
7	Shri S.B. Mathur	- do -	4	No	13	2	3
8	Shri Ravinder Narain	- do -	3	Yes	4	2	Nil
9	Shri S.C. Kumar (IFCI Nominee)	- do -	6	Yes	1	N.A.	N.A
10	Shri Atam Parkash **	- do -	1	No	Nil	N.A	N.A

* Excludes Directorship in private limited companies/foreign companies/ companies registered u/s 25 of the Companies Act.

** Resigned from the Board on 31.10.2009 @ Audit and Shareholders' Grievance Committee

CORPORATE GOVERNANCE REPORT (continued)**Annexure - I (contd.)****Relationship amongst Directors**

Shri Tilak Dhar, Shri Alok B. Shriram and Shri Madhav B. Shriram, are brothers.

Audit Committee

The Company constituted an Audit Committee of the Board in the year 1991. The terms of reference of the Committee are as per requirement of Clause 49 II (C) & (D) of the Listing Agreement read with Section 292A of the Companies Act, and are broadly as under :

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
 - any changes in accounting policies and practices;
 - major accounting entries based on exercise of judgment by management;
 - qualifications in draft audit report;
 - significant adjustments arising out of audit;
 - the going concern assumption;
 - compliance with accounting standards;
 - compliance with stock exchange and legal requirements concerning financial statements;
 - any related party transactions as per Accounting Standard 18.
- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.

The Audit Committee ensures to the Board of the existence of an effective internal control environment. During the year 5 meetings were held on 30.5.2009, 27.6.2009, 29.7.2009, 31.10.2009 and 30.1.2010.

DIRECTORS' REPORT (Continued)

The Audit Committee comprised of four Non-executive Independent Directors and one Executive Director. The Company Secretary is the Secretary of this Committee. The attendance at these meetings was as follows:

Name of the Member	Status	No. of Meetings attended
Shri P.R. Khanna	Chairman	5
Shri Atam Parkash *	Member	1
Shri S.B. Mathur	Member	4
Shri S.C. Kumar #	Member	4
Shri G.Kumar	Member	5
Dr. V.L. Dutt **	Member	1

* Resigned with effect from 31.10.2009.

Nominated to Audit Committee w.e.f. 30.5.2009.

** Nominated to Audit Committee on 31.10.2009.

All the Members have extensive financial and accounting knowledge/ background and the Chairman is an expert in accounting and financial management. Apart from the members, CMD, DMD, WTD, President, CFO & Representative of the Statutory Auditors are also invited to the meetings.

The Minutes of the Committee are placed before the Board.

Remuneration Committee

The Remuneration Committee comprised of four non-executive independent directors viz. Dr.V.L. Dutt (Chairman), Shri P.R. Khanna, Shri Atam Parkash and Shri S. C. Kumar (IFCI Nominee). During the year Shri Ravinder Narain has been nominated by the Board on 31.10.2009 in place of Shri Atam Parkash. The Committee reviews the managerial remuneration policy and makes recommendations to the Board for appointment/ re-appointment of managerial personnel. The Committee meets as and when required. No meeting was held during the year.

Remuneration Policy

The Company remunerates its managerial personnel by way of salary, perquisites and allowances as per terms approved by the shareholders and within the limits laid down under the Companies Act. They are also entitled to commission on profits/ reward as may be decided by the Board subject to the limit set out by the shareholders. Non-executive Directors are paid sitting fees as decided by the Board from time to time.

The details of remuneration of Directors for the year ended 31.03.2010 are given below: (Rs./ Lac)

Whole-time Directors	Salary	Commission/ Reward	Perquisites	Retirement benefits
Shri Tilak Dhar (CMD)	20.55	143.70	17.40	5.55
Shri Alok B. Shriram (DMD)	19.35	142.37	20.26	5.22
Shri Madhav B. Shriram(WTD)	17.55	98.32	19.79	4.74
Shri G.Kumar (Director- Sugar)	9.80	4.00	7.92	1.18

The appointments are contractual in nature and can be determined at any time by either party giving notice as per terms of appointment. No stock options were issued by the Company to its Directors / Employees. Sitting fees paid to Non Executive Directors during the financial year and their shareholding in the Company are as under:

Non-Executive Directors	Sitting fees (Rs.)	No. of Shares held
Shri P.R. Khanna	1,50,000	960
Dr. V.L. Dutt	47,500	3700
Shri S.B. Mathur	1,07,500	—
Shri Ravinder Narain	32,500	570
Shri S.C. Kumar	90,000	—
Shri Atam Parkash *	22,500	—

* Resigned with effect from 31.10.2009

CORPORATE GOVERNANCE REPORT (continued)
Annexure - I (contd.)
Shareholders Committee

There is a Board Committee for considering and approving matters related to transfer/ transmission of shares and investors' grievances headed by a Non-Executive Independent Director. The Committee comprises of the following:

Name of Member	Status
Shri P.R. Khanna	Chairman
Shri Tilak Dhar	Member
Shri Alok B. Shriram	Member
Shri Ravinder Narain	Member*

*Nominated with effect from 31.10.2009 in place of Shri Atam Parkash.

Shri B.P. Khandelwal, Company Secretary is the Secretary of the Committee and is also the Compliance Officer.

In order to expedite transfer of shares in physical form, the Board had delegated authority to the Company Secretary to approve transfer/ transmission of shares upto 2000 shares in any one case at a time. With this sub-delegation and there being no pending complaints from shareholders, no meeting of the Committee was necessitated during the year. The share transfers are registered and the certificates returned, duly endorsed, within 3 to 4 weeks by the Registrars.

During the year the Company received 15 investors' complaints. The complaints related to non-receipt of share certificates, dividend and change of address confirmation. The complaints were resolved generally in a week's time depending on the nature of the complaint.

No share transfer or investors' complaints were pending as on 31.03.2010.

General Body Meetings

The last three Annual General Meetings were held at New Delhi at 10 A.M. as under:

Financial Year	Date	Venue
2006-2007	25.09.2007	FICCI Auditorium
2007-2008	25.09.2008	FICCI Auditorium
2008-2009	18.09.2009	FICCI Auditorium

The details of special resolutions passed in previous 3 Annual General Meetings are as under:

AGM 2009 — No Special Resolution was passed.

AGM 2008 — No Special Resolution was passed.

- AGM 2007** —
- i) Approval to re-fixation of minimum remuneration to managerial personnel in the event of absence or inadequacy of profits in any financial year.
 - ii) Approval to commencement of new business of all or any of the items specified in Clause 46 of the other Objects Clause of Memorandum of Association under the head 'General Traders'.

Postal Ballot

No special resolution was passed by Postal Ballot during the year or proposed to be passed at the ensuing AGM.

Disclosures

There were no transactions of material nature with the promoters, the directors, or the management, their subsidiaries or relatives etc. that could have potential conflict with the interest of the Company at large. The relevant disclosures have been given in Note 10 to the Accounts.

DIRECTORS' REPORT (Continued)

The Company has complied with all statutory requirements relating to capital markets and there have been no penalties / strictures imposed on the Company during the last three years on this account.

Means of communication

The Company publishes quarterly, half-yearly and annual results as required under the Listing Agreement. The results are published in one English and one Hindi daily. During the last year the Results were published in the Business Standard and the Rashtriya Sahara. The results are also forwarded to the Bombay Stock Exchange and put on the web-site of SEBI under EDIFAR. The notice of the AGM along with Annual Report is sent to the shareholders well in advance of the AGM. The gist of the notice is also published in newspapers. In addition, the Stock Exchange is notified of any important developments or price sensitive information. Disclosures with regard to shareholding pattern, change in major shareholding, quarterly secretarial capital audit report, CG Compliance Report, etc. are also sent to the Stock Exchange as required under various Regulations. The Company has a website – www.dcmsr.com – in which general information about the Company is provided.

General Shareholder information

The AGM will be held on 6.08.2010 at 10.00 A.M. at FICCI Auditorium, Tansen Marg, New Delhi.

Financial Calendar

The Board meetings are held according to requirements and it is ensured that the gap between 2 meetings is not more than 4 months. The quarterly unaudited results after limited review by the Statutory Auditors, will now onwards be published within 45 days of the close of the relevant quarter and the results for the year within two months of the close of the financial year in case of audited results. The AGM is held within 6 months from the date of the closure of the year.

Date of Book Closure

The Register of members and other share transfer books will remain closed from 20.07.2010 to 06.08.2010 (both days inclusive).

Dividend

The Board of Directors have recommended a final dividend of Rs.3.00 per share of Rs.10 (30%). Taking into account the interim dividend of Rs.1.50 per share (15%) paid already, total dividend for the year works out to Rs.4.50 per share (45%).

Listing on Stock Exchange

The shares of the Company are listed on Bombay Stock Exchange Limited, P.J. Towers, Dalal Street, Mumbai-400 001.

It is confirmed that the Company has paid Annual Listing Fee to the above Stock Exchange. The Company's stock code on BSE is 523369.

Market price data (BSE)

Month	April 2009	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2010	Feb.	Mar.
High	78.00	90.00	100.00	105.10	148.00	160.75	188.00	167.90	168.00	177.95	145.00	124.35
Low	47.00	65.10	71.50	75.05	94.05	128.05	130.00	140.00	132.50	132.05	106.70	88.00

B.S.E. Index 1st April 2009 9901.99
31st March, 2010 17527.77

Share Transfer System

Karvy Computershare Pvt. Ltd. is the share transfer agent of the Company, having the following addresses:

CORPORATE GOVERNANCE REPORT (continued)
Annexure - I (contd.)
Karvy Computershare Pvt. Ltd.

- 46, Avenue 4, Street No.1, Banjara Hills,
Hyderabad – 500 034
Phone 040-23312454/ 23320-251/751
Email ID: mailmanager@karvy.com

- 105-108 Arunachal Building,
19, Barakhamba Road, New Delhi - 110001
Phone 011-23324401/ 4409
Email ID: delhi@karvy.com

The shareholders/ investors may also write to the Company at its Registered Office for any grievances/ share transfer related matters to enable the Company to get the matter sorted out expeditiously.

Distribution of Shareholding

Nominal value of Shareholding (Rs.)			Shareholders		Share Amount	
			Number	%age	(Rs.)	%age
Upto		5000	92131	99.27	18981070	10.91
5001	To	10000	354	0.38	2674200	1.54
10001	To	20000	156	0.17	2217120	1.27
20001	To	30000	55	0.06	1390290	0.80
30001	To	40000	25	0.02	906630	0.52
40001	To	50000	17	0.02	770790	0.44
50001	To	100000	26	0.03	1948240	1.12
100001	&	Above	47	0.05	145096030	83.40
TOTAL			92811	100%	173984370	100%

Shareholding pattern

Category	No. of shares held (in lacs)	Percentage
Promoters	73.40	42.18
FIs, Banks & Mutual funds	15.23	8.75
Others (public)	85.36	49.07
TOTAL	173.99	100

Dematerialization of shares

The shares in the Company are under compulsory dematerialized trading. Up to 31.03.2010, 145.07 lac (83.38%) equity shares in the Company have been dematerialized. The Company's ISIN No. is INE843D01019.

Outstanding instruments

The Company has not issued any GDRs/ ADRs and no convertible instrument is outstanding.

Non-mandatory requirements

The Company has constituted a Remuneration Committee.

Plant locations

Daurala Sugar Works	Shriram Rayons	Daurala Organics
Daurala	Shriram Nagar	Daurala
Meerut (U.P.)	Kota, (Raj.)	Meerut (U.P.)

Address for correspondence with the Company:

'Investor Service Section'
6th Floor, Kanchenjunga Building,
18, Barakhamba Road, New Delhi – 110001.

E-mail ID- investorservices@dcmsr.com

DIRECTORS' REPORT (Continued)

COMPLIANCE CERTIFICATE

To the Members of DCM Shriram Industries Limited

I have examined the compliance of conditions of Corporate Governance by DCM Shriram Industries Limited for the year April 1, 2009 to March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except that the members of the Audit Committee include one Executive Director.

I state that in respect to investor grievances received during the year April 1, 2009 to March 31, 2010, no investor grievances are pending against the Company as per the records maintained by the Company.

I further 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 M.L. Arora & Co.,
Company Secretaries in Whole-time Practice

(M.L. Arora)
Proprietor
CP No.3209

New Delhi
Date: May 29, 2010

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company's business comprises of sugar, alcohol, power, chemicals and rayon, with manufacturing facilities at Daurala (U.P.) and Kota (Rajasthan). The Directors' Report gives an over view of these operations.

The industry situation and competitive scenarios for the various products are given below:-

Sugar

The year 2009-10 commenced with a backdrop of low sugar inventories in the Country due to the drop in sugar production in 2008-09. In the light of the low sugar production estimates of 15 million MT for the season 2009-10 as against consumption of 23 million MT, the markets became bullish. This was further aggravated by the estimated drop in global sugar production. The higher sugar prices resulted in intense competition for cane, fueling a cane price war particularly in U.P., on the one hand and various concessions being given by the Government to facilitate import of raw and white sugar into the Country on the other hand.

The Government also implemented tough measures like weekly release orders, stipulating 10 days stocking level for institutional consumers etc. This prompted institutional buyers to contract large quantities of imported sugar (reportedly equivalent to 8-9 months of their requirement) and thereafter purchasing only small quantities domestically. The domestic production estimates increased to over 18 million MT from 15 million MT earlier. Consequent to all the above, the price of sugar dropped to around Rs.2800 per qtl from a peak of Rs.4400 per qtl in the first week of January, 2010.

Annexure - I (contd.)

In light of the dramatically changed scenario, the industry has been pursuing with the Government, the need to reverse some of its policies, such as permitting import of raw and white sugar without duty; the abnormally low stock limit for domestic sugar for institutional buyers; exemption of levy obligation and release controls on imported sugar and reduction in levy sugar to 10% from the present 20%.

The operations of the Company's sugar Unit during the period were satisfactory with the Unit achieving a crush of 13.05 lac MT, which was the highest in the region. During the year, the Unit commissioned a 90 TPH high efficiency boiler and achieved a peak export of power to the grid of 19 MW. Steps are in hand to debottle-neck capacity and further increase co-generation to 23 MW in the next season.

Going forward, it appears clear that the deficit scenario a year ago is now over and the abnormal buoyancy in both sugar and sugar cane pricing are no longer realistic. The coming year shall be a difficult one in which sincere efforts will be necessary to revert cane prices to realistic levels commensurate with the change in sugar prices scenario. In the longer run it would appear that volatility will continue given the fact that production swings in the two largest sugar producing countries, India and Brazil, are becoming very large compared to the size of overall sugar trade flows. This makes it imperative that cost of production at all levels i.e. sugar cane costs and conversion costs both must strive for international competitiveness.

Alcohol

In spite of a 40% decline in alcohol production in U.P., due to a corresponding reduction in sugar production, the market remained dull, as the alcohol-based chemical sector remained largely closed due to cheaper imports of their end products.

To improve profitability, the Company is endeavouring to expand sales of value added products, and is also attempting to enter the export market. Simultaneously, the Company has opted out of potable alcohol operations for now, since they are currently not viable.

The sugar and alcohol industries are making sustained efforts with the oil sector/ Government to resume blending of alcohol with Motor Spirits, at prices which are remunerative to the industry. If successful, this move should greatly improve the prospects of the alcohol industry.

Chemicals

While the chemical business of the Company showed lower revenues mainly due to lower export business and appreciation of the Rupee which also resulted in pressure on domestic prices, increased competition and lower sales volumes, the Company was able to maintain the profits at last year's level. This was achieved by focusing on productivity, cost reduction and product mix.

In-house R&D and diversification in the segment has been the mainstay of the Company's operations and have helped in continuously upgrading quality, improving efficiencies and introducing new products.

To further consolidate its market position, the Company is undertaking expansion and diversification wherever viable, including introduction of new products.

Rayon

The Unit operates in export market and supplies tyre cord, yarn and fabric to international tyre producers. In spite of the market being affected by global recession the Unit substantially improved its operating margins with better realization and cost control.

Continuous focus on the TQM philosophy resulting in improvement in quality systems, enabled the Unit to further improve product quality, operating efficiencies, productivity and reduce wastages.

Based on requirement from international tyre companies the Unit upgraded its dipping plant for supplying value added treated fabric. With successful approvals of the product the Unit has been able to increase the sale of treated fabric in place of grey fabric.

To reduce the energy cost the Unit had already commissioned an efficient Multi-fuel Fluidised Bed Combustion (FBC) Boiler. With encouraging result the Unit is further modifying one more boiler for agro-fuel consumption to substantially reduce its carbon foot print.

The Unit recorded higher sale in domestic market with increase in sale of Nylon Chafer and Carbon di Sulphide.

DIRECTORS' REPORT (Continued)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (continued)

Internal control systems and the adequacy

In order to ensure that all assets of the Company are safeguarded and protected against unauthorized use and the transactions are recorded and reported correctly, effective and adequate internal control systems are in place. Such controls are subjected to periodical review to ensure efficiency of operations, accuracy and promptness of financial reporting and compliance with all applicable statutory requirements. A procedure to monitor compliance of applicable laws and regulations has been evolved whereby the Units send monthly compliance/ status reports to the Occupier Director, who in turn places the same before the Board regularly. Measures taken by the Units on Risk assessment and minimization are also monitored by the Board through Unit-wise comprehensive reports on half yearly basis.

The Company's Internal control systems and procedures are subject to comprehensive internal audit by outside experts, whose reports are submitted to the Audit Sub-committee through the CEO. The Audit Committee of the Board, comprising of independent Directors, oversees the function of internal audit, reviews the reports and monitors implementation of suggestions. The Audit Committee interacts with the Internal Auditors and the Statutory Auditors about the adequacy of internal control systems.

Material Developments in human resources/ industrial relations front

The Company appreciates that a dedicated, enlightened and contented work force is the backbone of any organization in achieving business goals. A sense of belongingness enhances responsibility and results in better delivery. The Company's HR initiatives stem from this philosophy. Industrial relations continued to be cordial during the year. As on 31.3.2010 the total number of employees on the payrolls of the Company were 2533.

Corporate Social Responsibility (CSR)

The Company inherited the avowed philosophy that 'give back a part of what you gain to the society'. This is also the underlying principle of what has now come to be propagated as 'Corporate Social Responsibility'. The Company has been conscious of its responsibilities towards society as a corporate citizen and accords due importance to this aspect.

The Company's CSR activities consist of promotion of education, sports and cultural activities, good health & family planning, environment protection and development of infrastructure around its works.

In the field of education the Company had built Sir Shriram Higher Secondary School at Daurala where local children are provided with excellent education at minimal fees. Dr. Bansi Dhar School at Kota is an English medium school on CBSE pattern. It caters to the educational needs of children in and around Kota. The school is run by an independent professional body with modern teaching aids. Shriram Rayons continues to extend support to the School to make it a self sustaining world class institution in the years to come.

The Company accords utmost importance to protect the environment in the vicinity of its operations. Towards this, stringent control on water and air effluence is exercised. State of the art effluent treatment plants are maintained. At Shriram Rayons sophisticated electrostatic precipitators constantly control fly ash emissions to maintain clean environment. Agro fuel is being substituted for coal. This not only reduces pollution but also generates local employment and off farm income for rural population. The Units have been organizing regular tree planting campaigns and planted and nurtured hundreds of trees in and around the factories.

On the health front camps for medical check up, blood donation, provision of polio vaccine, family planning, HIV/ AIDS awareness, etc. are organized at unit level for the benefit of the workers and the local population. At Daurala a charitable dispensary caters to the population located around the factory.

DSW being predominantly an agricultural based Unit, special attention is given to impart knowledge on best agricultural practices to farmers which help them to generate higher revenues from their crops. Bio-compost produced from industrial effluents is also provided to farmers for use as field manure. DSW provides treated spent wash for irrigation through 25 km pipe line in three directions from the factory, which is contributing substantially in improving fertility of the soil in the area.

The Units actively involve themselves in development of roads around the factory on their own and also in collaboration with local administration. This helps people around in better and faster accessibility.

Sports and cultural events are organized regularly and employees and family members are encouraged to participate in such events.

Annexure - II

Statement of Particulars under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 forming part of the Report of Directors for the year ended March 31, 2010.

(A) Employed throughout the year under review and were in receipt of remuneration for the year in aggregate of not less than Rs.24,00,000/-.

Name	Designation and Nature of Duties	Remuneration Received (Rs.)	Qualification	Experience (Years)	Date of Commencement	Age (Years)	Particulars of Last Employment
Dhar, Tilak	Chairman & Managing Director	18720107	B. Com., CA (Inter), MBA	30	08.09.80	54	Manager, DCM Limited
Mittal, D.C.	President	3924153	B. Com., MA (Eco.)	63	20.06.97	83	Sr. Executive President, Modi Alkalies & Chemicals Ltd.
Shriram, Alok B.	Dy. Managing Director	18720107	B.Com.(Hons.)	30	01.01.90	49	Dy. General Manager, Shriram Honda Power Equipment Ltd.
Shriram, Madhav B.	Whole Time Director	14040080	B. Com., MBA	22	22.05.90	45	Executive Trainee, Nissho Iwai Corporation

Mr. Alok B. Shriram and Mr. Madhav B. Shriram are related to Mr. Tilak Dhar.

