



DCM SHRIRAM

DCM SHRIRAM INDUSTRIES LTD.

Annual Report 2011-12

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 Anil Gujral	<i>Director & CEO (Chemicals & Alcohol)</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>
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Principal Executives	Shri D.C. Mittal	<i>President</i>
	Shri G. Kumar	<i>Advisor to CMD</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 Limited
	Karnataka Bank Limited
	State Bank of Hyderabad
	Ghaziabad Zila Sahkari Bank Ltd.
	Bijnor Zila Sahkari Bank Ltd.
	Meerut Zila Sahkari Bank Ltd.

Auditors	A.F. Ferguson & Co. New Delhi
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Registered Office	Kanchenjunga Building, 6 th Floor, 18, Barakhamba Road, New Delhi - 110 001	Tel. No. : (011) 2375 9300 Fax No. : (011) 2335 0765 e-mail : dsil@dcmsr.com Website : http://www.dcmsr.com
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DCM SHRIRAM INDUSTRIES LIMITED

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

NOTICE

The 21st Annual General Meeting of the Company will be held on Monday, the 13th August, 2012 at 10.00 A.M. at the Air Force Auditorium, Subroto Park, New Delhi – 110 010 for transacting the following business:

1. To consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2012, and the Statement of Profit & Loss for the year ended on that date.
2. To appoint a Director in place of Shri Alok B. Shriram, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:

“Resolved that Shri Anil Gujral, who was appointed as a Director in a casual vacancy in terms of Section 262 of the Companies Act, 1956, and holds such office until this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

4. 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, (Regn.No. 112066W) 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 Sub-committee plus reimbursement of travelling and other incidental expenses, if any, incurred in connection with the audit.”

5. 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 other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee thereof) for mortgaging and/or charging, on such terms and conditions and at such time or times, and in such form or manner, as it may deem fit, the whole or substantially the whole of the present and future movable and immovable assets of the Company's undertaking/s, more specifically stated herein below, in favour of the following Banks for securing the loan facilities provided by them and mentioned against each of them together with interest or any other charges