(B) Employed for part of the year under review and were in receipt of remuneration for part of the year in aggregate of not less than Rs.2,00,000/- per month. - NIL

Annexure - III

Information as required under Section 217(a)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken :

- Installation of more efficient 90 TPH, 67 kg/cm, 515^o C boiler in place of inefficient 90 TPH boilers to generate additional power.
- Installation of condensing type TG Set to reduce steam consumption during off-season.
- Reduction in water consumption from tube-well for TG Set cooling by optimizing cooling tower working.
- Installation of a small pump for liquid transfer, in place of steam ejector.
- Improving insulation of distillation columns and pipelines for minimizing the heat loss.
- Improving bio-gas generation per unit of alcohol produced by optimizing operating conditions.
- Optimization of distillery process parameters to reduce steam consumption.
- Installation of Pneumatic valves and high pressure sensors in viscose filling pipeline for tripping blender discharge pump, thereby preventing wasteful operation of the pump.
- Level controller circuit and Solenoid Control Valve installed in Soft water circuit to regulate flows of Soft water, thereby saving water & energy.
- A new ejector of lower pressure rating installed for VRR tanks in place of two vacuum pumps, resulting in power saving.
- Installation of Variable Frequency Drives (VFD) on a boiler for controlled Husk feeding, and on cooling tower pumps, to optimise energy conservation.
- Replacement of Solid drive shaft of redraw twister machine with hollow drive shaft.
- Reduction in energy consumption by installation of spin flash dryer in place of fluid bed dryer.
- Optimization of capacity of vertical turbine pump meant for ordinary water supply by reducing its stages from six to four.
- Use of low pressure steam (4 Kg./cm²) directly from boiler instead of high pressure (12 kg./cm²) in various plants wherever feasible.

b) Additional investments and proposal for reduction of consumption of energy:

- Installation of an efficient TG Set to generate more by-product power in season.
- Installation of 20 MT bagasse drier to reduce the fuel consumption in boiler.
- Installation of high efficiency pumps for juice transfer.
- Installation of spin flash dryer.
- Installation of VAHP system in place of existing compressor based water chilling plant.

c) Impact of the above measures :

- More efficient utilisation of fuels.
- Reduction in energy consumption.
- Saving in steam and refrigerant usage.
- More by-product power available for supply to grid.
- Improvement in harnessing of energy from distillery waste.

d) Total energy consumption and energy consumption per unit of Production:

- Form - A annexed.

DIRECTORS' REPORT (Continued)

Annexure - III (contd.)

B. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption are furnished in Form-B annexed.

C. FOREIGN EXCHANGE EARNINGS & OUTGO :

Total foreign exchange earned Rs.190.6 crs.and used Rs.105.4 crs.

Form - A

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
- Units (Lacs / KWH)	76	102
- Total Amount (Rs. / lacs)	348	437
- Rate (Rs./ KWH)	4.57	4.30
b) <u>Own generation</u>		
i) <u>Through Diesel Generator</u>		
- Units (Lacs / KWH)		
- Kwh generated per ltr. of Diesel Oil		
- Cost (Rs. / KWH)		
ii) <u>Through Steam Turbine / Generator</u>		
- Units (Lacs / KWH)	1695	1528
- Kwh generated per kg. of Coal*	1.37	1.41
- Cost (Rs. / KWH)*	4.47	3.93
2. Coal (Mixed grades) (used for steam / power generation)		
- Quantity (MT)	83872	89246
- Total Cost (Rs. / lacs)	3537	3369
- Average Rate (Rs. / MT)	4217	3775
3. Agro Fuel (outside purchase)		
- Quantity (MT)	79308	59360
- Total Cost (Rs. / lacs)	2157	1840
- Average Rate (Rs. / MT)	2720	3099
4. Other / Internal generation – Bagasse		
- Quantity (MT)	353569	391979
- Total Cost	(By-product)	(By-product)
- Average Rate	-	-
B. CONSUMPTION PER UNIT OF PRODUCTION		
1. Electricity		
- Sugar (KWH / MT Cane)	38.47	37.34
- Rayon Yarn (KWH / Kg.)	2.32	2.33
2. Steam		
- Sugar (% Cane)	45.36	48.32
- Rayon Yarn (MT / MT)	30.84	30.33

* This represents the cost of generation of power only for the Rayons unit of the company, since the Power generated at Daurala utilises predominantly by-product fuel.

Form - B

RESEARCH & DEVELOPMENT

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY

- Trials conducted by use of higher concentrations of process chemicals at steeping press. Improvement is visible in physical properties of yarn achieved.
- Development of new products / intermediates with in-house technology.
- Reduction in raw material consumption by process optimization.

2. BENEFITS DERIVED

- Energy saving, better quality, new product development, cleaner environment, better productivity and yields, reduced wastage, reduced costs, increase in through put, improved competitiveness & flexibility in manufacturing processes / equipment, reduction of raw material / utilities.

3. FUTURE PLAN OF ACTION

- Above efforts will continue in various areas of activity.

4. EXPENDITURE ON R&D

(Rs. / Lacs)

a) Capital	-
b) Revenue	33.53
c) Total	<u>33.53</u>

- d) Total expenditure as a % of turnover is 0.04% (this represents specific R&D expenditure, but excludes expenditure on developmental activities carried out in the normal course of operations).

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts Made

- An indigenous system developed and installed without capital investment for alcohol recovery from sludge and vent vapours.
- Digital level indicator and pump tripping sensor installed for maintaining level of viscose and avoid continuous running of pumps. This ensures better operation and work simplification.
- Two boilers provided with timers in coal feeders to reduce unburnt fuel at lower loads.
- Boiler PLC based SCADA System modified, tags increased from 300 to 1500 Nos. for increasing capacity of system for fine controlling of boiler operation, facilitating better coal feeding, furnace temperature control and minimizing steam pressure variations.
- Material of construction of regeneration bath of exhaust ducts changed from Aluminium to FRP to improve life of duct.
- Dipped roll built improved as per customer's specification by installing fabric tension adjustment system and hydraulic accumulator in the system.
- To improve working life of furnace, Magnesite bricks of 80% MgO replaced with 92% MgO Magnesite bricks.

2. Benefits

- Improvement in quality of products, increased production and capacity utilization, energy conservation, lower costs and downtime, a cleaner / safer environment, time savings, and power factor improvement.

3. Particular of technologies imported during the last 5 years : Nil

Confirmation of compliance of Code of Business Conduct and Ethics

I declare that all Board members and Senior Management have individually affirmed compliance with the Code of Business Conduct and Ethics adopted by the Company during the year 2009-10.



(Tilak Dhar)

Chairman & Managing Director

May 29, 2010

AUDITORS' REPORT

TO THE MEMBERS OF

DCM SHRIRAM INDUSTRIES LIMITED

1. We have audited the attached balance sheet of DCM Shriram Industries Limited ("the Company") as at March 31, 2010, the profit and loss account and the cash flow statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in compliance with the accounting standards referred to in section 211(3C) of the Companies Act, 1956;
 - v) without qualifying our opinion, we draw attention to note 16 of schedule 11 relating to accounting for cane purchase liability for sugar season 2007-08 at Rs 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts cannot be determined at this stage.
 - vi) *various issues arisen/arising out of the reorganisation arrangement will be settled and accounted for as and when the liabilities/benefits are finally determined. The effect of these cannot be determined at this stage (refer to note 2 (b) of Schedule 11).*

The matter referred to in paragraph (vi) to the extent covered here above was also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2009.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

-
- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
- b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

For A. F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)

Manjula Banerji
Partner
(Membership No. 086423)

Place : New Delhi
Date : 29.5.2010

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the Company's business / activities / result, clauses (x) and (xiii) of CARO are not applicable.

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) In respect of its inventory:

- (a) As explained to us, the 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. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.

AUDITORS' REPORT (continued)

- (iii) (a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956 (hereinafter referred to as the Act). For this purpose, the Company has taken the view that the transactions which are subjected to the provisions of section 299(6) of the Act are not required to be entered in this register. Notwithstanding the Company's views regarding the provisions of section 299(6) of the Act, in respect of the loan granted by the Company to a promoted company as per the Scheme of Rehabilitation approved by the Board for Industrial and Financial Reconstruction (BIFR), in earlier years, the maximum amount outstanding during the year and the year-end balance was Rs. 541.94 lacs.
- (b) In our opinion and according to the information and explanations given to us and also in view of the rehabilitation scheme sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) on May 24, 2007, in respect of the concerned promoted company, the rate of interest and other terms and conditions of loan granted by the Company, as referred to in para (iii) (a) above are not, prima facie, prejudicial to the interest of the Company.
- (c) As per the information and explanations given to us and also as per Rehabilitation Scheme sanctioned by the BIFR, in respect of the concerned promoted company, the receipts of principal amount and interest has been as per stipulation.
- (d) As per the information and explanations given to us and records of the Company, there are no overdue amounts in respect of above loan, and interest thereon.
- (e) According to the information and explanations given to us, the Company has during the year not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraphs (f) and (g) of the Companies (Auditors' Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, during the year, the particulars of contracts/arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section. For this purpose, the Company has taken the view that the transactions which are subjected to the provisions of section 299(6) of the Act are not required to be entered in this register. Notwithstanding the Company's views regarding the provisions of section 299(6) of the Act, in respect of certain transactions, exceeding the value of Rs. 5 lacs entered into with such party during the year have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and section 58AA of the Companies Act, 1956 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 public. According to the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.

(vii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) According to the information and explanations given to us and the records of the Company examined by us in respect of statutory dues:

(a) The Company has 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, customs duty, excise duty, cess, entry tax, purchase tax and other material statutory dues applicable to it and generally been regular in depositing dues in case of tax deducted at source with the appropriate authorities. There were no undisputed statutory dues outstanding for a period of more than six months from the date they become payable as at the year end.

(b) Details of dues of excise duty, customs duty, income-tax and sales tax matters which have not been deposited as on March 31, 2010 by the Company on account of disputes are given below:

S. No.	Name of the Statute	Nature of dues	Amount involved* (Rs. lacs)	Amount paid under protest (Rs. lacs)	Period to which the amount relates (various years covering the period)	Forum where dispute is pending
1	Central Excise Laws	Excise Duty	1.84	-	1981-82	Assistant Commissioner
			21.90	-	June '05 to December '07	Joint Commissioner
			20.00	-	March '86 to December '89	High Court
		Modvat Credit	70.33	-	1995-96, November '04 to December '08	Commissioner (Appeals)
		Service Tax	216.85	-	2001-02 to 2005-06	Customs, Excise & Service Tax Appellate Tribunal
1.44	-		January '08 to October '08	Deputy Commissioner		
2	Customs Law	Customs Duty	143.16	-	2006-07	Commissioner (Appeals), Customs Duty
3	Income Tax Act, 1961	Income Tax	209.96	105.86	2005-07	Commissioner of Income Tax (Appeals)
4	Sales Tax Laws	Sales Tax	11.17	6.44	2005-06, 2008-10	Commercial Tax Tribunal
			1.68	0.43	2008-10	Joint Commissioner (Appeals), Commercial Tax
			9.61	4.13	2006-07, 2009-10	Deputy Commissioner, Commercial Tax
		Purchase Tax	10.76	9.59	2001-02	Tax Board

* amount as per demand orders including interest and penalty wherever indicated in the demand.

Further, in respect of following matters, the concerned authority is in appeal against favourable orders received by the Company:

AUDITORS' REPORT (continued)

S. No.	Name of the Statute	Nature of dues	Amount involved (Rs. lacs)	Period to which the amount relates (various years covering the period)	Forum where department has preferred appeal
1	Central Excise Laws	Excise Duty	26.71	2003-08	Customs, Excise & Service Tax Appellate Tribunal
			3.54	1998-99	High Court
			12.56	1972-73, 1977-78	Collector, Central Excise
		Modvat Credit	15.15	1995-96	High Court
		Service Tax	4.25	2004-08	Customs, Excise & Service Tax Appellate Tribunal
2	Customs Law	Customs Duty	327.10	2000-01	High Court
3	Sales Tax Laws	Sales Tax	123.13	1976-98	High Court
			65.00	2000-01	Supreme Court of India
			0.32	2006-07	Commercial Tax Tribunal

We have been further informed that there are no dues in respect of wealth tax and cess which have not been deposited on account of any dispute.

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debentureholders during the year.
- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable.
- (xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
- (xv) 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 or financial institutions are not prima facie prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purposes for which they were obtained.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet, we report that funds raised on short term basis have not been used for long term investments.
- (xviii) According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies / firms covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us by the management, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For A. F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)

Place : New Delhi
Date : 29.5.2010

Manjula Banerji
Partner
(Membership No. 086423)

Balance Sheet as at March 31, 2010



	Schedule	As at 31.03.2010 Rs. lacs	As at 31.03.2009 Rs. lacs
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	1739.84	1739.84
Reserves and surplus	2	21782.29	19201.93
		23522.13	20941.77
Loan funds			
Secured loans	3	28916.93	28375.67
Unsecured loans		971.11	1016.87
		29888.04	29392.54
Deferred tax liability (net) (refer note 7 in schedule 11)		4794.99	3370.01
Total		58205.16	53704.32
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	53492.99	51728.14
Less : Depreciation		25924.22	24357.78
Net block		27568.77	27370.36
Capital work in progress		2863.89	1976.42
		30432.66	29346.78
Investments			
	5	725.73	871.42
Current assets, loans and advances			
Inventories	6	37180.85	28952.14
Sundry debtors		6343.64	6885.75
Cash and bank balances		1236.11	1323.11
Loans and advances		4460.32	3839.19
		49220.92	41000.19
Less : Current liabilities and provisions			
Current liabilities	7	20600.47	15915.09
Provisions		1573.68	1598.98
		22174.15	17514.07
Net current assets		27046.77	23486.12
Total		58205.16	53704.32
Notes to the accounts	11		

In terms of our report attached
For A.F.FERGUSON & CO.
Chartered Accountants

Manjula Banerji
Partner
Membership No: 086423

Place : New Delhi
Date : 29.5.2010

D.C. Mittal
President

B.P. Khandelwal
Sr. Executive Director &
Company Secretary

N.K. Jain
Chief Financial Officer

For and on behalf of the Board

Tilak Dhar
Chairman & Managing Director
Alok B. Shriram
Dy. Managing Director
Madhav B. Shriram
Whole-Time Director

G. Kumar
Director-Sugar Operations

P.R. Khanna
V.L. Dutt
S.B. Mathur
Ravinder Narain
S.C. Kumar
Directors

Profit and Loss account for the year ended March 31, 2010

	Schedule	Year ended 31.03.2010 Rs. lacs	Year ended 31.03.2009 Rs. lacs
INCOME			
Sale of products			
Gross sales		88004.86	100977.35
Less : Excise duty		4242.61	21123.06
Other income	8	3627.93	3632.73
		<u>87390.18</u>	<u>83487.02</u>
EXPENDITURE			
Manufacturing and other expenses	9	77435.24	73893.97
Interest	10	2328.24	3519.83
		<u>79763.48</u>	<u>77413.80</u>
PROFIT BEFORE DEPRECIATION AND TAX		7626.70	6073.22
Depreciation - Gross		2222.49	2061.21
Less : Transferred from revaluation reserve		315.23	351.19
		<u>1907.26</u>	<u>1710.02</u>
PROFIT BEFORE TAX		5719.44	4363.20
Provision for tax			
- Current tax		988.17	485.09
Less : MAT Credit		586.44	485.09
		<u>401.73</u>	<u>-</u>
- Deferred tax charge		1424.98	1403.62
- Fringe benefit tax		-	81.72
		<u>1826.71</u>	<u>1485.34</u>
PROFIT AFTER TAX		3892.73	2877.86
Brought forward from the previous year		8253.61	6593.17
Debenture redemption reserve written back		278.08	189.69
		<u>12424.42</u>	<u>9660.72</u>
Available for appropriation			
APPROPRIATIONS			
Dividend :			
Interim		260.98	-
Final proposed		521.95	347.97
Corporate dividend tax		131.04	59.14
General reserve		500.00	1000.00
Balance carried to balance sheet		<u>11010.45</u>	<u>8253.61</u>
Earnings per share - basic / diluted (Rs.)		22.37	16.54
(Refer note 8 in schedule 11)			
Notes to the accounts	11		

In terms of our report attached
For A. F. Ferguson & Co.
Chartered Accountants

For and on behalf of the Board

Manjula Banerji
Partner
Membership No: 086423

D.C. Mittal
President

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Company Secretary

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P.R. Khanna
V.L. Dutt
S.B. Mathur
Ravinder Narain
S.C. Kumar
Directors

Place : New Delhi
Date : 29.5.2010

N.K. Jain
Chief Financial Officer

G. Kumar
Director-Sugar Operations

Cash Flow Statement for the year ended March 31, 2010



	Year ended 31.03.2010 Rs. lacs	Year ended 31.03.2009 Rs. lacs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,719.44	4,363.20
Adjustments for :		
Depreciation	1,907.26	1,710.02
Interest expense	2,328.24	3,519.83
Interest income	(139.69)	(265.50)
Interest accrued on deposits written off	-	95.10
Profit on sale of fixed assets	(64.45)	(166.13)
Loss on sale of fixed assets	80.37	149.19
Provision for diminution in value of long term non trade investments written back	-	(166.00)
Provision for diminution in value of current non trade investments written back	(9.23)	-
Provision for diminution in value of current non trade investments	-	12.95
Profit on sale of current non trade investments	(12.43)	(36.76)
Impairment of fixed assets (refer note 18 in schedule 11)	99.15	-
Dividend income	(0.30)	-
Operating profit before working capital changes	9,908.36	9,215.90
Adjustments for :		
Increase in sundry creditors and other payables	4,099.36	2,759.68
Decrease / (Increase) in sundry debtors, loans and advances	296.94	(1,949.06)
(Increase) / Decrease in inventories	(8,228.71)	678.97
Cash generated from operations	6,075.95	10,705.49
Income tax paid	(1,167.18)	(604.32)
Fringe benefit tax paid	-	(77.35)
Net cash generated from operating activities	4,908.77	10,023.82
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,087.72)	(5,007.50)
Sale of fixed assets	118.28	219.86
Purchase of current non trade investments	(609.45)	(2,732.96)
Sale of current non trade investments	776.80	2,501.90
Interest received	220.64	292.28
Dividend received	0.30	-
Inter corporate deposits made	(100.00)	-
Inter corporate deposits received back	200.00	-
Net cash (used in) investing activities	(2,481.15)	(4,726.42)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,711.59	2,740.10
Repayment of borrowings	(4,914.21)	(4,240.63)
Increase in cash credits	2,646.13	130.82
Interest paid	(2,267.23)	(3,518.35)
Dividend paid	(587.41)	(0.04)
Corporate dividend tax paid	(103.49)	-
Net cash (used in) financing activities	(2,514.62)	(4,888.10)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(87.00)	409.30
Cash and cash equivalents		
- At beginning of year	1,323.11	913.81
- At end of year *	1,236.11	1,323.11

* Cash and cash equivalents include Rs.52.26 lacs (2008-09 – Rs.47.98 lacs) earmarked for specific purposes.

Notes to the accounts

Schedule 11

In terms of our report attached
For A. F. Ferguson & Co.
Chartered Accountants

For and on behalf of the Board

Manjula Banerji
Partner
Membership No: 086423

D.C. Mittal
President

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P.R. Khanna
V.L. Dutt
S.B. Mathur
Ravinder Narain
S.C. Kumar
Directors

Place : New Delhi
Date : 29.5.2010

N.K. Jain
Chief Financial Officer

G. Kumar
Director-Sugar Operations

Schedules to the accounts

	As at 31.03.2010 Rs. lacs	As at 31.03.2009 Rs. lacs
1. SHARE CAPITAL		
Authorised		
6,50,00,000 (2008-2009 - 6,50,00,000) Equity shares of Rs.10 each	6500.00	6500.00
Issued, subscribed and fully paid-up		
1,73,98,437 (2008-2009 - 1,73,98,437) Equity shares of Rs. 10 each	1739.84	1739.84
	1739.84	1739.84

1. Of the issued, subscribed and fully paid-up capital, following equity shares of Rs.10 each were allotted as fully paid-up without payment being received in cash :
- (i) 57,55,076 (2008-09 - 57,55,076) equity shares allotted to shareholders of erstwhile undivided DCM Limited in terms of Scheme of Arrangement (refer note 2 (a) in schedule 11).
- (ii) 15,68,200 (2008-09 - 15,68,200) equity shares allotted to shareholders of erstwhile Daurala Organics Limited in terms of Scheme of Amalgamation.
2. Nil (2008-09 - 9,45,000) equity shares allotted during the year (refer note 14 in schedule 11).

	As at 31.03.2009 Rs. lacs	Additions Rs. lacs	Deductions Rs. lacs	As at 31.03.2010 Rs. lacs
2. RESERVES AND SURPLUS				
Revaluation reserve	3642.16	-	398.40 *	3243.76
Amalgamation reserve	1411.38	-	-	1411.38
Share premium account	3406.68	-	-	3406.68
Capital redemption reserve	0.10	-	-	0.10
Debenture redemption reserve	485.31	-	278.08 **	207.23
General reserve	2002.69	500.00 ***	-	2502.69
Profit and loss account	8253.61	2756.84	-	11010.45
	<u>19201.93</u>	<u>3256.84</u>	<u>676.48</u>	<u>21782.29</u>

* Represents

- Rs. 315.23 lacs transferred to profit and loss account.
- Rs. 55.18 lacs in respect of deletion of revalued assets.
- Rs. 27.99 lacs in respect of impairment of assets (refer note 18 in schedule 11).

** Transferred to profit and loss account.

*** Transferred from profit and loss account.

	As at 31.03.2010 Rs. lacs	As at 31.03.2009 Rs. lacs
3. LOAN FUNDS		
Secured loans		
Debentures	207.23	625.24
Banks		
Cash credits	19218.17	16572.04
Term loans	7151.31	9015.47
Others	2330.39	2129.95
Finance lease liabilities *	9.83	32.97
	<u>28916.93</u>	<u>28375.67</u>
Unsecured loans		
Deposits		
Fixed	782.87	486.58
Others	188.24	530.29
	<u>971.11</u>	<u>1016.87</u>
	<u>29888.04</u>	<u>29392.54</u>

* Refer note 11A (ii) in schedule 11.

3. LOAN FUNDS (Continued)

SECURED

I. Debentures

- a) i) 8,98,000 (2008-09 - 8,98,000) privately placed 12.50% secured redeemable non convertible debentures of Rs.100 each allotted w.e.f. June 18, 2001, redeemable at par in 26 equal quarterly instalments commencing from April 15, 2005. The instalments due for redemption have been redeemed. Due within a year Rs.138.15 lacs (2008-09 – Rs.138.15 lacs).
- ii) Nil (2008-09 - 2,00,000) and Nil (2008-09 - 1,00,000) privately placed 12.50% secured redeemable non convertible debentures of Rs.100 each allotted w.e.f. April 24, 1992 and July 14, 1992 respectively, redeemable at par in 28 equal quarterly instalments commencing from October 15, 2004. The instalments due / not due for redemption have been redeemed. Due within a year Nil (2008-09 – Rs.42.85 lacs).
- iii) Nil (2008-09 - 70,000) and Nil (2008-09 - 15,000) privately placed 12.50% secured redeemable non convertible debentures of Rs.100 each allotted w.e.f. April 24, 1992 and July 14, 1992 respectively, redeemable at par in 28 equal quarterly instalments commencing from December 31, 2005. The instalments due / not due for redemption have been redeemed. Due within a year Nil (2008-09 - Rs.12.14 lacs).

These debentures are secured by a first mortgage over all the immovable properties and a first charge by way of hypothecation of all the movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, both present and future (save and except book debts), subject to prior charges created / to be created in favour of the Company's bankers for securing borrowings for working capital requirements, the charges ranking pari-passu with the mortgages and charges created / to be created in favour of existing first charge holders for their respective term loans / debentures. Debentures in (a)(i) above are also secured / to be secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company.

- b) i) Nil (2008-09 - 2,42,047) - Part-C of Rs.50 each, being the non convertible portion of 12.50% secured redeemable partly convertible debentures of Rs.135 each and Nil (2008-09 - 2,42,047) 12.50% secured redeemable non convertible debentures of Rs.60 each, allotted w.e.f. February 22, 1994 redeemable in 28 equal quarterly instalments commencing from October 15, 2004. The instalments due / not due for redemption have been redeemed. Due within a year Nil (2008-09 – Rs.38.03 lacs).
- ii) Nil (2008-09 - 63,918) - Part-C of Rs.50 each, being the non convertible portion of 12.50% secured redeemable partly convertible debentures of Rs.135 each and Nil (2008-09 - 63,918) 12.50% secured redeemable non convertible debentures of Rs.60 each, allotted w.e.f. February 22, 1994, redeemable in 28 equal quarterly instalments commencing from December 31, 2005. The instalments due / not due for redemption have been redeemed. Due within a year Nil (2008-09 - Rs.10.04 lacs).

These debentures are secured by way of second charge / mortgage in favour of the trustees on all or any of the immovable and/or movable properties of the Company excluding all assets of Daurala Organics and sugar factory at Daurala Sugar Works, units of the Company, both present and future, upon such terms and conditions and in such form and manner as the Board may determine in consultation with the Trustees but specifically excluding the current assets, receivables, inventories, book debts (present and future) and such other specific items of machinery and equipments or any other assets as are specifically charged to any other lenders or authorities.

II. Banks

- a) Cash credits are secured by hypothecation of stocks/stores, both present and future. Some of these are further secured by hypothecation of book debts/ receivables and also by way of second/third pari-passu mortgage and charge on the fixed assets, both present and future.

Schedules to the accounts (continued)

- b) Rs.3343.38 lacs (2008-09 - Rs.5706.74 lacs) are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans / debentures. Due within a year Rs.1813.48 lacs (2008-09 – Rs.2613.33 lacs).
- c) Rs.847.62 lacs (2008-09 - Rs.1122.62 lacs) secured by first charge on specific moveable assets of Shriram Rayons, a unit of the Company. Due within a year Rs.275.00 lacs (2008-09 - Rs.275.00 lacs).
- d) Rs.208.27 lacs (2008-09 - Nil) secured / to be secured by first mortgage and charge on specific immovable and moveable assets of Shriram Rayons, a unit of the Company. Due within a year Rs.54.60 lacs (2008-09 - Nil).
- e) Rs.661.00 lacs (2008-09 - Nil) are secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans. Due within a year Rs.100.00 lacs (2008-09 - Nil).
- f) Rs.2066.46 lacs (2008-09 - Rs.2136.00 lacs) are secured by residual charge on fixed assets of sugar division of the Company. Due within a year Rs.1068.00 lacs (2008-09 - Rs.89.00 lacs).
- g) Rs.24.58 lacs (2008-09 - Rs.50.11 lacs) are secured by hypothecation of specific assets. Due within a year Rs.16.10 lacs (2008-09 - Rs.29.03 lacs).

III. Others

- a) Rs.420.15 lacs (2008-09 - Rs.835.13 lacs) from financial institutions secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans / debentures. Out of these, Rs.420.15 lacs (2008-09 - Rs.700.59 lacs) relating to a financial institution is further secured / to be secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company. Due within a year Rs.280.44 lacs (2008-09 – Rs.352.75 lacs).
- b) Nil (2008-09 - Rs.101.91 lacs) from financial institutions secured by a mortgage on all the immovable properties and a first charge by way of hypothecation of all the movable properties of the Company excluding all assets of Daurala Organics a unit of the Company, both present and future (save and except book debts), subject to prior charges created/to be created in favour of the Company's bankers for securing borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans/debentures. Due within a year Nil (2008-09 - Rs.37.26 lacs).
- c) Nil (2008-09 - Rs.70.01 lacs) from financial institutions secured by way of second charge / mortgage on all immovable and movable properties of the Company excluding the assets of Daurala Organics and sugar factory at Daurala Sugar Works, units of the Company, both present and future, upon such terms and conditions and in such form and manner as the Board may determine in consultation with the Trustees but specifically excluding the current assets, receivables, inventories, book debts (present and future) and such other specific items of machinery and equipment or any other assets as are specifically charged to any other lenders or authorities. Due within a year Nil (2008-09 - Rs.25.73 lacs).
- d) Rs.1910.24 lacs (2008-09 - Rs.1122.90 lacs) from the Sugar Development Fund is secured by exclusive second charge on immovable and movable assets of sugar factory at Daurala Sugar Works, a unit of the Company. Due within a year Nil (2008-09 - Nil).

IV. Finance Lease

Rs.9.83 lacs (2008-09 - Rs.32.97 lacs) are secured by hypothecation of specific assets. Due within a year Rs.9.83 lacs (2008-09 - Rs.23.14 lacs).

Particulars	Gross block				Depreciation				Net block	
	As at 31.03.2009	Additions	Deductions	As at 31.03.2010	As at 31.03.2009	For the year	Impairment loss *	On deductions	As at 31.03.2010	As at 31.03.2009
Owned assets										
Land	1119.00	116.71	-	1235.71	-	-	-	-	1235.71	1119.00
Buildings	5812.71	162.86	-	5975.57	2987.75	185.67	-	-	2802.15	2824.96
Plant and machinery	43599.40	2247.99	849.84	44997.55	20792.21	1950.26	127.14	708.92	22836.86	22807.19
Furniture and fixtures	568.07	38.78	31.87	574.98	366.65	23.58	-	21.29	206.04	201.42
Vehicles	545.32	171.08	90.86	625.54	194.92	58.32	-	52.98	425.28	350.40
Assets taken on finance lease										
Plant and machinery	77.70	-	-	77.70	14.36	4.10	-	-	59.24	63.34
Vehicles	5.94	-	-	5.94	1.89	0.56	-	-	3.49	4.05
This year	51728.14	2737.42	972.57	53492.99	24357.78	2222.49	127.14	783.19	27568.77	27370.36
Previous year	47717.48	4665.14	654.48	51728.14	22697.34	2061.21	-	400.77	2863.89	1976.42
Capital work in progress									30432.66	29346.78

- The Company had revalued its land and buildings as at March 31, 1993 and plant and machinery (other than office equipment) as at April 1, 1993. Land, buildings and plant and machinery (other than office equipment) were again revalued on March 31, 1999. These revaluations resulted in a net increase in the gross block by Rs.16283.80 lacs of which Rs. 12757.32 lacs (2008-2009 Rs.13037.74 lacs) is included in the gross block of fixed assets as on March 31, 2010.
- Estimated amount of contracts remaining to be executed on capital account not provided for and against which advance has not been paid Rs. 33.96 lacs (2008-2009 Rs. 690.81 lacs).
- Some of the titles in land and other properties acquired from DCM Limited pursuant to the Scheme of Arrangement are yet to be endorsed in the name of the Company.
- Assets taken on finance lease (cost Rs.12.96 lacs and accumulated depreciation Rs. 3.69 lacs as at 31.03.2009) have been reclassified under owned assets consequent to payment of final finance lease installment during the year.
- Additions to fixed assets during the year include Rs. 1.42 lacs (2008-09 Rs.44.66 lacs) on account of borrowing cost.
- Refer note 11 A in schedule 11.

* Refer note 18 in schedule 11.

Schedules to the accounts (continued)

5. INVESTMENTS *	As at 31.03.2010 Rs. lacs	As at 31.03.2009 Rs. lacs
Long Term Investments		
Quoted		
Trade		
ICICI Bank Limited		
16 (2008-2009 - 16) Equity shares of Rs. 10 each, fully paid-up	0.01	0.01
	<u>0.01</u>	<u>0.01</u>
Unquoted		
Trade		
Daurala Co-operative Development Union Limited		
2 (2008-2009 - 2) Equity shares of Rs. 10 each, fully paid-up @ (Rs.20)	@	@
Non-trade		
Government securities #	0.14	0.14
DCM Hyundai Limited		
19,72,000 (2008-2009 - 19,72,000) Equity shares of Rs. 10 each, fully paid-up	166.00	166.00
Versa Trading Limited		
7,00,000 (2008-2009 - 7,00,000) 5% redeemable non-cumulative preference shares of Rs. 100 each, fully paid-up	700.00	700.00
Less :Provision for diminution in value	<u>700.00</u>	<u>700.00</u>
	-	-
Investments in shares of subsidiary companies		
Daurala Foods & Beverages Private Limited		
74,99,990 (2008-2009 - 74,99,990) Equity shares of Rs. 10 each, fully paid-up	447.40	447.40
Current Investments		
Unquoted, Non-trade		
UTI Mutual Fund		
Nil (2008-2009 - 29339.853) UTI Leadership Equity Fund - Dividend Plan - Payout units of Rs. 10 each fully paid-up, sold during the year.	-	2.50
ICICI Prudential Mutual Fund		
Nil (2008-2009 - 526390.755) ICICI Prudential Gilt Fund - Investment Plan - Growth units of Rs. 10 each fully paid-up, sold during the year.	-	157.55
HDFC Cash Management Fund		
Nil (2008-2009 - 385197.742) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth units of Rs. 10 each fully paid-up, sold during the year.	-	72.82
Nil (2008-2009 - 132766.861) HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Growth units of Rs. 10 each fully paid-up, sold during the year.	-	25.00
Birla Sunlife Mutual Fund		
76616.017 (2008-2009 - Nil) Birla Sunlife Dynamic Bond Fund - Retail - Growth units of Rs. 10 each fully paid-up, acquired during the year.		
Repurchase price Rs. 118.81 lacs (2008-09 - Rs. nil).	112.18	-
	<u>725.72</u>	<u>871.41</u>
	<u>725.73</u>	<u>871.42</u>

Market value of quoted investments Rs. 0.15 lac (2008-2009 - Rs. 0.05 lac).

* Refer note 1 (e) in schedule 11.

Pledged with Government authorities.

6. CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2010 Rs. lacs	As at 31.03.2009 Rs. lacs
Current assets		
Inventories		
Stores and spares (at cost or under)	2827.18	2243.93
Stock-in-trade (at lower of cost and net realisable value)		
Raw materials	4933.82	2957.25
Process stocks	961.19	456.44
Finished goods	28458.66	23294.52
	37180.85	28952.14
Sundry debtors		
Debts over six months		
Unsecured - considered good	41.09	47.46
- considered doubtful	35.06	29.98
Other debts		
Secured - considered good	4.27	175.33
Unsecured - considered good	6298.28	6662.96
	6378.70	6915.73
Less : Provision for doubtful debts	35.06	29.98
	6343.64	6885.75
Cash and bank balances		
Cash on hand	40.95	45.61
Cheques in hand	380.02	130.90
With scheduled banks - on current account	85.08	210.99
- on deposit account *	730.06	935.61
	1236.11	1323.11
Loans and advances		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Secured	541.94	541.94
Unsecured - considered good **	1956.51	1947.47
- considered doubtful	115.94	187.64
	2614.39	2677.05
Less : Provision for doubtful advances	115.94	187.64
	2498.45	2489.41
Deposits		
With customs and excise authorities	193.98	160.77
MAT credit entitlement	475.99	481.94
Tax (net of provision)	1128.62	542.18
Interest accrued on investments and deposits	79.34	-
	83.94	164.89
	4460.32	3839.19
	49220.92	41000.19

* Includes :

Rs. 118.75 lacs (2008-2009 - Rs. 359.77 lacs) provided as security for loans from banks / bank guarantees / letters of credit.

Rs. 52.26 lacs (2008-2009 - Rs. 47.98 lacs) earmarked for specific purpose.

Rs. 152.05 lacs (2008-2009 - Rs. 124.56 lacs) for margin money.

** Includes :

(a) Capital advances Rs. 9.86 lacs (2008-2009 - Rs. 118.73 lacs).

(b) Inter-corporate deposits Rs. Nil (2008-2009 - Rs. 100 lacs).

Schedules to the accounts (continued)

7. CURRENT LIABILITIES AND PROVISIONS	As at <u>31.03.2010</u> Rs. lacs	As at <u>31.03.2009</u> Rs. lacs
Current liabilities		
Acceptances	1861.66	1749.57
Sundry creditors		
Micro, small and medium enterprises *	-	-
Others	18582.66	14039.93
Interest accrued but not due on loans	127.71	118.69
Unclaimed dividends	28.44	6.90
	<u>20600.47</u>	<u>15915.09</u>
Provisions		
Taxation (less advances)	-	99.67
Gratuity	380.89	580.13
Leave salary	584.15	512.07
Proposed dividend	521.95	347.97
Corporate dividend tax	86.69	59.14
	<u>1573.68</u>	<u>1598.98</u>
	<u>22174.15</u>	<u>17514.07</u>

* Refer note 6 in schedule 11.

8. OTHER INCOME	Year ended <u>31.03.2010</u> Rs. lacs	Year ended <u>31.03.2009</u> Rs. lacs
Income from operations		
Processing charges	301.44	249.05
Export incentives	1630.47	1747.55
Gain on exchange fluctuations (net of loss of Rs. 383.33 lacs)	284.54	-
Miscellaneous sales	694.32	796.99
	<u>2910.77</u>	<u>2793.59</u>
Other income		
Interest on :		
Income tax refunds	16.76	-
Deposits etc. (gross) *	122.93	265.50
Profit on sale of fixed assets	64.45	166.13
Profit on sale of current non trade investments	12.43	36.76
Provision for diminution in the value of long term non trade investments written back	-	166.00
Provision / liabilities no longer required, written back	113.65	32.56
Miscellaneous	386.94	172.19
	<u>717.16</u>	<u>839.14</u>
	<u>3627.93</u>	<u>3632.73</u>

* Income-tax deducted at source Rs. 10.97 lacs (2008-2009 - Rs. 29.05 lacs).

9. MANUFACTURING AND OTHER EXPENSES

	Year ended 31.03.2010	Year ended 31.03.2009
	Rs. lacs	Rs. lacs
Raw materials consumed	51785.82	43994.46
Goods purchased for resale	3916.54	1330.25
Stores and spares *	6629.19	8095.36
Power, fuel, etc.	6111.35	5976.75
Repairs		
Buildings	310.08	307.96
Plant and machinery	1467.10	1147.88
Jobs on contract	119.23	96.59
Salaries, wages, bonus, etc. **	7079.31	6066.86
Contribution to provident and other funds	574.14	531.94
Provision for gratuity	168.34	276.69
Provision for leave salary	163.37	218.66
Welfare	177.40	182.22
Rent	438.92	487.48
Insurance	133.02	128.47
Rates and taxes	61.46	178.56
Donations	0.11	6.66
Auditors' remuneration		
As auditors	20.50	16.50
Limited review of unaudited financial results	12.90	10.50
Verification of statements and other reports	5.85	4.90
Out-of-pocket expenses	0.51	0.13
Directors' sitting fees	4.50	6.23
Bad debts/advances written off	2.36	0.24
Provision for doubtful debts	5.08	29.98
Provision for diminution in value of current non trade investments	-	12.95
Exchange fluctuations (net of gain of Rs. 770.33 lacs)	-	503.36
Loss on sale of fixed assets	80.37	149.19
Impairment of fixed assets	99.15 #	-
Freight and transport	546.92	1012.30
Commission to selling agents	764.64	534.86
Brokerage, discounts (other than trade discounts), etc.	215.55	742.61
Sales expenses	225.18	333.76
Increase / (Decrease) in excise duty on finished goods	32.61	(500.91)
Miscellaneous	1952.63	2033.04
	83104.13	73916.43
Increase in finished goods and process stocks		
Opening stocks	23750.96	23728.50
Less : Closing stocks	29419.85	23750.96
	(5,668.89)	(22.46)
	77435.24	73893.97

* After allocating Rs. 552.21 lacs (2008-2009 - Rs. 409.21 lacs) to other revenue accounts.

** After allocating Rs. 152.51 lacs (2008-2009 - Rs. 159.25 lacs) to other revenue accounts.

Refer note 18 in schedule 11.

10. INTEREST

	Year ended 31.03.2010	Year ended 31.03.2009
	Rs. lacs	Rs. lacs
On debentures and other fixed loans	928.63	1135.06
On others	1399.61	2384.77
	2328.24	3519.83

Schedules to the accounts (continued)

11. NOTES TO THE ACCOUNTS

1. Significant Accounting Policies

a) Accounting convention

The financial statements are prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets, and have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the results of operations during the year. Difference between the actual results and estimates are recognised in the year in which the results are known or materialised.

c) Fixed assets

i) Owned assets

All fixed assets are stated at cost of acquisition or construction, except for certain assets which are revalued and are, therefore, stated at their revalued book values. Financing costs (up to the date the assets are ready to be put to use for commercial production) relating to borrowed funds or deferred credits attributable to acquisition or construction of fixed assets are included in the gross book value of fixed assets to which they relate.

ii) Assets taken on finance lease

Fixed assets taken on finance lease are stated at the lower of cost of finance lease assets or present value of the minimum finance lease payments at the inception of finance lease.

iii) Impairment of fixed assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

d) Depreciation

i) Depreciation on all fixed assets is provided on the straight line method at the rates specified in schedule XIV to the Companies Act, 1956 or at rates arrived at on the basis of the balance useful lives of the assets based on technical evaluation/ revaluation of the related assets, whichever is higher.

ii) Depreciation is calculated on a pro-rata basis only in respect of additions to plant and machinery having a cost in excess of Rs. 5000. Assets costing upto Rs. 5000 are fully depreciated in the year of purchase. No depreciation is provided on assets sold, discarded, etc. during the year.

iii) In respect of revalued assets, an amount equivalent to the additional charge arising due to revaluation is transferred from the revaluation reserve to the profit and loss account.

iv) In respect of assets taken on finance lease, depreciation is provided in accordance with the policy followed for owned assets.

v) No write-off is made in respect of leasehold land as the lease is a long lease.

e) Investments

Long term investments are stated at cost as reduced by amounts written off / provision made for diminution in value. Current investments are stated at cost or fair value, whichever is lower.

f) Inventories

Stores and spares are valued at cost or under. Stock-in-trade is valued at the lower of cost and net realisable value. Cost of inventories is ascertained on a 'weighted average' basis. In the case of finished goods and process stocks, appropriate share of labour, overheads and excise duty is included.

g) Research and development

Revenue expenditure on research and development is charged as an expense in the year in which it is incurred.

- h) Export benefits
Export benefits are accounted for on accrual basis.
- i) Employees' benefits
Provision for employee benefits charged on accrual basis is determined based on Accounting Standard (AS) 15 (Revised) "Employee Benefits" as notified under the Companies (Accounting Standards) Rules, 2006 as under :
- i) Contributions to the provident fund, gratuity fund and superannuation fund are charged to revenue.
- ii) Gratuity liability determined on an actuarial basis is provided to the extent not covered by the funds available in the gratuity fund.
- iii) Provision for privilege and medical leave salary is determined on actuarial basis.
- iv) Provision for casual leave is determined on arithmetical basis.
- j) Foreign currency transactions
Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.
Monetary items denominated in foreign currency are reported using the closing exchange rates on the date of the balance sheet.
The exchange differences arising on settlement of monetary items or on reporting these items at the rates different from the rates at which these were initially recorded / reported in previous financial statements, are recognised as income / expense in the year in which they arise, except in respect of the foreign currency liabilities incurred in connection with fixed assets where the exchange differences arising during the construction period are adjusted in the cost of concerned assets.
In case of forward exchange contracts, the premium or discount, arising at the inception of such contracts is amortised as income or expense over the life of the contract and the exchange differences on such contracts, i.e., differences between the exchange rates at the reporting/ settlement date and the exchange rates on the date of inception of contract/ the last reporting date, is recognised as income / expense for the year except where the foreign currency liabilities have been incurred in connection with fixed assets where the exchange differences arising during the construction period are adjusted in the cost of concerned assets.
- k) Revenue recognition
Sales are recognised at the point of despatch to customers and include excise duty.
- l) Income-tax
Current income-tax liability is provided for in accordance with the provisions of the Income-tax Act, 1961. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In respect of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
2. a) Pursuant to the Scheme of Arrangement as approved by the High Court of Delhi vide its Order dated April 16, 1990 under sections 391 / 394 of the Companies Act, 1956, assets and liabilities relating to certain units, and certain reserves of the undivided DCM Limited were transferred / allocated to the Company w.e.f. April 1, 1990, being the effective date. The excess of net assets acquired over the share capital and reserves had been transferred to the share premium account.
- b) There are various issues relating to sales tax, income-tax, interest, etc. arisen / arising out of the reorganisation arrangement which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited as and when the liabilities / benefits are finally determined. The ultimate effect of these is not ascertainable at this stage.

	As at	As at
	31.03.2010	31.03.2009
	(Rs. lacs)	(Rs. lacs)
3. Contingent liabilities not provided for:-		
Income tax matters*	210.22	196.70
Excise / Service tax / Customs Duty matters*	698.39	665.93
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	1000.34	842.95
Bills discounted	2540.73	1718.04

* Matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position.

Schedules to the accounts (continued)

11. NOTES TO THE ACCOUNTS (continued)

	This year (Rs. lacs)	Previous year (Rs. lacs)
4. a) Managerial remuneration		
- Remuneration*	153.31	136.87
- Commission	384.39	86.09
- Directors sitting fees	4.50	6.22
	<u>542.20</u>	<u>229.18</u>

* Does not include provision for leave salary and contribution/provision towards gratuity, since the contribution / provision is made for the Company as a whole on actuarial basis.

b) Computation of net profit in accordance with section 198 of the Companies Act, 1956 and commission payable to directors :

	This year (Rs. lacs)	Previous year (Rs. lacs)
Profit for the year before tax, as per profit and loss account	5719.44	4363.20
Add : Managerial remuneration including commission	542.20	229.18
Less : Profit on sale of fixed assets, as per section 349(3)(d) of the Companies Act, 1956	21.61	156.02
Less : Excess of expenditure over income in respect of earlier years as per section 349(4)(1) of the Companies Act, 1956	-	721.11
Net profit in accordance with section 198 of the Companies Act, 1956	6240.03	3715.25
Maximum remuneration to Managing / Whole-time Directors @ 10% of the net profit	624.00	371.52
Restricted to	537.70	222.96

5. Research and development expenses amounting to Rs. 33.53 lacs (2008-09 - Rs. 45.77 lacs) have been charged to the respective revenue accounts.

6. Parties covered under "The Micro, Small and Medium Enterprise Development Act, 2006" (MSMED Act, 2006) have been identified on the basis of confirmation received.

Based upon the information available, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is nil. Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

7. Accounting for taxes on income in accordance with Accounting Standard (AS) 22:

	As at 31.03.2010	(Rs. Lacs) As at 31.03.2009
a) Deferred tax assets		
Accrued expenses deductible on payment	230.48	410.73
Provision for gratuity and leave encashment	320.56	371.24
Provision for doubtful debts and advances	12.95	11.53
Unabsorbed depreciation and business losses	-	564.50
Others	82.60	76.92
Total	<u>646.59</u>	<u>1434.92</u>
b) Deferred tax liabilities		
Depreciation	5441.58	4802.28
Others	-	2.65
Total	<u>5441.58</u>	<u>4804.93</u>
Net	<u>(4794.99)</u>	<u>(3370.01)</u>

8. Earning per share

		This year	Previous year
Profit after tax as per profit and loss account	(Rs.lacs)	3892.73	2877.86
Weighted average number of Equity shares outstanding	(Nos.)	173,98,437	173,98,437
Earnings per share - basic / diluted (face value - Rs. 10 per share)	(Rs.)	22.37	16.54

9. Segment reporting

A. Business segments

Based on the guiding principles given in Accounting Standard (AS) 17 "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006, the Company's business segments are Sugar (comprising sugar, power and molasses based alcohols), Industrial Fibres and related products (comprising rayon, synthetic yarn, cord, fabric etc.) and Chemicals (comprising Organics & fine Chemicals).

B. Geographical segments

The Company's geographical segments are Domestic and Overseas, by location of customers.

C. Segment accounting policies

In addition to the significant accounting policies applicable to the segments as set out in note 1 of schedule 11 "Notes to the Accounts", the accounting policies in relation to segment accounting are as under :-

i) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include investments, share capital, reserves and surplus, loan funds, income tax - current and deferred and certain other assets and liabilities not allocable to the segments on a reasonable basis. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amount of certain assets/liabilities to two or more segments are allocated to the segments on a reasonable basis.

ii) Segment revenue and expenses

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segment.

iii) Unallocated expenses

Unallocated expenses represent general administrative expenses, head-office expenses and other expenses that arise at the Company level and relate to the Company as a whole. As such, these expenses have not been considered in arriving at the segment results.

iv) Inter segment sales

Inter segment sales between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

Schedules to the accounts (continued)

I. Information about Primary segments (Business segments)

Particulars	(Rs. lacs)									
	Sugar*		Industrial fibres and related products		Chemicals		Elimination		Total	
	This year	Previous year	This year	Previous year	This Year	Previous year	This Year	Previous year	This Year	Previous year
Segment revenue										
External sales	47583.63	56804.85	16541.82	16701.04	23879.41	27471.46			88004.86	100977.35
Income from operations	673.53	697.29	1832.21	1800.41	405.03	295.89			2910.77	2793.59
Inter segment revenue	1.90				-	4.24		(1.90)	-	-
Other Income	338.76	391.20	107.83	46.04	68.98	54.42			515.57	491.66
Unallocable income									201.59	347.48
Total revenue	48597.82	57893.34	18481.86	18997.13	24353.42	28146.70		(1.90)	91632.79	104610.08
Segment results	3761.85	3336.71	2403.97	1787.43	3319.62	3808.62			9485.44	8932.76
Unallocated expenses									1437.76	1049.73
(net of unallocable income)										
Operating profit									8047.68	7883.03
Interest expense									2328.24	3519.83
Provision for tax										
- Current tax									401.73	-
- Deferred tax charge									1424.98	1403.62
- Fringe benefit tax									-	81.72
Profit after tax									3892.73	2877.86
Other information										
Segment assets	48134.74	40600.49	16411.62	14362.72	11351.55	12059.94			75897.91	67023.15
Unallocated assets									4481.40	4195.24
Total assets	48134.74	40600.49	16411.62	14362.72	11351.55	12059.94			80379.31	71218.39
Segment liabilities	13624.99	10335.04	4048.49	3887.49	3132.24	2781.97			20805.72	17004.50
Unallocated liabilities									36051.46	33272.12
Total liabilities	13624.99	10335.04	4048.49	3887.49	3132.24	2781.97			56857.18	50276.62
Capital expenditure	1942.54	3883.66	269.80	577.56	907.25	584.60				
Depreciation	861.23	697.13	419.54	408.83	594.19	577.57				
Non cash expenses other than depreciation	103.51 #	72.82	86.36	0.11	36.92	0.13				

* Comprising sugar, power and alcohols.

Includes impairment of fixed assets Rs. 99.15 lacs (refer note 18 in schedule 11).

11. NOTES TO THE ACCOUNTS (Continued)

II. Information about Secondary segments (Geographical segments)

(Rs. lacs)

Particulars	Domestic		Overseas		Total	
	This year	Previous year	This year	Previous year	This year	Previous year
External Revenue by location of customers	72214.57	83086.14	19418.22	21523.94	91632.79	104610.08
Carrying amount of segment assets by location	73386.51	65187.00	2511.40	1836.15	75897.91	67023.15
Capital expenditure by location of assets	3119.59	5045.82			3119.59	5045.82

10. Related party disclosures under Accounting Standard (AS)18

A. Names of related party and nature of related party relationship

Subsidiary : Daurala Foods & Beverages Pvt. Ltd. (DFBPL)

Associates : DCM Hyundai Ltd. (DHL).

Key management personnel : Mr. Tilak Dhar, Mr. Alok B. Shriram, Mr. D.C. Mittal, Mr. Madhav B. Shriram and Mr. G. Kumar.

Relatives/HUF of key management personnel : Mrs. Karuna Shriram, Mrs. Kiran Mittal, Mrs. Manju Kumar, Mr. Akshay Dhar and M/s. Bansi Dhar & Sons - HUF (BDS).

Others (Enterprise over which key management personnel or their relatives are able to exercise significant influence) : Hindustan Vacuum Glass Pvt. Ltd. (HVGPL) and Bantam Enterprises Pvt. Ltd. (BEPL).

B. Transactions with related parties referred to in 10 (A)

i) Transactions with subsidiary and associates

(Rs. lacs)

Particulars	Subsidiary		Associates		Total	
	This year	Previous year	This year	Previous year	This year	Previous year
Rental Expenses - DFBPL	60.00	60.00	-	-	60.00	60.00
Purchase of goods - DFBPL	1.00	-	-	-	1.00	-
- DHL	-	-	-	1.25	-	1.25
Interest charged on Loans - DHL	-	-	59.61*	90.98*	59.61	90.98
Loans received back - DHL	-	-	-	735.98*	-	735.98
Interest received on Loans - DHL	-	-	79.74*	114.02*	79.74	114.02
Balance outstanding as at the year end from: - DHL	-	-	612.79	632.92	612.79	632.92

* As per Rehabilitation Scheme for DHL approved by Hon'ble BIFR.

Schedules to the accounts (continued)

11. NOTES TO THE ACCOUNTS (continued)

Transactions with related parties

- ii) Transactions with key management personnel, their relatives / HUF and others

(Rs. lacs)

Particulars		This year	Previous year
Remuneration (including commission)*			
- Key management personnel	- Mr. Tilak Dhar	187.20	74.31
	- Mr. Alok B. Shriram	187.20	74.31
	- Mr. D.C. Mittal	39.24	33.99
	- Mr. Madhav B. Shriram	140.40	55.72
	- Mr. G. Kumar	22.90	18.62
- Relatives of key management personnel		0.90	0.85
		577.84	257.80
Rental expenses			
- Key management personnel	- Mr. G. Kumar	-	2.50
- Relatives/HUF of key management personnel	- BDS	27.37	25.89
	- Mrs. Karuna Shriram	3.36	3.36
	- Mrs. Kiran Mittal	12.93	10.32
- Others	- BEPL	0.32	-
		43.98	42.07
Sale of Goods	- HVGPL	-	1.59
Purchase of Goods	- HVGPL	-	22.03
Balance outstanding at the year end			
- Receivable	- BDS	21.15	22.64
	- Mrs. Kiran Mittal	13.80	10.32
		34.95	32.96
- Commission payable	- Mr. Tilak Dhar	143.70	32.75
	- Mr. Alok B. Shriram	142.37	34.41
	- Mr. Madhav B. Shriram	98.32	18.93
		384.39	86.09

* Does not include provision for leave salary and contribution / provision towards gratuity, since the contribution/provision is made for the Company as a whole on actuarial basis.

11. Disclosures in respect of assets taken on lease under Accounting Standard (AS) 19 "Leases".

A. Finance Lease

- i) For motor vehicles and plant and machinery taken under finance lease arrangements, the ownership will be transferred to the Company at the end of the finance lease term.
- ii) Reconciliation between the total of minimum finance lease payments at the balance sheet date and their present value :

(Rs. lacs)

Particulars	Total		Payments not later than one year		Payments later than one year but not later than five years	
	This year	Previous year	This year	Previous year	This year	Previous year
Total of minimum finance lease payments at the balance sheet date	10.33	51.27	10.33	26.81	-	24.46
Less : Future finance and other charges	0.50	18.30	0.50	3.67	-	14.63
Present value of minimum finance lease payments at the balance sheet date	9.83	32.97	9.83	23.14	-	9.83

B. Operating Lease

- i) The Company generally enters into cancellable operating leases for office premises and residence of its employees, normally renewable on expiry.
- ii) Lease rent charged to the profit and loss account relating to operating leases entered or renewed after April 1, 2001 are Rs. 401.34 lacs (2008-09 - Rs. 447.63 lacs).

12. The following are the particulars of disputed dues on account of excise duty, customs duty, income-tax and sales tax matters that have not been deposited by the Company as at March 31, 2010:-

S. No.	Name of the Statute	Nature of dues	Amount involved * (Rs. lacs)	Amount paid under protest (Rs. lacs)	Period to which the amount relates (various years covering the period)	Forum where dispute is pending
1	Central Excise Laws	Excise Duty	1.84	-	1981-82	Assistant Commissioner
			21.90	-	June '05 to December '07	Joint Commissioner
		20.00	-	March '86 to December '89	High Court	
		Modvat Credit	70.33	-	1995-96, November '04 to December '08	Commissioner (Appeals)
		Service Tax	216.85	-	2001-02 to 2005-06	Customs, Excise & Service Tax Appellate Tribunal
1.44	-		January '08 to October '08	Deputy Commissioner		
2	Customs Law	Customs Duty	143.16	-	2006-07	Commissioner (Appeals), Customs Duty
3	Income Tax Act, 1961	Income Tax	209.96	105.86	2005-07	Commissioner of Income Tax (Appeals)
4	Sales Tax Laws	Sales Tax	11.17	6.44	2005-06, 2008-10	Commercial Tax Tribunal
			1.68	0.43	2008-10	Joint Commissioner (Appeals), Commercial Tax
			9.61	4.13	2006-07, 2009-10	Deputy Commissioner, Commercial Tax
		Purchase Tax	10.76	9.59	2001-02	Tax Board

* amount as per demand orders including interest and penalty wherever indicated in the demand.

Further, in respect of following matters, the concerned authority is in appeal against favourable orders received by the Company.

S. No.	Name of the Statute	Nature of dues	Amount involved* (Rs. lacs)	Period to which the amount relates (various years covering the period)	Forum where department has preferred appeal
1	Central Excise Laws	Excise Duty	26.71	2003-08	Customs, Excise & Service Tax Appellate Tribunal
			3.54	1998-99	High Court
			12.56	1972-73, 1977-78	Collector, Central Excise
		Modvat Credit	15.15	1995-96	High Court
		Service Tax	4.25	2004-08	Customs, Excise & Service Tax Appellate Tribunal
2	Customs Law	Customs Duty	327.10	2000-01	High Court
3	Sales Tax Laws	Sales Tax	123.13	1976-98	High Court
			65.00	2000-01	Supreme Court of India
			0.32	2006-07	Commercial Tax Tribunal

13. a) Category-wise quantitative data about derivative instruments as at year end :-

Nature of Derivative	Number of deals		Purpose		Amount in foreign currency			Amount (Rs. lacs)	
	As at 31.03.10	As at 31.03.09	As at 31.03.10	As at 31.03.09	Currency	As at 31.03.10	As at 31.03.09	As at 31.03.10	As at 31.03.09
Forward Cover	-	1	-	Hedging	Euro	-	250000	-	170.08

Schedules to the accounts (continued)

11. NOTES TO THE ACCOUNTS (Continued)

b) Foreign currency exposure of the Company that is not hedged by derivative instruments or otherwise is as follows:-

Particulars	As at 31.03.2010			As at 31.03.2009		
	Amount in foreign currency	Amount (Rs. lacs)		Amount in foreign currency	Amount (Rs. lacs)	
- Sundry debtors	Euro	3221314	1950.83	Euro	734882	494.13
	US\$	1044330	471.41	US\$	2351036	1189.40
	GBP	163912	111.51	GBP	284332	208.53
- Acceptances	US\$	4105084	1853.03	US\$	3415140	1749.58
- Sundry creditors	Euro	348551	211.08	Euro	1864	1.27
	US\$	838394	378.45	US\$	1368921	704.31
	GBP	1430	0.97	-	-	-
- Commission & discount	US\$	15651	7.06	US\$	46060	23.70
- Royalty	Euro	38192	23.13	-	-	-
	US\$	32000	14.44	US\$	53100	27.32

14. A Petition filed by a shareholder before the Hon'ble Company Law Board under Section 397 / 398 of the Companies Act in November 2007, challenging the preferential issue of equity warrants by the Company, is pending. The same shareholder also filed a Civil Suit challenging some of the items in the Agenda for the Annual General Meeting (AGM) held on 25.9.2008 before the Hon'ble Delhi High Court. The said Suit was dismissed by the Hon'ble Delhi High Court by its Order dated 25.8.2009. Subsequently, the shareholder filed an appeal against the Order before the Division Bench. The Division Bench by its Order dated 25.5.2010 declined to interfere with the Order of the learned Single Judge.

15. Current Investments (Mutual fund units) purchased and sold during the year are as follows :

S. No.	Name of the fund	Face Value (Rs.)	Nos. (in lacs)	Cost (Rs.lacs)
1	DWS Twin Advantage Fund – Growth Plan	10	6.63	100.00
2	HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale Growth	10	5.29	103.18
3	HDFC Short Term Plan – Growth	10	8.75	150.00
4	Birla Sun Life Dynamic Bond Fund – Retail Growth	10	2.58	37.82
5	SBI – SHF – Ultra Short Term Fund – Retail Plan - Growth	10	0.86	10.00
6	ICICI Prudential Flexible Income Plan Premium - Growth	100	0.58	96.27

16. The Company has accounted for cane purchases for crushing season 2007-08 at a price of Rs. 110 per qtl in terms of the interim Order passed by the Hon'ble Allahabad High Court. Subsequently the Hon'ble High Court passed final Order directing sugar mills to pay State Advised Price at Rs. 125 per qtl. Appeal against the Order of the Hon'ble High Court has been filed with the Hon'ble Supreme Court which has directed to pay Rs. 110 per qtl as interim arrangement. Necessary adjustments, if any, will be made in accordance with the final Order of the Hon'ble Supreme Court.

17. Employee benefits

a) Defined contribution plans

Rs. 397.72 lacs (previous year Rs. 364.65 lacs) for provident fund contribution and Rs. 155.91 lacs (previous year Rs. 137.91 lacs) for superannuation contribution have been charged to the profit and loss account. The contributions towards these schemes are at rates specified in the rules of the schemes. In case of Provident Fund administered through a trust, shortfall if any, shall be made good by the Company.

b) Defined benefit plans

i) Liability for gratuity, Privilege leaves and Medical leaves is determined on actuarial basis. Gratuity liability is provided to the extent not covered by the funds available in the gratuity fund.

- ii) Gratuity Scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service, except death while in employment.
- iii) The basis for determination of liability is as under :

	As at March 31, 2010 (Rs./lacs)		As at March 31, 2009 (Rs./lacs)	
	Gratuity Scheme	Privilege and Medical leaves	Gratuity Scheme	Privilege and Medical leaves
Change in present value of obligation				
1. Present value of obligation as at the beginning of the year	2169.61	439.96	1976.41	366.92
2. Current service cost	112.80	44.49	105.27	41.28
3. Interest cost	173.57	35.20	138.35	25.68
4. Actuarial (gain)/loss	81.13	74.55	147.69	135.99
5. Benefits paid	(163.30)	(90.34)	(198.11)	(129.91)
6. Present value of obligation as at the end of the year	2373.81	503.86	2169.61	439.96
Change in plan assets				
1. Plan assets at the beginning of the year	1589.48	-	1480.04	-
2. Expected return on plan assets	208.76	-	124.89	-
3. Contribution by the Company	200.00	-	-	-
4. Benefits paid	(5.32)	-	(15.45)	-
5. Actuarial gain / (loss)	-	-	-	-
6. Plan assets at the end of the year	1992.92	-	1589.48	-
Liability recognised in the financial statements	380.89	503.86	580.13	439.96
Cost for the year				
Change in present value of obligation				
1. Current service cost	112.80	44.49	105.27	41.28
2. Interest cost	173.57	35.20	138.35	25.68
3. Expected return on plan assets	(149.41)	-	(139.12)	-
4. Actuarial (gain)/loss	21.78	74.55	161.92	135.99
5. Net cost	158.74	154.24	266.42	202.95
Constitution of plan assets				
Other than equity, debt, property and bank account	-	-	-	-
Funded with LIC *	1992.92	-	1589.48	-
Main actuarial assumptions				
Discount rate	8.00% p.a.	8.00% p.a.	7.00% p.a.	7.00% p.a.
Rate of increase in compensation levels	5.50% p.a.	5.50% p.a.	5.50% p.a.	5.50% p.a.
Rate of return on plan assets	9.40% p.a.	-	9.40% p.a.	-
Expected average remaining working lives of employees (years)	13.06	14.40	13.18	14.68

* The plan assets are maintained with Life Insurance Corporation of India Gratuity Scheme. The details of Investments maintained by Life Insurance Corporation are not made available and have therefore not been disclosed.

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.

18. The Company has impaired certain plant & machinery based on net realizable value of such assets determined by an independent valuer. The impairment loss has been recognised at Rs. 127.14 lacs out of which Rs. 27.99 lacs has been adjusted from revaluation reserve being revaluation amount included in carrying value of these assets and the resultant loss (Gross - Rs. 99.15 lacs, net of deferred taxes Rs. 66.21 lacs) has been included in Schedule 9- Manufacturing and Other Expenses.
19. Previous year figures have been regrouped / recast, wherever necessary.
20. Schedules 1 to 11 and the statement of additional information form an integral part of the balance sheet and profit and loss account.

Statement of Additional Information

1. Particulars of capacity and production

Description	Installed Capacity (a)			Production		
	Unit	As at	As at	Unit	Year	Year
		31.03.2010	31.03.2009		ended	ended
Sugar	Cane crushing	12000	12000	Tonnes	120423	125028
	Tonnes per day					
Alcohol	K.L. per year	45000	45000	K.L.	10954	31073
Organic/Fine chemicals	Tonnes per year	15536	15536	Tonnes	8601 (c)	8915 (c)
Industrial fibres	Tonnes per year	16200	16200	Tonnes	6277 (d)(e)	7031(d)(e)

Notes :

- (a) As certified by the management and relied upon by the auditors being a technical matter.
 (b) Licenced capacity in respect of product which requires industrial licence :

Description	Unit	As at 31.03.2010	As at 31.03.2009
Alcohol	K.L. per year	45000	45000

The licence transferred from DCM Limited pursuant to the Scheme of Arrangement is yet to be transferred in the name of the Company.

- (c) Production is net of internal transfers.
 (d) Production is upto yarn stage only.
 (e) Excludes material processed for third parties but includes material processed by third parties.

2. Particulars of stocks and sales

Description	Unit	Stocks			Sales including excise duty	
		As at	As at	As at	Year	Year
		31.03.2010	31.03.2009	31.03.2008	ended	ended
Sugar	M.T.	94931	103750	128352	129242	149630
	Rs. lacs	25496.40	20578.43	20416.55	39257.52	29446.78
Alcohol	K.L.	954	472	551	10472	31152
	Rs. lacs	251.68	111.17	273.12	8283.62	27309.86
Organic/Fine chemicals	M.T.	368	281	212	7766	8849
	Rs. lacs	586.88	314.51	264.59	22788.35	26165.67
Industrial fibres	M.T.	982	1223	1674	6369	7432
	Rs. lacs	2041.23	2159.16	1990.59	15306.72	15688.17
Other sales/stocks	Rs. lacs	82.47	131.25	80.91	2368.65	2366.87
Total	Rs. lacs	28458.66	23294.52	23025.76	88004.86	100977.35

3. Particulars of raw materials consumed

Description	Year ended 31.03.2010		Year ended 31.03.2009	
	Quantity M.T.	Value Rs.lacs	Quantity M.T.	Value Rs.lacs
Sugarcane	1305167	32605.30	1331478	20288.43
Molasses *	1551	531.15	16594	865.41
Wood pulp	5845	4048.21	6588	3922.18
Others		14601.16		18918.44
Total		51785.82		43994.46

* Net of internal transfers.

4. Particulars of goods purchased for resale

Description	Year ended 31.03.2010		Year ended 31.03.2009	
	Quantity K.L.	Value Rs. lacs	Quantity K.L.	Value Rs. lacs
Grain Natural spirit	2559	3899.12	1856	1285.34
Others		17.42		44.91
		3916.54		1330.25

5. Other Additional Information

Description	Year ended 31.03.2010		Year ended 31.03.2009	
	Rs.lacs	%	Rs.lacs	%
(a) Value of imports on CIF basis				
Raw materials	9730.04		9243.94	
Components and spare parts	148.42		156.73	
Capital goods	263.44		382.29	
(b) Expenditure in foreign currency				
Royalty (net of tax)	107.54		114.21	
Technical know-how (net of tax)	-		11.19	
Commission, travelling and others	286.31		211.09	
(c) Earnings in foreign exchange				
FOB value of exports	19057.54		22064.46	
(d) Value of imported/indigenous raw materials, spare parts, components and stores consumed				
i) Raw materials				
Imported	9355.02	18	10261.35	23
Indigenous	42430.80	82	33733.11	77
	51785.82	100	43994.46	100
ii) Stores and spares				
Imported	357.03	5	220.86	3
Indigenous	6272.16	95	7874.50	97
	6629.19	100	8095.36	100

Signatures to schedules 1 to 11

D.C. Mittal
President

B.P. Khandelwal
Sr. Executive Director &
Company Secretary

N.K. Jain
Chief Financial Officer

Tilak Dhar
Chairman & Managing Director

Alok B. Shriram
Dy. Managing Director
Madhav B. Shriram
Whole-Time Director

G. Kumar
Director-Sugar Operations

P.R. Khanna
V.L. Dutt
S.B. Mathur
Ravinder Narain
S.C. Kumar
Directors

Place : New Delhi
Date : 29th May, 2010

DCM SHRIRAM INDUSTRIES LIMITED

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code

Balance Sheet Date

Day Month Year

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

Public Issue Right Issue

Bonus Issue Private Placement

III. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Deffered Tax Liability (net)

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses

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

Turnover Total Expenditure

Profit/Loss Before Tax Profit/Loss After Tax

Earning per Share in Rs. Dividend rate %

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No.

(ITC Code)
Product Description

Item Code No.

(ITC Code)
Product Description

Item Code No.

(ITC Code)
Product Description

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company

- | | |
|--|--|
| 1. Name of the subsidiary company | Daurala Foods and Beverages Private Limited |
| 2. Financial year of the subsidiary company | Y.E. 31st March, 2010 |
| 3. Holding company's interest as on 31.3.10 | Holder of 74,99,990 equity shares of Rs.10 each out of total issued and subscribed equity share capital of 75,00,000 shares. |
| 4. Net aggregate amount of the subsidiary's profits/(losses) so far as they concern members of holding company and not dealt with in the holding company's accounts: | |
| i) For subsidiary's Financial year ended 31st March , 2010 | Rs. 18.46 lacs |
| ii) For subsidiary's previous Financial years since it became subsidiary | (Rs. 10.09 lacs) |
| 5. Net aggregate amount of the subsidiary's profits/ (losses) so far as they concern members of holding company and dealt with in the holding company's accounts: | |
| i) For subsidiary's Financial year ended 31st March , 2010 | Nil |
| ii) For subsidiary's previous Financial years | Nil |

D.C. Mittal
President

B.P. Khandelwal
Sr. Executive Director &
Company Secretary

N.K. Jain
Chief Financial Officer

Tilak Dhar
Chairman & Managing Director

Alok B. Shriram
Dy. Managing Director
Madhav B. Shriram
Whole-Time Director

G. Kumar
Director-Sugar Operations

P.R. Khanna
V.L. Dutt
S.B. Mathur
Ravinder Narain
S.C. Kumar
Directors

Place : New Delhi
Date : 29th May, 2010

DAURALA FOODS & BEVERAGES PVT. LTD.

Board of Directors	Shri Anil Gujral	Jt. Managing Director
	Shri Shyam Lall Gupta	Director
	Shri T.V. Narayanaswamy	Director
	Shri Y.D. Gupta	Director

Company Secretary Shri K.K. Srivastava

Bankers State Bank of India

Auditors S.R. Dinodia & Co.
New Delhi

Registered Office 6th Floor, Kanchenjunga Bldg.
18 Barakhamba Road,
New Delhi – 110 001

Works P.O. Daurala
Distt. Meerut (U.P.) 250 221

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report and the audited accounts of the Company for the year ended 31st March 2010.

FINANCIAL RESULTS

The summarized financial results are given below :-

Amount (Rs./Lacs)

FINANCIAL RESULTS	2009-10	2008-09
Net Sales and other Income	68	75
Gross Profit/(loss) before depreciation	62	21

OPERATIONS

The Company earned a reasonable profit by leasing out its plant, machinery and buildings, to the holding Company i.e. DCM Shriram Industries Limited for their operations/use.

RESEARCH & DEVELOPMENT

As the facilities have been leased out, no development activity was undertaken.

DIRECTORS

Shri T.V.Narayanawamy, Director of the Company will retire at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm that in the preparation of the annual accounts: -

- i) The applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Company had selected such accounting policies and applied consistently and reasonable and prudent judgments and estimates made, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for the financial year 2009-10.
- iii) The Company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

OTHER INFORMATION

Information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure-I.

During the year, no employee received remuneration in excess of the limits laid down under Section 217(2A) of the Companies Act, 1956.

ACKNOWLEDGMENT

Your Directors wish to record their sincere gratitude for the co-operation and assistance of all Agencies associated with the Company.

FOR AND ON BEHALF OF THE BOARD



Y.D. Gupta
(DIRECTOR)



Anil Gujral
(JT. MANAGING DIRECTOR)

Place : New Delhi
Date : 10.05.2010

DAURALA FOODS & BEVERAGES PVT. LTD.

DIRECTORS' REPORT (continued)

Annexure-I

Information as required under Section 217(1) (e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A) CONSERVATION OF ENERGY:

Total energy consumption and energy consumption per unit of production, are furnished in Form 'A'.

FORM - A

PARTICULARS	2009-10	2008-09
A. POWER AND FUEL CONSUMPTION		
1. Electricity	-	-
2. Coal (mixed grade)	-	-
3. Furnace Oil	-	-
4. Others/ Internal generation	-	-
B. CONSUMPTION PER UNIT OF PRODUCTION (ALL PLANTS)		
- Electricity	-	-

FORM - B

Form for disclosure of particulars with respect to Technology Absorption.

A) RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R& D carried out by the Company

NIL

2. Expenditure on R&D

NIL

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

NIL

Technology imported during last 5 years

- | | |
|--|------|
| a) Technology imported. | - |
| b) Year of import. | N.A. |
| c) Has technology been fully absorbed? | N.A. |
| d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. | N.A. |

FORM - C

C) FOREIGN EXCHANGE EARNINGS & OUTGO:

Amount (Rs./Lacs)

	2009-10	2008-09
Foreign Exchange Earned	NIL	NIL
Foreign Exchange Used	NIL	NIL

AUDITORS' REPORT

To the Share Holders of **M/S DAURALA FOODS & BEVERAGES PRIVATE LIMITED**

We have audited the attached balance sheet of **M/S DAURALA FOODS & BEVERAGES (P) LTD.**, as at **31st March 2010**, also the profit and loss account for the year ended and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 {As amended by the Companies (Auditor's Report) Amendment Order, 2004} 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 the paragraphs 4 and 5 of the said order in so far as they are applicable to the company.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- c) The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956. In the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2010;
 - ii) in the case of the profit and loss account of the Profit of the company for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

For S.R. DINODIA & CO.,
Chartered Accountants,
Regn. No. 01478N

SANDEEP DINODIA
PARTNER
M.NO. 083689

Place: New Delhi
Date: 10.05.2010

DAURALA FOODS & BEVERAGES PVT. LTD.

AUDITORS' REPORT (continued)

ANNEXURE TO THE AUDITORS' REPORT

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

RE: M/S DAURALA FOODS & BEVERAGES PRIVATE LIMITED

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) All the assets have been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
- ii) a) As per the information and explanation given to us the inventory at all its locations has been physically verified by the management during the year.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) (a) to (d) The company had not granted any loans, secured or unsecured to the parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause (iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (e) to (g) The company had not taken any loans, secured or unsecured from the parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause (iii) (e) to (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices, there is no continuing failure to correct the weaknesses in the aforesaid internal control systems.
- v) (a) & (b) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements which need to be entered in the register maintained under section 301 of the Act.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 58A, 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.
- vii) In our opinion, the company has an internal audit system commensurate with the nature and size of its business.
- viii) As explained to us, there are no cost records prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Act. Therefore, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- ix) a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, service tax, excise duty, cess and other material statutory dues applicable to it. Further, according to the records of the Company examined by us and the information and explanations given to us there are no dues on account of investor education and protection fund, employees' state insurance, wealth tax and custom duty.

- b) According to the records of the Company examined by us and the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, excise duty, cess and other material statutory dues applicable to it, were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- c) According to the records of the Company examined by us and the information and explanations given to us, there are no dues of Income Tax, wealth tax, service tax, sales tax, excise duty, cess and other material statutory dues applicable to it, were outstanding as at 31st March, 2010 which have not been deposited on account of any dispute.
- x) The company's accumulated losses of Rs. 9,79,24,523 at the end of the financial year are more than fifty percent of its net worth. However, the Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) As per the information and explanations given to us and on examination of the financial statements, we are of the opinion that the Company has not taken any loans from financial institutions/banks/debenture holders.
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xvi) The company has not taken any term loans during the year. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the company, we report that the Company has not raised any funds on short-term basis during the year.
- xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) During the year covered by our audit report, the Company has not issued any debentures.
- xx) The company has not raised any money by way of public issue during the year.
- xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, during the year we have neither come across any instance of fraud on or by the Company nor have we been informed of such case by the management.

For S. R. DINODIA & CO.,
Chartered Accountants
Regn. No. 01478N

SANDEEP DINODIA
PARTNER
M.NO. 083689

Place: New Delhi
Date: 10.05.2010

DAURALA FOODS & BEVERAGES PVT. LTD.

Balance Sheet as at March 31, 2010

(Amount in Rs.)			
PARTICULARS	SCH	AS AT <u>31.03.2010</u>	AS AT <u>31.03.2009</u>
SOURCES OF FUNDS			
Shareholders' funds:			
Share capital	1	75,000,000	75,000,000
Reserves & Surplus	2	91,989,900	91,989,900
		<u>166,989,900</u>	<u>166,989,900</u>
APPLICATION OF FUNDS			
Fixed Assets:			
	3		
Gross Block		90,290,208	90,590,208
Less : Depreciation		47,883,244	44,491,775
Net Block		<u>42,406,964</u>	<u>46,098,433</u>
Deferred tax assets {Refer to Note No. 4 of Schedule 9 (B)}		8,583,442	9,444,386
Current Assets, Loans and Advances			
	4		
Inventories		395,546	625,208
Sundry Debtors		598,492	41,686,571
Cash & Bank Balances		11,910,740	5,664,314
Loans and advances		10,455,889	10,568,027
		<u>23,360,667</u>	<u>58,544,120</u>
Less : Current Liabilities & Provisions			
	5		
Current Liabilities		5,285,696	46,867,360
		<u>5,285,696</u>	<u>46,867,360</u>
Net Current Assets		18,074,971	11,676,760
Profit & Loss Account			
	6		
		97,924,523	99,770,321
		<u>166,989,900</u>	<u>166,989,900</u>
Significant Accounting Policies & Notes to Accounts			
	9		

As per our report of even date attached
For S.R. DINODIA & CO.,
Chartered Accountants
REGN. NO. 01478N

SANDEEP DINODIA
PARTNER
M.NO. 083689

Anil Gujral
Jt. MANAGING DIRECTOR

Place : New Delhi
Dated : 10.05.2010

K.K.Srivastava
COMPANY SECRETARY

Y.D.Gupta
DIRECTOR

Profit and Loss account for the year ended March 31, 2010

(Amount in Rs.)

PARTICULARS	SCH	CURRENT YEAR	PREVIOUS YEAR
INCOME			
Sale of products			
Sales		-	871,350
Less : Excise duty		-	115,034
Net Sales		-	756,316
Other Income	7	6,837,834	6,703,414
		6,837,834	7,459,730
EXPENDITURE			
Manufacturing & Other Expenses	8	608,133	5,362,716
Depreciation	3	3,522,959	3,552,694
		4,131,092	8,915,410
Profit / (Loss) before Tax		2,706,742	(1,455,680)
Provision for tax			
- Income Tax		418,192	-
- Deferred Tax (charged)/released {Refer to Note No. 3 of Schedule 9 (B)}		(860,944)	629,939
- MAT credit available for set off Tax Adjustment for earlier year		(418,192)	-
Less: MAT credit available for set off			1,033,845
			1,033,845
Profit / (Loss) after Tax		1,845,798	(825,741)
Profit/(Loss) Brought forward from previous year		(99,770,321)	(98,944,580)
Profit/(Loss) carried over to balance sheet		(97,924,523)	(99,770,321)
Earning per share - basic / diluted (Rs.) {Refer to Note No. 6 of Schedule 9(B)}		0.25	(0.11)
Significant Accounting Policies & Notes to Accounts	9		

As per our report of even date attached
For S.R. DINODIA & CO.,
Chartered Accountants
REGN. NO. 01478N

SANDEEP DINODIA
PARTNER
M.NO. 083689

Anil Gujral
Jt. MANAGING DIRECTOR

Place : New Delhi
Dated : 10.05.2010

K.K.Srivastava
COMPANY SECRETARY

Y.D.Gupta
DIRECTOR

DAURALA FOODS & BEVERAGES PVT. LTD.

Cash Flow Statement for the year ended March 31, 2010

(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,706,742	(1,455,680)
Adjustments for :		
Inventory written off	129,914	111,153
Depreciation	3,522,959	3,552,694
Provision for doubtful debts	-	3,922,377
Prior period adjustment	-	(7,434)
Interest income	(719,125)	(604,129)
Balances written off/ written back	-	(8,062)
Loss on sale of fixed assets	43,228	-
Operating profit before working capital changes	5,683,718	5,510,919
Adjustments for :		
Increase / (Decrease) in sundry creditors and other payables	(41,581,663)	(14,210,556)
Decrease / (Increase) in sundry debtors	41,088,078	7,062,419
Decrease / (Increase) in loans and advances	(271,653)	(241,463)
Decrease / (Increase) in inventories	99,748	871,350
Cash generated from operations	5,018,229	(1,007,331)
Advance Tax (TDS)	(198,017)	-
MAT	(418,192)	(2,043,333)
Net cash from operating activities	4,402,020	(3,050,664)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed assets	125,282	-
Interest received	719,125	604,129
Loan given	(2,500,000)	-
Inter corporate deposits received back	3,500,000	-
Prior period adjustment	-	7,434
Net cash used in investing activities	1,844,407	611,563
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash from / (used) in financing activities	-	-
Net decrease in cash and cash equivalents (A+B+C)	6,246,426	(2,439,101)
Cash and cash equivalents		
- At beginning of year	5,664,314	8,103,415
- At end of year	11,910,740	5,664,314
Cash & Cash Equivalents Include :		
- Cash in hand	175	294
- Cheques in hand	113,214	-
Balance with Scheduled Banks :		
- In Current Account	2,287,877	3,347,418
- In Deposit Account	9,509,474	2,316,602
	11,910,740	5,664,314

As per our report of even date attached
For S.R. DINODIA & CO.,
Chartered Accountants
REGN. NO. 01478N

SANDEEP DINODIA
PARTNER
M.NO. 083689

Anil Gujral
Jt. MANAGING DIRECTOR

Place : New Delhi
Dated : 10.05.2010

K.K.Srivastava
COMPANY SECRETARY

Y.D.Gupta
DIRECTOR

Schedules forming part of the Balance Sheet and Profit and Loss Account

	AS AT 31.03.2010	(Amount in Rs.) AS AT 31.03.2009
1. SHARE CAPITAL		
Authorised		
12,000,000 (Previous Year 12,000,000) Equity Shares of Rs. 10/-each	120,000,000	120,000,000
	120,000,000	120,000,000
Issued, subscribed and fully paid-up		
7,500,000 (Previous Year 7,500,000) Equity Shares of Rs.10/- each	75,000,000	75,000,000
	75,000,000	75,000,000

Note:

(Out of the above, 7,499,990 (Previous Year 7,499,990) share are held by the holding company, DCM Shriram Industries Limited)

	AS AT 31.03.2010	AS AT 31.03.2009
2. RESERVES AND SURPLUS		
Capital Reserve	91,989,900	91,989,900
	91,989,900	91,989,900

3. FIXED ASSETS
(Amount in Rs.)

S.No.	Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 01.04.09	Additions	Sale/ Adjustment	As At 31.03.10	As At 01.04.09	For The Year	Sale/ Adjustment	As At 31.03.10	As At 31.03.10	As At 31.03.09
1	Building - Factory	26,093,640	-	-	26,093,640	10,151,217	871,352	-	11,022,569	15,071,071	15,942,423
	- Others	8,034,945	-	-	8,034,945	1,864,458	124,199	-	1,988,657	6,046,288	6,170,487
2	Plant & Machinery	52,598,346	-	-	52,598,346	29,227,185	2,437,260	-	31,664,445	20,933,901	23,371,161
3	Furniture & Fixtures	1,896,530	-	-	1,896,530	1,535,568	85,609	-	1,621,177	275,353	360,962
4	Vehicles	300,000	-	300,000	-	131,490	-	131,490	-	-	168,510
5	Computers	1,666,747	-	-	1,666,747	1,581,857	4,539	-	1,586,396	80,351	84,890
	TOTAL	90,590,208	-	300,000	90,290,208	44,491,775	3,522,959	131,490	47,883,244	42,406,964	46,098,434
	Previous Year	90,590,208	-	-	90,590,208	40,939,081	3,552,694	-	44,491,775	46,098,434	49,651,128

DAURALA FOODS & BEVERAGES PVT. LTD.

Schedule forming part of the Balance Sheet and Profit and Loss Account (Continued)

	AS AT 31.03.2010	(Amount in Rs.) AS AT 31.03.2009
4. CURRENT ASSETS, LOANS & ADVANCES :		
CURRENT ASSETS		
Inventories		
(As taken, valued and verified by the management)		
Stores and spares	395,546	568,808
Stock-in-trade		
Raw materials	-	56,400
	<u>395,546</u>	<u>625,208</u>
Sundry Debtors		
(Unsecured considered good, unless otherwise stated)		
Debits over six months		
- Considered Good	598,492	41,686,571
- Considered Doubtful	3,922,377	3,922,377
	<u>4,520,869</u>	<u>45,608,948</u>
- Less: Provision for Doubtful Debts	3,922,377	3,922,377
	<u>598,492</u>	<u>41,686,571</u>
Cash & Bank Balances:		
Cash in Hand	175	294
Cheques in Hand	113,214	-
With Scheduled Banks		
- In Current Account	2,287,877	3,347,418
- In deposit account*	9,509,474	2,316,602
	<u>11,910,740</u>	<u>5,664,314</u>
* Includes Rs.100,000 (Previous Year-Rs.100,000) pledged with Excise Authorities		
LOANS AND ADVANCES		
(Unsecured and Considered good unless otherwise stated)		
Loans		
Deposits	2,500,000	-
Intercompany deposits	-	3,500,000
Intercompany deposits include loans to party under same management		
Rs Nil (Previous Year Rs.3,500,000)		
Advances		
Advances recoverable in cash or kind or for value to be received	2,488,892	2,217,239
Balances with excise and other authorities	1,017,185	1,017,185
MAT credit entitlement	2,382,125	1,963,933
Advance Tax [Net of Provision of Rs.595,950 (Previous Year Rs177,758)]	2,067,687	1,869,670
	<u>10,455,889</u>	<u>10,568,027</u>
	<u>23,360,667</u>	<u>58,544,120</u>

Schedule forming part of the Balance Sheet and Profit and Loss Account (Continued)

	AS AT <u>31.03.2010</u>	(Amount in Rs.) AS AT <u>31.03.2009</u>
5. CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry creditors		
Micro,Medium and small enterprises*	-	-
Others	<u>5,285,696</u>	<u>46,867,360</u>
	<u>5,285,696</u>	<u>46,867,360</u>

*[Refer Note No. 2 of Schedule 9(B)]

	AS AT <u>31.03.2010</u>	AS AT <u>31.03.2009</u>
6. PROFIT AND LOSS ACCOUNT		
Opening balance (Loss)	<u>99,770,321</u>	98,944,580
Add :		
(Profit)/Loss during the year	<u>(1,845,798)</u>	<u>825,741</u>
	<u>97,924,523</u>	<u>99,770,321</u>

	CURRENT YEAR	PREVIOUS YEAR
7. OTHER INCOME		
Lease Rentals	<u>6,000,000</u>	6,000,000
Includes TDS Rs.5,22,225 (Previous Year Rs.8,83,740)		
Interest income		
- on FDR [includes TDS Rs. 56,877 (Previous Year Rs.68,068)]	<u>348,057</u>	324,129
- on Intercompany deposits [includes TDS Rs. 37,107 (Previous Year Rs.57,680)]	<u>371,068</u>	280,000
Refund from Comm. Tax Deptt	<u>18,961</u>	-
Prior period income	-	7,434
{Refer to Note No.1 of Schedule 9 (B)}		
Sale of Store and Spares	<u>99,748</u>	-
Provision no longer required written back	-	91,851
	<u>6,837,834</u>	<u>6,703,414</u>

DAURALA FOODS & BEVERAGES PVT. LTD.

Schedule forming part of the Balance Sheet & Profit & Loss Account (continued)

	CURRENT YEAR	(Amount in Rs.) PREVIOUS YEAR
8. MANUFACTURING & OTHER EXPENSES:		
Inventory written off	129,914	111,153
Cost of Goods sold (Stores & Spare)	99,748	-
Increase/(Decrease) in excise duty on finished goods	-	(115,034)
Insurance	70,780	72,601
Rates and taxes	6,794	42,190
Auditors' remuneration		
-Audit Fee	44,120	44,120
-Tax audit	22,060	22,060
-Out of Pocket Exp	-	
Legal & Professional Expenses	167,658	247,950
Directors' sitting fees	13,500	13,500
Miscellaneous Expenses	10,331	130,449
Loss on sale of asset	43,228	-
Provision for doubtful debts	-	3,922,377
	<u>608,133</u>	<u>4,491,366</u>
Decrease/ (Increase) in stocks of finished goods and process stocks		
Opening stocks	-	871,350
Less : Closing stocks	-	-
	<u>-</u>	<u>871,350</u>
	<u>608,133</u>	<u>5,362,716</u>

9. SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

A. Significant Accounting Policies:-

1. Accounting Convention

The financial statements have been prepared under the historic cost convention and in accordance with applicable mandatory Accounting Standards and relevant disclosure requirements of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements is in conformity with Generally Accepted Accounting Principles, requires making of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reporting year. Difference between the actual results and estimates are recognized in the year in which the results are known or materialized.

3. Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, levies and all incidental expenses attributable to the acquisition of assets up to the date of commissioning of the assets.

4. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

5. Depreciation

- Depreciation on fixed assets for the year has been provided on Straight Line method (SLM) on pro-rata basis at the rates and in the manner as specified in the Schedule XIV to the Companies Act, 1956.
- No depreciation has been provided on the assets sold, discarded etc. during the year.
- Fixed assets having cost up to Rs. 5,000/- are fully depreciated in the year of acquisition.

6. Valuation of Inventories

Inventories are valued as under:

Raw Material, Stores and Spare parts:

Valued at lower of cost or net realizable value; cost is determined on weighted average basis and includes all cost incurred in bringing the inventories to their present location.

Work in progress:

Valued at lower of cost or net realizable value; cost is determined on weighted average basis.

Finished Goods:

Valued at lower of cost or net realizable value; cost is determined on weighted average basis and inclusive of appropriate share of labour and production overheads and excise duty.

7. Investments

- Long-term investments are stated at cost as reduced by amount written off/provision made for diminution of permanent nature in value.
- Current investments are stated at cost or fair value whichever is lower.

8. Employees' Benefits

Provision for employees' benefits charged on accrual basis is determined based on Accounting Standard (AS) 15 (Revised) "Employee Benefits" as notified under the companies (Accounting standards) Rules, 2006 as under :

- Contributions to the provident fund, gratuity fund and superannuation fund are charged to revenue.
- Gratuity liability determined on an actuarial basis is provided to the extent not covered by the funds available in the gratuity fund.
- Provision for privilege and medical leave salary is determined on actuarial basis.
- Provision for casual leave is determined on arithmetical basis.

9. Foreign currency transactions

The transactions in foreign currency are accounted for at the rate prevailing as on the transaction date. Gain / (Loss) arising out of fluctuation in rate between transaction date and settlement date are recognized in the profit & loss account.

The monetary items denominated in the foreign currency are stated at the exchange rate prevailing at the year end and the overall net gain/ (loss) is adjusted to the profit & loss account.

10. Revenue recognition

Sales are recognized at the time of dispatches of goods to the customers and recorded net of sales returns, trade discount and sales tax but inclusive of excise duty. Other incomes are recognized on accrual basis

Lease rentals in respect of assets given on "Operating Lease" are charged off to the profit and loss account under the head other income on accrual basis as per the terms and conditions specified in the lease agreement.

DAURALA FOODS & BEVERAGES PVT. LTD.

Schedule forming part of the Balance Sheet & Profit & Loss Account (Continued)

9. SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNT (CONTINUED)

11. Excise Duty

Excise duty is payable in the state where it is sold and payable by the customers except where the goods are transferred to own bonded warehouse and is accounted for only where it is payable by the company.

12. Taxes on Income

- Current tax, if any is provided on the basis of taxable income according to prevalent tax laws.
- Deferred tax as resulting for timing differences between book and taxable profit is accounted for using the tax rates and laws that have been enacted or subsequently enacted as on the balance sheet date. Deferred tax assets subject to consideration of prudence are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

13. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

14. Leases

Lease rent under operating lease are recognized under profit and loss account on a straight line basis over the lease term.

15. Cash Flow Statement

Cash flow is reported in the indirect method as specified in the Accounting Standard (AS)-3, 'Cash Flow Statement'.

B. NOTES TO ACCOUNTS

1. The Prior Period Income & Expenditure are as under:

	<u>Current Year</u>	(Amount in Rs.) <u>Previous Year</u>
Prior Period Income		
Interest income on FDR	-	7,434

2. As certified by the management, there is no amount outstanding including interest to micro, small & medium enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 as on 31st March 2010 (Previous year Rs. Nil).

3. Accounting for taxes on income in accordance with Accounting Standard (AS) 22 :

	Upto 31.03.09	For the year	Upto 31.03.10
Deferred Tax Liabilities (Gross)			
Depreciation	9,309,329	(530,593)	8,778,735
Deferred Tax Assets (Gross)			
Unabsorbed Depreciation	16,789,809	(639,646)	16,150,163
Provision for doubtful debts	1,212,014	-	1,212,014
Brought Forward Losses	751,892	(751,892)	-
Deferred Tax Assets (Net)	9,444,386	(860,944)	8,583,442

* The deferred Tax (charged)/released of Rs. (860,944) (Previous year Rs. 629,939) for the year ended March 31, 2010 has been taken to the Profit and Loss account under the head Provision for Taxes.

4. Managerial Remuneration:

	Current Year (Rs.)	(Amount in Rs.) Previous Year (Rs.)
Directors Sitting Fees	13,500	13,500

5. Auditors' Remuneration:

	Current Year (Rs.)	Previous Year (Rs.)
Statutory Audit Fees	40,000	40,000
Tax Audit Fees	20,000	20,000
Service Tax	6,180	6,180

6. Earning per share

	Current Year	(Amount in Rs.) Previous Year
Profit/ (Loss) available for Equity Share Holders	1,845,798	(825,741)
Weighted No. of Shares	7,500,000	7,500,000
Face Value per Share	10.00	10.00
Earning per share (Rs.)	0.25	(0.11)

7. Break-up of Sales

Description of goods	Unit	2009-10		2008-09	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Liquor	Alcoholic kilo litre	-	-	15.65	871,350

8. Capacities

Item	Unit	Licensed*	Installed*	Production	
				Current Year	Previous Year
Liquor	Alcoholic kilo litre	NIL	NIL	NIL	NIL

* The company discontinued its production temporarily with effect from 01st April, 2007 and leased its Plant & Machinery and Building to DCM Shriram Industries Limited. Therefore, no licensed & installed capacity has been reported during the year.

9. Related Party Disclosure

Related party disclosure, as required by AS-18 is given below:-

A. Names of the Related parties and description of relationship*

- a) Holding Company : DCM Shriram Industries Limited (DSIL)
- b) Key Managerial Person : Mr. Anil Gujral

B. Transactions with Related Parties

Type of transaction	Holding Company	
	Current Year (Rs.)	Previous Year (Rs.)
1. Lease Rent Received	6,000,000	6,000,000
2. Sale of Raw Material / Stores and Spares	113,214	NIL
3. Closing Balance outstanding as on 31 st March 2010	NIL	NIL

* For the purpose of identification of the parties, we have relied upon the certification provided by the management.

DAURALA FOODS & BEVERAGES PVT. LTD.

Schedule forming part of the Balance Sheet & Profit & Loss Account (Continued)

9. SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNT (CONTINUED)

10. The company is in the business of Liquor but has discontinued its production temporarily w. e. f 1st April 2007 and the company has given its building, Plant & Machinery on Lease. Since the company is operating in single line of product and there being no reportable segment, the requirements of Accounting Standard 17 on 'Segment Reporting' are not applicable to the company.
11. Disclosure in respect of asset given on operating lease under Accounting Standard (AS) 19 "Leases":

The company has given its Plant and Machinery and Building on operating lease from September 1, 2007 and had earned an income of 6,000,000/- (Previous Year : Rs.6,000,000) which has been credited to Profit and Loss Account.

The detail as to future lease rentals is as under:

(Amount in Rs.)

Particulars	As at 31 March 2010	As at 31 March 2009
Not later than one year	1,000,000	1,500,000
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	1,000,000	1,500,000

Description of Assets given on lease:

Asset given on lease	Carrying Amount	Accumulated Depreciation till March 2009	Depreciation for the year	Written Down Value as on 31 st March 2010
	(A)	(B)	(C)	(D)=(A)-(B)-(C)
Plant & Machinery	52,598,346	29,227,185	2,437,260	20,933,901
Building	34,128,585	12,015,675	995,551	21,117,359

Details of Leasing Agreement are enumerated below :

Property given on lease	Date of termination of lease	Escalation clause	Terms of Renewal	Purchase option
Building	31.05.2010	No	Yes	No
Plant & Machinery	31.05.2010	No	Yes	No

12. In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet as at 31.03.2010.
13. The balances of sundry debtors and Sundry Creditors are subject to confirmation.
14. Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

As per our report of even date attached
For S.R. DINODIA & CO.,
Chartered Accountants
REGN. NO. 01478N

SANDEEP DINODIA
PARTNER
M.NO. 083689

Anil Gujral
Jt. MANAGING DIRECTOR

Place : New Delhi
Dated : 10.05.2010

K.K.Srivastava
COMPANY SECRETARY

Y.D.Gupta
DIRECTOR

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF DCM SHRIRAM INDUSTRIES LIMITED

1. We have audited the attached consolidated balance sheet of DCM Shriram Industries Limited ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at March 31, 2010, the consolidated profit and loss account and the consolidated cash flow statement of the Group for the year ended on that date, both annexed thereto. The consolidated financial statements include investments in an associate accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's management and have been prepared on the basis of the 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 generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary viz., Daurala Foods and Beverages Private Limited whose financial statements reflect total assets of Rs. 690.65 lacs as at March 31, 2010, total revenues of Rs. 7.38 lacs and net cash inflow amounting to Rs. 62.47 lacs for the year ended on that date and an associate viz. DCM Hyundai Limited whose financial statements reflect the Group's share of profit upto March 31, 2010 of Rs. 1099.90 lacs and the Group's share of profit of Rs. 5.35 lacs for the year ended on that date as considered in the consolidated financial statements. These financial statements 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 the subsidiary and associate, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Without qualifying our opinion, we draw attention to note 17 of schedule 11 relating to accounting for cane purchase liability for sugar season 2007-08 at Rs 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts cannot be determined at this stage.
6. *Various issues arisen/arising out of the reorganization arrangement will be settled and accounted for as and when the liabilities/benefits are finally determined. The effect of these cannot be determined at this stage (refer to note 4(b) of Schedule 11).*

The matter referred to in paragraph 6 above, to the extent covered here above, was also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2009.

7. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiary and an associate and to the best of our information and according to the explanations given to us and *subject to our comment in paragraph 6 above*, in our opinion, the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:
 - a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2010;
 - b) in the case of the consolidated profit and loss account, of the profit of the Group for the year ended on that date; and
 - c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For A. F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)

Manjula Banerji
Partner
(Membership No. 086423)

Place : New Delhi
Date : 29th May, 2010

Consolidated balance sheet of DCM Shriram Industries Limited as at March 31, 2010

	Schedule	As at 31.03.2010 Rs. lacs	As at 31.03.2009 Rs. lacs
<u>SOURCES OF FUNDS</u>			
Shareholders' funds			
Share capital	1	1739.84	1739.84
Reserves and surplus	2	23125.45	20521.27
		<u>24865.29</u>	<u>22261.11</u>
Minority interest * (Rs. 92 (2008-09 - Rs. 90))		*	*
Loan funds	3		
Secured loans		28916.93	28375.67
Unsecured loans		971.11	1016.87
		<u>29888.04</u>	<u>29392.54</u>
Deferred tax liability (net) (refer note 9 in schedule 11)		4709.15	3275.57
		<u>59462.48</u>	<u>54929.22</u>
<u>APPLICATION OF FUNDS</u>			
Fixed assets	4		
Gross block		54395.89	52634.04
Less : Depreciation		26403.05	24802.70
Net block		27992.84	27831.34
Capital work in progress		2863.89	1976.42
		<u>30856.73</u>	<u>29807.76</u>
Investments	5	1378.23	1518.57
Current assets, loans and advances	6		
Inventories		37184.80	28958.39
Sundry debtors		6349.62	7302.62
Cash and bank balances		1355.22	1379.75
Loans and advances		4564.89	3926.17
		<u>49454.53</u>	<u>41566.93</u>
Less : Current liabilities and provisions	7		
Current liabilities		20653.33	16383.76
Provisions		1573.68	1580.28
		<u>22227.01</u>	<u>17964.04</u>
Net current assets		27227.52	23602.89
Total		<u>59462.48</u>	<u>54929.22</u>
Notes to the consolidated accounts	11		

In terms of our report attached
For A.F.FERGUSON & CO.
Chartered Accountants

Manjula Banerji
Partner
Membership No: 086423

D.C. Mittal
President

B.P. Khandelwal
Sr. Executive Director &
Company Secretary

Place : New Delhi
Date : 29th May, 2010

N.K. Jain
Chief Financial Officer

Tilak Dhar
Chairman & Managing Director
Alok B. Shriram
Dy. Managing Director
Madhav B. Shriram
Whole-Time Director
G. Kumar
Director-Sugar Operations

P.R. Khanna
V.L. Dutt
S.B. Mathur
Ravinder Narain
S.C. Kumar
Directors

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Consolidated profit & loss account of DCM Shriram Industries Ltd. for the year ended March 31, 2010

	Schedule	Year ended 31.03.2010 Rs. lacs	Year ended 31.03.2009 Rs. lacs
INCOME			
Sale of products			
Gross sales		88004.86	100986.06
Less : Excise duty		<u>4242.61</u>	<u>21124.21</u>
		83762.25	79861.85
Other income	8	<u>3635.31</u>	<u>3639.76</u>
		<u>87397.56</u>	<u>83501.61</u>
EXPENDITURE			
Manufacturing and other expenses	9	77380.32	73887.59
Interest	10	2328.24	3519.83
		<u>79708.56</u>	<u>77407.42</u>
		7689.00	6094.19
PROFIT BEFORE DEPRECIATION AND TAX			
Depreciation - Gross		2257.72	2096.74
Less : Transferred from revaluation reserve		<u>315.23</u>	<u>351.19</u>
		1942.49	1745.55
PROFIT BEFORE TAX			
Provision for tax		<u>5746.51</u>	<u>4348.64</u>
- Current tax		992.35	485.09
- Tax adjustments of earlier years		-	10.34
Less : MAT Credit		<u>590.62</u>	<u>495.43</u>
		401.73	-
- Deferred tax charge		1433.58	1397.32
- Fringe benefit tax		-	81.72
		<u>1835.31</u>	<u>1479.04</u>
PROFIT AFTER TAX AND BEFORE MINORITY INTEREST			
		3911.20	2869.60
Minority interest * (Rs. 2.46 (2008-09 - Rs. (1.10))		*	*
Net Profit for the year after tax but before share of results of an associate		<u>3911.20</u>	<u>2869.60</u>
Share of net profit of an associate		5.35	1094.55
NET PROFIT FOR THE YEAR		<u>3916.55</u>	<u>3964.15</u>
Brought forward from the previous year		9338.06	6591.33
Debenture redemption reserve written back		278.08	189.69
Available for appropriation		<u>13532.69</u>	<u>10745.17</u>
APPROPRIATIONS			
Dividend			
Interim		260.98	-
Final proposed		521.95	347.97
Corporate dividend tax		131.04	59.14
General reserve		500.00	1000.00
Balance carried to balance sheet		<u>12118.72</u>	<u>9338.06</u>
Earnings per share - basic / diluted (Rs.)		22.51	22.78
(refer note 10 in schedule 11).			
Notes to the consolidated accounts	11		

In terms of our report attached
For A.F.FERGUSON & CO.
Chartered Accountants

Manjula Banerji
Partner
Membership No: 086423

D.C. Mittal
President

B.P. Khandelwal
Sr. Executive Director &
Company Secretary

Place : New Delhi
Date : 29th May, 2010

Tilak Dhar
Chairman & Managing Director

Alok B. Shriram
Dy. Managing Director

Madhav B. Shriram
Whole-Time Director

N.K. Jain
Chief Financial Officer

P.R. Khanna
V.L. Dutt
S.B. Mathur
Ravinder Narain
S.C. Kumar
Directors

Consolidated Cash Flow Statement of DCM Shriram Industries Ltd, for the year ended March 31, 2010

	Year ended <u>31.03.2010</u> Rs. lacs	Year ended <u>31.03.2009</u> Rs. lacs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,746.51	4,348.64
Adjustments for :		
Depreciation	1,942.49	1,745.55
Inventory written off	1.30	1.11
Prov. for doubtful debts	-	39.22
Prior period adjustments	-	(0.07)
Balances written off / written back	-	(0.08)
Interest expense	2,328.24	3,519.83
Interest income	(146.88)	(271.54)
Interest accrued on deposits written off	-	95.10
Profit on sale of fixed assets	(64.45)	(166.13)
Loss on sale of fixed assets	80.80	149.19
Impairment of fixed assets	99.15	-
Dividend received	(0.30)	-
Provision for diminution in value of long term non trade investments written back	-	(166.00)
Provision for diminution in value of current non trade investments written back	(9.23)	-
Provision for diminution in value of current non trade investments	-	12.95
Profit on sale of current non trade investments	(12.43)	(36.76)
Operating profit before working capital changes	<u>9,965.20</u>	<u>9,271.01</u>
Adjustments for :		
Increase in sundry creditors and other payables	3,683.54	2,617.57
Decrease / (Increase) in sundry debtors, loans and advances	705.11	(1,880.84)
(Increase) / Decrease in inventories	(8,227.71)	687.68
Cash generated from operations	<u>6,126.14</u>	<u>10,695.42</u>
Income tax paid	(1,173.34)	(624.75)
Fringe benefit tax paid	-	(77.35)
Net cash generated from operating activities	<u>4,952.80</u>	<u>9,993.32</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,087.72)	(5,007.50)
Sale of fixed assets	119.53	219.86
Purchase of current non trade investments	(609.45)	(2,732.96)
Sale of long term non trade investments	-	-
Sale of current non trade investments	776.80	2,501.90
Inter Corporate deposits made	(125.00)	-
Inter Corporate deposits received back	235.00	-
Prior period adjustments	-	0.07
Interest received	227.83	298.32
Dividend received	0.30	-
Net cash (used in) investing activities	<u>(2,462.71)</u>	<u>(4,720.31)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,711.59	2,740.10
Repayment of borrowings	(4,914.21)	(4,240.63)
Increase in cash credits	2,646.13	130.82
Interest paid	(2,267.23)	(3,518.35)
Dividend paid	(587.41)	(0.04)
Corporate dividend tax paid	(103.49)	-
Net cash (used in) financing activities	<u>(2,514.62)</u>	<u>(4,888.10)</u>
Net (decrease) / increase in cash and cash equivalents (A+B+C)	<u>(24.53)</u>	<u>384.91</u>
Cash and cash equivalents		
- At beginning of year	<u>1,379.75</u>	<u>994.84</u>
- At end of year *	<u>1,355.22</u>	<u>1,379.75</u>

* Cash and cash equivalents include Rs.52.26 lacs (2008-09 - Rs.47.98 lacs) earmarked for specific purposes.

Notes to the accounts

Schedule 11

In terms of our report attached
For A.F.FERGUSON & CO.
Chartered Accountants

Manjula Banerji
Partner
Membership No: 086423

D.C. Mittal
President

B.P. Khandelwal
Sr. Executive Director &
Company Secretary

Tilak Dhar
Chairman & Managing Director

Alok B. Shriram
Dy. Managing Director

Madhav B. Shriram
Whole-Time Director

P.R. Khanna
V.L. Dutt
S.B. Mathur
Ravinder Narain
S.C. Kumar
Directors

Place : New Delhi
Date : 29th May, 2010

N.K. Jain
Chief Financial Officer

G. Kumar
Director-Sugar Operations

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements

	As at <u>31.03.2010</u> Rs. lacs	As at <u>31.03.2009</u> Rs. lacs
1. SHARE CAPITAL		
Authorised		
6,50,00,000 (2008-09 - 6,50,00,000) Equity shares of Rs.10 each	6500.00	6500.00
Issued, subscribed and fully paid-up		
1,73,98,437 (2008-09 - 1,73,98,437) Equity shares of Rs. 10 each	1739.84	1739.84
	1739.84	1739.84

1. Of the issued, subscribed and fully paid-up capital, following equity shares of Rs.10 each were allotted as fully paid-up without payment being received in cash :
- (i) 57,55,076 (2008-09 - 57,55,076) equity shares allotted to shareholders of erstwhile undivided DCM Limited in terms of Scheme of Arrangement (refer note 4 (a) in schedule 11).
- (ii) 15,68,200 (2008-09 - 15,68,200) equity shares allotted to shareholders of erstwhile Daurala Organics Limited in terms of Scheme of Amalgamation.
2. Nil (2008-09 - 9,45,000) equity shares allotted during the year (refer note 15 in schedule 11) .

	As at <u>31.03.2009</u> Rs. lacs	Additions Rs. lacs	Deductions Rs. lacs	As at <u>31.03.2010</u> Rs. lacs
2. RESERVES AND SURPLUS				
Revaluation reserve	3642.16	-	398.40 *	3243.76
Amalgamation reserve	1411.38	-	-	1411.38
Share premium account	3406.68	-	-	3406.68
Capital redemption reserve	0.10	-	-	0.10
Capital reserve	234.89	-	-	234.89
Debenture redemption reserve	485.31	-	278.08 **	207.23
General reserve	2002.69	500.00 ***	-	2502.69
Profit and loss account	9338.06	2780.66	-	12118.72
	<u>20521.27</u>	<u>3280.66</u>	<u>676.48</u>	<u>23125.45</u>

* Represents

- Rs. 315.23 lacs transferred to profit and loss account .
- Rs. 55.18 lacs in respect of deletion of revalued assets.
- Rs. 27.99 lacs in respect of impairment of assets (refer note 19 in schedule 11).

** Transferred to profit and loss account.

*** Transferred from profit and loss account.

	As at <u>31.03.2010</u> Rs. lacs	As at <u>31.03.2009</u> Rs. lacs
3. LOAN FUNDS		
Secured loans		
Debentures	207.23	625.24
Banks		
Cash credits	19218.17	16572.04
Term loans	7151.31	9015.47
Others	2330.39	2129.95
Finance lease liabilities *	9.83	32.97
	<u>28916.93</u>	<u>28375.67</u>
Unsecured loans		
Deposits		
Fixed	782.87	486.58
Others	188.24	530.29
	<u>971.11</u>	<u>1016.87</u>
	<u>29888.04</u>	<u>29392.54</u>

* Refer note 13A (ii) in schedule 11.

SECURED

I. Debentures

- a) i) 8,98,000 (2008-09 - 8,98,000) privately placed 12.50% secured redeemable non convertible debentures of Rs.100 each allotted w.e.f. June 18, 2001, redeemable at par in 26 equal quarterly instalments commencing from April 15, 2005. The instalments due for redemption have been redeemed. Due within a year Rs.138.15 lacs (2008-09 - Rs.138.15 lacs).
- ii) Nil (2008-09 - 2,00,000) and Nil (2008-09 - 1,00,000) privately placed 12.50% secured redeemable non convertible debentures of Rs.100 each allotted w.e.f. April 24, 1992 and July 14, 1992 respectively, redeemable at par in 28 equal quarterly instalments commencing from October 15, 2004. The instalments due / not due for redemption have been redeemed. Due within a year Nil (2008-09 - Rs.42.85 lacs).
- iii) Nil (2008-09 - 70,000) and Nil (2008-09 - 15,000) privately placed 12.50% secured redeemable non convertible debentures of Rs.100 each allotted w.e.f. April 24, 1992 and July 14, 1992 respectively, redeemable at par in 28 equal quarterly instalments commencing from December 31, 2005. The instalments due / not due for redemption have been redeemed. Due within a year Nil (2008-09 - Rs.12.14 lacs).

These debentures are secured by a first mortgage over all the immovable properties and a first charge by way of hypothecation of all the movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, both present and future (save and except book debts), subject to prior charges created / to be created in favour of the Company's bankers for securing borrowings for working capital requirements, the charges ranking pari-passu with the mortgages and charges created / to be created in favour of existing first charge holders for their respective term loans / debentures. Debentures in (a)(i) above are also secured / to be secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company.

- b) i) Nil (2008-09 - 2,42,047) - Part-C of Rs.50 each, being the non convertible portion of 12.50% secured redeemable partly convertible debentures of Rs.135 each and Nil (2008-09 - 2,42,047) 12.50% secured redeemable non convertible debentures of Rs.60 each, allotted w.e.f. February 22, 1994 redeemable in 28 equal quarterly instalments commencing from October 15, 2004. The instalments due / not due for redemption have been redeemed. Due within a year Nil (2008-09 - Rs.38.03 lacs).
- ii) Nil (2008-09 - 63,918) - Part-C of Rs.50 each, being the non convertible portion of 12.50% secured redeemable partly convertible debentures of Rs.135 each and Nil (2008-09 - 63,918) 12.50% secured redeemable non convertible debentures of Rs.60 each, allotted w.e.f. February 22, 1994, redeemable in 28 equal quarterly instalments commencing from December 31, 2005. The instalments due / not due for redemption have been redeemed. Due within a year Nil (2008-09 - Rs.10.04 lacs).

These debentures are secured by way of second charge / mortgage in favour of the trustees on all or any of the immovable and/or movable properties of the Company excluding all assets of Daurala Organics and sugar factory at Daurala Sugar Works, units of the Company, both present and future, upon such terms and conditions and in such form and manner as the Board may determine in consultation with the Trustees but specifically excluding the current assets, receivables, inventories, book debts (present and future) and such other specific items of machinery and equipments or any other assets as are specifically charged to any other lenders or authorities.

II. Banks

- a) Cash credits are secured by hypothecation of stocks/stores, both present and future. Some of these are further secured by hypothecation of book debts/ receivables and also by way of second / third pari-passu mortgage and charge on the fixed assets, both present and future.

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

3. LOAN FUNDS (continued)

- b) Rs.3343.38 lacs (2008-09 - Rs.5706.74 lacs) are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans / debentures. Due within a year Rs.1813.48 lacs (2008-09 - Rs.2613.33 lacs).
- c) Rs.847.62 lacs (2008-09 - Rs.1122.62 lacs) secured by first charge on specific moveable assets of Shriram Rayons, a unit of the Company. Due within a year Rs.275.00 lacs (2008-09 - Rs.275.00 lacs).
- d) Rs.208.27 lacs (2008-09 - Nil) secured / to be secured by first mortgage and charge on specific immovable and moveable assets of Shriram Rayons, a unit of the Company. Due within a year Rs.54.60 lacs (2008-09 - Nil).
- e) Rs.661.00 lacs (2008-09 - Nil) are secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans. Due within a year Rs.100.00 lacs (2008-09 - Nil).
- f) Rs.2066.46 lacs (2008-09 - Rs.2136.00 lacs) are secured by residual charge on fixed assets of sugar division of the Company. Due within a year Rs.1068.00 lacs (2008-09 - Rs.89.00 lacs).
- g) Rs.24.58 lacs (2008-09 - Rs.50.11 lacs) are secured by hypothecation of specific assets. Due within a year Rs.16.10 lacs (2008-09 - Rs.29.03 lacs).

III. Others

- a) Rs.420.15 lacs (2008-09 - Rs.835.13 lacs) from financial institutions secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans / debentures. Out of these, Rs.420.15 lacs (2008-09 - Rs.700.59 lacs) relating to a financial institution is further secured / to be secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company. Due within a year Rs.280.44 lacs (2008-09 - Rs.352.75 lacs).
- b) Nil (2008-09 - Rs.101.91 lacs) from financial institutions secured by a mortgage on all the immovable properties and a first charge by way of hypothecation of all the movable properties of the Company excluding all assets of Daurala Organics a unit of the Company, both present and future (save and except book debts), subject to prior charges created/to be created in favour of the Company's bankers for securing borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans/debentures. Due within a year Nil (2008-09 - Rs.37.26 lacs).
- c) Nil (2008-09 - Rs.70.01 lacs) from financial institutions secured by way of second charge / mortgage on all immovable and movable properties of the Company excluding the assets of Daurala Organics and sugar factory at Daurala Sugar Works, units of the Company, both present and future, upon such terms and conditions and in such form and manner as the Board may determine in consultation with the Trustees but specifically excluding the current assets, receivables, inventories, book debts (present and future) and such other specific items of machinery and equipment or any other assets as are specifically charged to any other lenders or authorities. Due within a year Nil (2008-09 - Rs.25.73 lacs).
- d) Rs.1910.24 lacs (2008-09 - Rs.1122.90 lacs) from the Sugar Development Fund is secured by exclusive second charge on immovable and movable assets of sugar factory at Daurala Sugar Works, a unit of the Company. Due within a year Nil (2008-09 - Nil).

IV. Finance Lease

Rs.9.83 lacs (2008-09 - Rs.32.97 lacs) are secured by hypothecation of specific assets. Due within a year Rs.9.83 lacs (2008-09 - Rs.23.14 lacs).

4. FIXED ASSETS

Particulars	Gross block					Depreciation				Net block	
	As at 31.03.2009	Additions	Deductions	As at 31.03.2010	As at 31.03.2009	For the year	Impairment loss *	On deductions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Owned assets											
Land	1119.00	116.71	-	1235.71	-	-	-	-	1235.71	-	1119.00
Buildings	6154.00	162.86	-	6316.86	3107.91	195.62	-	-	3303.53	3013.33	3046.09
Plant and machinery	44142.05	2247.99	849.84	45540.20	21100.30	1974.68	127.14	708.92	22493.20	23047.00	23041.75
Furniture and fixtures	587.03	38.78	31.87	593.94	382.01	23.58	-	21.29	384.30	209.64	205.02
Vehicles	548.32	171.08	93.86	625.54	196.23	59.18	-	54.30	201.11	424.43	352.09
Assets taken on finance lease											
Plant and machinery	77.70	-	-	77.70	14.36	4.10	-	-	18.46	59.24	63.34
Vehicles	5.94	-	-	5.94	1.89	0.56	-	-	2.45	3.49	4.05
This year	52634.04	2737.42	975.57	54395.89	24802.70	2257.72	127.14	784.51	26403.05	27992.84	27831.34
Previous year	48623.38	4665.14	654.48	52634.04	23106.73	2096.74	-	400.77	24802.70	2863.89	1976.42
Capital work in progress										30856.73	29807.76

1. The Company had revalued its land and buildings as at March 31, 1993 and plant and machinery (other than office equipment) as at April 1, 1993. Land, buildings and plant and machinery (other than office equipment) were again revalued on March 31, 1999. These revaluations resulted in a net increase in the gross block by Rs. 16283.80 lacs of which Rs. 12757.32 lacs (2008-09 Rs. 13037.74 lacs) is included in the gross block of fixed assets as on March 31, 2010.

2. Estimated amount of contracts remaining to be executed on capital account not provided for and against which advance has not been paid Rs. 33.96 lacs (2008-09 Rs. 690.81 lacs).

3. Some of the titles in land and other properties acquired from DCM Limited pursuant to the Scheme of Arrangement are yet to be endorsed in the name of DSIL.

4. Assets taken on finance lease (cost Rs. 12.96 lacs and accumulated depreciation Rs. 3.69 lacs as at March 31, 2009) have been reclassified under owned assets consequent to payment of final finance lease installment during the year.

5. Additions to fixed assets during the year include Rs. 1.42 lacs (2008-09 Rs. 44.66 lacs) on account of borrowing cost.

6. Refer note 13(A) in schedule 11.

* Refer note 19 in schedule 11.

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

	As at 31.03.2010 Rs. lacs	As at 31.03.2009 Rs. lacs
5. INVESTMENTS *		
Long Term Investments		
Quoted		
Trade		
ICICI Bank Limited		
16 (2008-09 - 16) Equity shares of Rs. 10 each, fully paid-up	0.01	0.01
	0.01	0.01
Unquoted		
Trade		
Daurala Co-operative Development Union Limited		
2 (2008-09 - 2) Equity shares of Rs.10 each, fully paid-up @ (Rs.20)	@	@
Non-trade		
Government securities #	0.14	0.14
In Associate		
DCM Hyundai Limited		
19,72,000 (2008-09 - 19,72,000) Equity shares of Rs.10 each fully paid - up	166.00	166.00
Add :Group share of net profit	1099.90	1094.55
	1265.90	1260.55
In Other Companies		
Versa Trading Limited		
7,00,000 (2008-09 - 7,00,000) 5 % redeemable non -cumulative preference shares of Rs. 100 each , fully paid -up.	700.00	700.00
Less :Provision for diminution in value	700.00	700.00
	-	-
Current Investments		
Unquoted, Non-trade		
UTI Mutual Fund		
Nil (2008-09 - 29339.853) UTI Leadership Equity Fund - Dividend Plan units of Rs. 10 each fully paid-up, sold during the year	-	2.50
ICICI Prudential Mutual Fund		
Nil (2008-09 -526390.75) ICICI Prudential Gilt Fund - Investment Plan Growth Units of Rs. 10 each fully paid-up, sold during the year.	-	157.55
HDFC Cash Management Fund		
Nil (2008-09 -385197.742) HDFC Cash Management Fund - Wholesale Growrh Plan units of Rs. 10 each fully paid-up, sold during the year.	-	72.82
Nil (2008-09 -132768.861) HDFC Cash Management Fund - Retail Plan Growth units of Rs. 10 each fully paid-up, sold during the year	-	25.00
Birla Sunlife Mutual Fund		
76616.017 (2008-09 - Nil) Birla Sunlife Dynamic Bond Fund - Retail - Growth units of Rs. 10 each fully paid-up, acquired during the year. Repurchase price Rs. 118.81 lacs (2008-09 - Rs. - nil).	112.18	-
	1378.22	1518.56
	1378.23	1518.57

Market value of quoted investments Rs.0.15 lac (2008-09-Rs.0.05 lac).

* Refer note 3 (e) in schedule 11.

Pledged with Government authorities.

	As at 31.03.2010 Rs. lacs	As at 31.03.2009 Rs. lacs
6. CURRENT ASSETS, LOANS AND ADVANCES		
Current assets		
Inventories		
Stores and spares (at cost or under)	2831.13	2249.62
Stock-in-trade		
Raw materials	4933.82	2957.81
Process stocks	961.19	456.44
Finished goods	28458.66	23294.52
	37184.80	28958.39
Sundry debtors		
Debts over six months		
Unsecured - considered good	47.07	464.33
- considered doubtful	74.28	69.20
Other debts		
Secured - considered good	4.27	175.33
Unsecured - considered good	6298.28	6662.96
	6423.90	7371.82
Less : Provision for doubtful debts	74.28	69.20
	6349.62	7302.62
Cash and bank balances		
Cash in hand	40.95	45.61
Cheques in hand	381.15	130.90
With scheduled banks - on current account	107.96	244.46
- on deposit account *	825.16	958.78
	1355.22	1379.75
Loans and advances		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Secured	541.94	541.94
Unsecured - considered good **	2005.22	1989.28
- considered doubtful **	115.94	187.64
	2663.10	2718.86
Less : Provision for doubtful advances	115.94	187.64
	2547.16	2531.22
Deposits	218.98	195.77
With customs and excise authorities	486.17	492.11
MAT credit entitlement	1128.62	542.18
Tax (net of provision)	100.02	-
Interest accrued on investments and deposits	83.94	164.89
	2017.73	1394.95
	4564.89	3926.17
	49454.53	41566.93

* Includes :
Rs. 118.75 lacs (2008-09-Rs.359.77 lacs) provided as security for loans from banks/bank guarantees / letters of credit.
Rs. 52.26 lacs (2008-09-Rs.47.98 lacs) earmarked for specific purpose.
Rs. 1.00 lac (2008-09-Rs.1.00 lac) pledged with excise authorities.
Rs.152.05 lacs (2008-09 - Rs. 124.56 lacs) for margin money.

** Includes :
(a) Capital advances Rs.9.86 lacs (2008-09-Rs.118.73 lacs).
(b) Inter-corporate deposits Rs. Nil (2008-09-Rs.100 lacs).

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

	As at <u>31.03.2010</u> Rs. lacs	As at <u>31.03.2009</u> Rs. lacs
7. CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Acceptances	1861.66	1749.57
Sundry creditors		
Micro, small and medium enterprises *	-	-
Others	18635.52	14508.60
Interest accrued but not due on loans	127.71	118.69
Unclaimed dividend	28.44	6.90
	<u>20653.33</u>	<u>16383.76</u>
Provisions		
Taxation (less advances)	-	80.97
Gratuity	380.89	580.13
Leave salary	584.15	512.07
Proposed dividend	521.95	347.97
Corporate dividend tax	86.69	59.14
	<u>1573.68</u>	<u>1580.28</u>
	<u>22227.01</u>	<u>17964.04</u>

* Refer note 8 in schedule 11.

	Year ended <u>31.03.2010</u> Rs. lacs	Year ended <u>31.03.2009</u> Rs. lacs
8. OTHER INCOME		
Income from operations		
Processing charges	301.44	249.05
Export incentives	1630.47	1747.55
Gain on exchange fluctuations (net of loss of Rs. 383.33 lacs)	284.54	-
Miscellaneous sales	694.32	796.99
	<u>2910.77</u>	<u>2793.59</u>
Other income		
Interest on :		
Income tax refunds	16.76	-
Deposits etc. (gross) *	130.31	271.54
Profit on sale of fixed assets	64.45	166.13
Profit on sale of current non trade investments	12.43	36.76
Provision for diminution in the value of long term non trade investments written back	-	166.00
Provision / liabilities no longer required, written back	113.65	33.48
Miscellaneous	386.94	172.26
	<u>724.54</u>	<u>846.17</u>
	<u>3635.31</u>	<u>3639.76</u>

* Income-tax deducted at source Rs. 11.91 lacs (2008-09-Rs. 30.31 lacs).

	Year ended <u>31.03.2010</u>	Year ended <u>31.03.2009</u>
	Rs. lacs	Rs. lacs
9 . MANUFACTURING AND OTHER EXPENSES		
Raw materials consumed	51785.82	43994.46
Goods purchased for resale	3916.54	1330.25
Stores and spares *	6629.19	8095.36
Power, fuel, etc.	6111.35	5976.75
Repairs		
Buildings	310.08	307.96
Plant and machinery	1467.10	1147.88
Jobs on contract	119.23	96.59
Salaries, wages, bonus, etc. **	7079.31	6066.86
Contribution to provident and other funds	574.14	531.94
Provision for gratuity	168.34	276.69
Provision for leave salary	163.37	218.66
Welfare	177.40	182.22
Rent	378.92	427.48
Insurance	133.73	129.20
Rates and taxes	61.52	178.98
Donations	0.11	6.66
Auditors' remuneration ***		
As auditors	20.94	16.94
As Tax auditors	0.22	0.22
Limited review of unaudited financial results	12.90	10.50
Verification of statements and other reports	5.85	4.90
Out-of-pocket expenses	0.51	0.13
Directors' sitting fees	4.64	6.37
Bad debts/advances written off	2.36	0.24
Provision for doubtful debts & advances	5.08	69.20
Provision for diminution in value of current non trade investments	-	12.95
Exchange fluctuations (net of gain of Rs. 770.33 lacs)	-	503.36
Loss on sale of fixed assets	80.80	149.19
Impairment of fixed assets	99.15 #	-
Freight and transport	546.92	1012.30
Commission to selling agents	764.64	534.86
Brokerage, discounts (other than trade discounts), etc.	215.55	742.61
Sales expenses	225.18	333.76
Increase / (Decrease) in excise duty on finished goods	32.61	(502.06)
Miscellaneous	1955.71	2037.93
	<u>83049.21</u>	<u>73901.34</u>
Increase in finished goods and process stocks		
Opening stocks	23750.96	23737.21
Less : Closing stocks	29419.85	23750.96
	<u>(5,668.89)</u>	<u>(13.75)</u>
	<u>77380.32</u>	<u>73887.59</u>

* After allocating Rs. 552.21 lacs (2008-09-Rs.409.21 lacs) to other revenue accounts.

** After allocating Rs. 152.51 lacs (2008-09-Rs.159.25 lacs) to other revenue accounts.

*** Including Rs. 0.66 lac (2008-09-Rs. 0.66 lac) paid to other auditors of subsidiary Company.

Refer note 19 in schedule 11.

	Year ended <u>31.03.2010</u>	Year ended <u>31.03.2009</u>
	Rs. lacs	Rs. lacs
10. INTEREST		
On debentures and other fixed loans	928.63	1135.06
On others	1399.61	2384.77
	<u>2328.24</u>	<u>3519.83</u>

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

11. NOTES TO THE CONSOLIDATED ACCOUNTS

1. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS21) - "Consolidated Financial Statements", and Accounting Standard 23 (AS 23) - "Accounting for investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standard) Rules, 2006.

The subsidiary Daurala Foods and Beverage Private Limited (DFBPL) (which along with DCM Shriram Industries Limited (DSIL), the parent, constitute the group) and the associate DCM Hyundai Limited (DHL) have been considered in preparation of these consolidated financial statements.

- a) DFBPL, which is incorporated in India, is a subsidiary of the Company and percentage of voting power therein as on March 31, 2010 is 99.99% (2008-09 : 99.99%). The consolidated financial statements are based, in so far as they relate to amounts included in respect of the subsidiary on the audited financial statements prepared for consolidation in accordance with the requirements of AS 21 by the concerned subsidiary.
- b) DHL, which is incorporated in India, is an associate of the Company and percentage of voting power therein as on March 31, 2010 is 49.28% (2008-09 : 49.28%). The consolidated financial statements are based, in so far as they relate to amounts included in respect of the associate, on the audited financial statements for the year ended March 31, 2010.

2. Principles of consolidation

The consolidated financial statements have been prepared on the following basis :

- i) 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.
- ii) the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- iii) the excess of Company's portion of the equity of the subsidiary at the date on which investment in the subsidiary is made over the cost to the Company of its investment in the subsidiary company is recognised in the financial statements as capital reserve amounting to Rs. 234.89 lacs.
- iv) Investment in associate i.e. DHL has been accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets. Accordingly, the original cost of the Company's investment in DHL is Rs. 166 lacs (2008-09 : Rs 166 lacs). The Company's share in accumulated profits of DHL is Rs. 1099.90 lacs (2008-09 : Rs. 1094.55 lacs) and has been accordingly reflected in these financial statements.

3. Significant Accounting Policies

- a) Accounting Convention

The consolidated financial statements are prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets, and have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

- b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the results of operations during the year. Difference between the actual results and estimates are recognised in the year in which the results are known or materialised.

- c) Fixed assets

- i) Owned assets

All fixed assets are stated at cost of acquisition or construction, except for certain assets which are revalued and are, therefore, stated at their revalued book values. Financing costs (up to the date the assets are ready to be put to use for commercial production) relating to borrowed funds or deferred credits attributable to acquisition or construction of fixed assets are included in the gross book value of fixed assets to which they relate.

- ii) Assets taken on finance lease
Fixed assets taken on finance lease are stated at the lower of cost of finance lease assets or present value of the minimum finance lease payments at the inception of finance lease.
- iii) Impairment of fixed assets
Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.
- d) Depreciation
 - i) Depreciation on all fixed assets is provided on the straight line method at the rates specified in schedule XIV to the Companies Act, 1956 or at rates arrived at on the basis of the balance useful lives of the assets based on technical evaluation/ revaluation of the related assets, whichever is higher.
 - ii) Depreciation is calculated on a pro-rata basis only in respect of additions to plant and machinery having a cost in excess of Rs. 5000. Assets costing upto Rs. 5000 are fully depreciated in the year of purchase. No depreciation is provided on assets sold, discarded, etc. during the year.
 - iii) In respect of revalued assets, an amount equivalent to the additional charge arising due to revaluation is transferred from the revaluation reserve to the profit and loss account.
 - iv) In respect of assets taken on finance lease, depreciation is provided in accordance with the policy followed for owned assets.
 - v) No write-off is made in respect of leasehold land as the lease is a long lease.
- e) Investments
Long term investments are stated at cost as reduced by amounts written off / provision made for diminution in value. Current investments are stated at cost or fair value, whichever is lower.
- f) Inventories
Stores and spares are valued at cost or under. Stock-in-trade is valued at the lower of cost and net realisable value. Cost of inventories is ascertained on a 'weighted average' basis. In the case of finished goods and process stocks, appropriate share of labour, overheads and excise duty is included.
- g) Research and development
Revenue expenditure on research and development is charged as an expense in the year in which it is incurred.
- h) Export benefits
Export benefits are accounted for on accrual basis.
- i) Employees' benefits
Provision for employee benefits charged on accrual basis is determined based on Accounting Standard (AS) 15 (Revised) "Employee Benefits" as notified under the Companies (Accounting Standards) Rules, 2006 as under :
 - i) Contributions to the provident fund, gratuity fund and superannuation fund are charged to revenue.
 - ii) Gratuity liability determined on an actuarial basis is provided to the extent not covered by the funds available in the gratuity fund.
 - iii) Provision for privilege and medical leave salary is determined on actuarial basis.
 - iv) Provision for casual leave is determined on arithmetical basis.
- j) Foreign currency transactions
Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are reported using the closing exchange rates on the date of the balance sheet.
The exchange differences arising on settlement of monetary items or on reporting these items at the rates different from the rates at which these were initially recorded/ reported in previous financial statements, are recognised as income/ expense in the year in which they arise, except in respect of the foreign currency liabilities incurred in connection with fixed assets where the exchange differences arising during the construction period are adjusted in the cost of concerned assets.

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

11. NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

In case of forward exchange contracts, the premium or discount, arising at the inception of such contracts is amortised as income or expense over the life of the contract and the exchange differences on such contracts, i.e., differences between the exchange rates at the reporting/ settlement date and the exchange rates on the date of inception of contract/ the last reporting date, is recognised as income/ expense for the year except where the foreign currency liabilities have been incurred in connection with fixed assets where the exchange differences arising during the construction period are adjusted in the cost of concerned assets.

k) Revenue recognition

Sales are recognised at the point of despatch to customers and include excise duty.

l) Income-tax

Current income-tax liability is provided for in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In respect of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

4. a) Pursuant to the Scheme of Arrangement as approved by the High Court of Delhi vide its Order dated April 16, 1990 under sections 391/394 of the Companies Act, 1956, assets and liabilities relating to certain units, and certain reserves of the undivided DCM Limited were transferred/ allocated to DSIL w.e.f. April 1, 1990, being the effective date. The excess of net assets acquired over the share capital and reserves had been transferred to the share premium account.
- b) There are various issues relating to sales tax, income-tax, interest, etc. arisen/arising out of the reorganisation arrangement which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited as and when the liabilities/benefits are finally determined. The ultimate effect of these is not ascertainable at this stage.

	As at	As at
	31.03.2010	31.03.2009
	(Rs. lacs)	(Rs. lacs)
5. Contingent liabilities not provided for:-		
Income tax matters*	210.22	196.70
Excise / Service tax / Customs Duty matters*	698.39	670.38
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	1000.34	842.95
Bills discounted	2540.73	1718.04
* Matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position.		

	This year	Previous year
	(Rs. lacs)	(Rs. lacs)
6. Managerial remuneration		
- Remuneration*	153.31	136.87
- Commission	384.39	86.09
- Directors sitting fees	4.64	6.36
	542.34	229.32

* Does not include provision for leave salary and contribution/provision towards gratuity, since the provision/contribution is made for the Company as a whole on actuarial basis.

7. Research and development expenses amounting to Rs. 33.53 lacs (2008-09 - Rs. 45.77 lacs) have been charged to the respective revenue accounts.
8. Parties covered under "The Micro, Small and Medium Enterprise Development Act, 2006" (MSMED Act, 2006) have been identified on the basis of confirmation received.

Based upon the information available, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is nil. Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

9. Accounting for taxes on income in accordance with Accounting Standard (AS) 22:

	As at 31.03.2010	(Rs. lacs) As at <u>31.03.2009</u>
a) Deferred tax assets		
Accrued expenses deductible on payment	230.48	410.73
Provision for gratuity and leave encashment	320.56	371.24
Provision for doubtful debts and advances	25.07	23.65
Unabsorbed depreciation and business losses	161.50	739.91
Others	82.60	76.92
Total	820.21	1622.45
b) Deferred tax liabilities		
Depreciation	5529.36	4895.37
Others	-	2.65
Total	5529.36	4898.02
Net	(4709.15)	(3275.57)
	This year (Rs. lacs)	Previous year (Rs. lacs)
10. Earning per share		
Profit after tax		
as per profit and loss account (Rs.lacs)	3916.55	3964.15
Weighted average number of		
Equity shares outstanding (Nos.)	1,73,98,437	1,73,98,437
Earnings per share - basic / diluted		
(face value - Rs. 10 per share) (Rs.)	22.51	22.78

11. Segment reporting

A. Business segments

Based on the guiding principles given in Accounting Standard (AS)17 "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006, the Group's business segments are Sugar (comprising sugar, power and molasses based alcohols), Industrial Fibres and related products (comprising rayon, synthetic yarn, cord, fabric etc.) and Chemicals (comprising Organic & Fine Chemicals).

B. Geographical segments

The Group's geographical segments are Domestic and Overseas, by location of customers.

C. Segment accounting policies

In addition to the significant accounting policies applicable to the segments as set out in note 3 of schedule 11 "Notes to the Accounts", the accounting policies in relation to segment accounting are as under :-

i) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include investments, share capital, reserves and surplus, loan funds, income tax - current and deferred and certain other assets and liabilities not allocable to the segments on a reasonable basis. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amount of certain assets/liabilities to two or more segments are allocated to the segments on a reasonable basis.

ii) Segment revenue and expenses

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segment.

iii) Unallocated expenses

Unallocated expenses represent general administrative expenses, head-office expenses and other expenses that arise at the Company level and relate to the Company as a whole. As such, these expenses have not been considered in arriving at the segment results.

iv) Inter segment sales

Inter segment sales between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

11. NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

I. Information about Primary segments (Business segments)

(Rs. lacs)

Particulars	Sugar *		Industrial fibres and related products		Chemicals		Elimination		Total	
	This year	Previous year	This year	Previous year	This Year	Previous year	This Year	Previous year	This Year	Previous year
Segment revenue										
External sales	47583.63	56813.56	16541.82	16701.04	23879.41	27471.46			88004.86	100986.06
Income from operations	673.53	697.29	1832.21	1800.41	405.03	295.89			2910.77	2793.59
Inter segment revenue	1.90					4.24	(1.90)	(4.24)	-	-
Other Income	346.14	398.23	107.83	46.04	68.98	54.42			522.95	498.69
Unallocable income									201.59	347.48
Total revenue	48605.20	57909.08	18481.86	18547.49	24353.42	27826.01	(1.90)	(4.24)	91640.17	104625.82
Segment results	3788.92	3322.15	2403.97	1787.43	3319.62	3808.62			9512.51	8918.20
Net unallocated income / (expenses)									(1432.41)	44.82
Operating profit									8080.10	8963.02
Interest expense									2328.24	3519.83
Provision for tax										
- Current tax									401.73	
- Deferred tax charge									1433.58	1397.32
- Fringe benefit tax										81.72
Profit after tax									3916.55	3964.15
Other information										
Segment assets	48311.75	41590.28	16411.62	14362.72	11351.55	12059.94			76074.92	68012.94
Unallocated assets									5614.57	4880.32
Total assets	48311.75	41590.28	16411.62	14362.72	11351.55	12059.94			81689.49	72893.26
Segment liabilities	13677.85	10803.71	4048.49	3887.49	3132.24	2781.97			20858.58	17473.17
Unallocated liabilities									35965.62	33158.98
Total liabilities	13677.85	10803.71	4048.49	3887.49	3132.24	2781.97			56824.20	50632.15
Capital expenditure	1942.54	3883.66	269.80	577.56	907.25	584.60				
Depreciation	896.46	732.66	419.54	408.83	594.19	577.57				
Non cash expenses other than depreciation	103.51#	113.15	86.36	0.11	36.92	0.13				

* Comprising sugar, power and alcohols.

Includes impairment of fixed assets Rs. 99.15 lacs (refer note 18 in schedule 11).

II. Information about Secondary segments (Geographical segments)

(Rs. lacs)

Particulars	Domestic		Overseas		Total	
	This year	Previous year	This year	Previous year	This year	Previous year
External Revenue by location of customers	72221.95	83101.88	19418.22	21523.94	91640.17	104625.82
Carrying amount of segment assets by location	73563.52	66176.79	2511.40	1836.15	76074.92	68012.94
Capital expenditure by location of assets	3119.59	5045.82			3119.59	5045.82

12. Related party disclosures under Accounting Standard (AS)18

A. Names of related party and nature of related party relationship

Associates : DCM Hyundai Ltd. (DHL).

Key management personnel : Mr. Tilak Dhar, Mr. Alok B. Shriram, Mr. D.C. Mittal, Mr. Madhav B. Shriram, Mr. G. Kumar and Mr. Anil Gujral.

Relatives/HUF of key management personnel : Mrs. Karuna Shriram, Mrs. Kiran Mittal, Mrs. Manju Kumar, Mr. Akshay Dhar and M/s. Bansi Dhar & Sons - HUF (BDS).

Others (Enterprise over which key management personnel or their relatives are able to exercise significant influence): Hindustan Vacuum Glass Pvt. Ltd. (HVGPL) and Bantam Enterprises Pvt. Ltd. (BEPL).

B. Transactions with related parties referred to in 12 (A)

i) Transactions with associates

(Rs. lacs)

Particulars	This year	Previous year
Purchase of goods - DHL	-	1.25
Interest charged on Loans - DHL	59.61 *	90.98 *
Loans received back - DHL	-	735.98 *
Interest received on Loans - DHL	79.74 *	114.02 *
Balance outstanding as at the year end from - DHL	612.79	632.92

* As per Rehabilitation Scheme for DHL approved by Hon'ble BIFR.

ii) Transactions with key management personnel, their relatives / HUF and others

(Rs. lacs)

Particulars	This year	Previous year
Remuneration (including commission)*		
- Key management personnel		
- Mr. Tilak Dhar	187.20	74.31
- Mr. Alok B. Shriram	187.20	74.31
- Mr. D.C. Mittal	39.24	33.99
- Mr. Madhav B. Shriram	140.40	55.72
- Mr. G. Kumar	22.90	18.62
- Relatives of key management personnel	0.90	0.85
	577.84	257.80
Rental expenses		
- Key management personnel		
- Mr. G. Kumar	-	2.50
- Relatives/HUF of key management personnel		
- BDS	27.37	25.89
- Mrs. Karuna Shriram	3.36	3.36
- Mrs. Kiran Mittal	12.93	10.32
- Others	0.32	-
	43.98	42.07
Sale of Goods - HVGPL	-	1.59
Purchase of Goods - HVGPL	-	22.03
Balance outstanding at the year end		
- Receivable		
- BDS	21.15	22.64
- Mrs. Kiran Mittal	13.80	10.32
	34.95	32.96
- Commission payable		
- Mr. Tilak Dhar	143.70	32.75
- Mr. Alok B. Shriram	142.37	34.41
- Mr. Madhav B. Shriram	98.32	18.93
	384.39	86.09

* Does not include provision for leave salary and contribution / provision towards gratuity, since the contribution/provision is made for the Company as a whole on actuarial basis.

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

11. NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

13. Disclosures in respect of assets taken on lease under Accounting Standard (AS)19 "Leases".

A. Finance Lease

- i) For motor vehicles and plant and machinery taken under finance lease arrangements, the ownership will be transferred to the Company at the end of the finance lease term.
- ii) Reconciliation between the total of minimum finance lease payments at the balance sheet date and their present value :

(Rs.lacs)

Particulars	Total		Payments not later than one year		Payments later than one year but not later than five years	
	This year	Previous year	This year	Previous year	This year	Previous year
Total of minimum finance lease payments at the balance sheet date	10.33	51.27	10.33	26.81	-	24.46
Less : Future finance and other charges	0.50	18.30	0.50	3.67	-	14.63
Present value of minimum finance lease payments at the balance sheet date	9.83	32.97	9.83	23.14	-	9.83

B. Operating Lease

- i) The Company generally enters into cancellable operating leases for office premises and residence of its employees, normally renewable on expiry.
- ii) Lease rent charged to the profit and loss account relating to operating leases entered or renewed after April 1, 2001 are Rs. 341.34 lacs (2008-09 - Rs. 447.63 lacs).

14. a) Category-wise quantitative data about derivative instruments as at year end:-

Nature of Derivative	Number of deals		Purpose		Amount in foreign currency			Amount (Rs. lacs)	
	As at 31.03.10	As at 31.03.09	As at 31.03.10	As at 31.03.09	Currency	As at 31.03.10	As at 31.03.09	As at 31.03.10	As at 31.03.09
Forward Cover	-	1	-	Hedging	Euro	-	250000	-	170.08

b) Foreign currency exposure of the Group that is not hedged by derivative instruments or otherwise is as follows:-

Particulars	As at 31.03.2010			As at 31.03.2009		
	Amount in foreign currency	Amount (Rs. lacs)		Amount in foreign currency	Amount (Rs. lacs)	
- Sundry debtors	Euro	3221314	1950.83	Euro	734882	494.13
	US\$	1044330	471.41	US\$	2351036	1189.40
	GBP	163912	111.51	GBP	284332	208.53
- Acceptances	US\$	4105084	1853.03	US\$	3415140	1749.58
- Sundry creditors	Euro	348551	211.08	Euro	1864	1.27
	US\$	838394	378.45	US\$	1368921	704.31
	GBP	1430	0.97	-	-	-
- Commission	US\$	15651	7.06	US\$	46060	23.70
- Royalty	Euro	38192	23.13	-	-	-
	US\$	32000	14.44	US\$	53100	27.32

15. A Petition filed by a shareholder before the Hon'ble Company Law Board under Section 397 / 398 of the Companies Act in November 2007, challenging the preferential issue of equity warrants by the Company, is pending. The same shareholder also filed a Civil Suit challenging some of the items in the Agenda for the Annual General Meeting (AGM) held on 25.9.2008 before the Hon'ble Delhi High Court. The said Suit was dismissed by the Hon'ble Delhi High Court by its Order dated 25.8.2009. Subsequently, the shareholder filed an appeal against the Order before the Division Bench. The Division Bench by its Order dated 25.5.2010 declined to interfere with the Order of the learned Single Judge.

16. Current Investments (Mutual fund units) purchased and sold during the year are as follows :

S. No.	Name of the fund	Face Value (Rs.)	Nos. (in lacs)	Cost (Rs.lacs)
1	DWS Twin Advantage Fund - Growth Plan	10	6.63	100.00
2	HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Growth	10	5.29	103.18
3	HDFC Short Term Plan - Growth	10	8.75	150.00
4	Birla Sun Life Dynamic Bond Fund - Retail Growth	10	2.58	37.82
5	SBI - SHF - Ultra Short Term Fund - Retail Plan - Growth	10	0.86	10.00
6	ICICI Prudential Flexible Income Plan Premium - Growth	100	0.58	96.27

17. DSIL has accounted for cane purchases for crushing season 2007-08 at a price of Rs. 110 per qtl in terms of the interim Order passed by the Hon'ble Allahabad High Court. Subsequently the Hon'ble High Court passed final Order directing sugar mills to pay State Advised Price at Rs. 125 per qtl. Appeal against the Order of the Hon'ble High Court has been filed with the Hon'ble Supreme Court which has directed to pay Rs. 110 per qtl as interim arrangement. Necessary adjustments, if any, will be made in accordance with the final Order of the Hon'ble Supreme Court.

18. Employee benefits

a) Defined contribution plans

Rs. 397.72 lacs (2008-09 Rs. 364.65 lacs) for provident fund contribution and Rs. 155.91 lacs (2008-09 Rs. 137.91 lacs) for superannuation contribution have been charged to the profit and loss account. The contributions towards these schemes are at rates specified in the rules of the schemes. In case of Provident Fund administered through a trust, shortfall if any, shall be made good by the Company.

b) Defined benefit plans

i) Liability for gratuity, Privilege leaves and Medical leaves is determined on actuarial basis. Gratuity liability is provided to the extent not covered by the funds available in the gratuity fund.

ii) Gratuity Scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service, except death while in employment.

iii) The basis for determination of liability is as under :

	As at March 31, 2010 (Rs./lacs)		As at March 31, 2009 (Rs./lacs)	
	Gratuity Scheme	Privilege and Medical leaves	Gratuity Scheme	Privilege and Medical leaves
Change in present value of obligation				
1. Present value of obligation as at the beginning of the year	2169.61	439.96	1976.41	366.92
2. Current service cost	112.80	44.49	105.27	41.28
3. Interest cost	173.57	35.20	138.35	25.68
4. Actuarial (gain)/loss	81.13	74.55	147.69	135.99
5. Benefits paid	(163.30)	(90.34)	(198.11)	(129.91)
6. Present value of obligation as at the end of the year	2373.81	503.86	2169.61	439.96
Change in plan assets				
1. Plan assets at the beginning of the year	1589.48	-	1480.04	-
2. Expected return on plan assets	208.76	-	124.89	-
3. Contribution by the Company	200.00	-	-	-
4. Benefits paid	(5.32)	-	(15.45)	-
5. Actuarial gain / (loss)	-	-	-	-
6. Plan assets at the end of the year	1992.92	-	1589.48	-
Liability recognised in the financial statements	380.89	503.86	580.13	439.96
Cost for the year				
Change in present value of obligation				
1. Current service cost	112.80	44.49	105.27	41.28
2. Interest cost	173.57	35.20	138.35	25.68
3. Expected return on plan assets	(149.41)	-	(139.12)	-
4. Actuarial (gain)/loss	21.78	74.55	161.92	135.99
5. Net cost	158.74	154.24	266.42	202.95
Constitution of plan assets				
Other than equity, debt, property and bank account	-	-	-	-
Funded with LIC *	1992.92	-	1589.48	-
Main actuarial assumptions				
Discount rate	8.00% p.a.	8.00% p.a.	7.00% p.a.	7.00% p.a.
Rate of increase in compensation levels	5.50% p.a.	5.50% p.a.	5.50% p.a.	5.50% p.a.
Rate of return on plan assets	9.40% p.a.	-	9.40% p.a.	-
Expected average remaining working lives of employees (years)	13.06	14.40	13.18	14.68

* The plan assets are maintained with Life Insurance Corporation of India Gratuity Scheme. The details of Investments maintained by Life Insurance Corporation are not made available and have therefore not been disclosed.

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

19. DSIL has impaired certain plant & machinery related to such activities, based on net realisable value of such assets determined by an independent valuer. The impairment loss has been recognised at Rs. 127.14 lacs out of which Rs. 27.99 lacs has been adjusted from revaluation reserve being revaluation amount included in carrying value of these assets and the resultant loss (Gross - Rs. 99.15 lacs, net of deferred taxes Rs. 66.21 lacs) has been included in Schedule 9 - Manufacturing and Other Expenses.
20. Previous year figures have been regrouped / recast, wherever necessary.
21. Schedules 1 to 11 form an integral part of the consolidated financial statements.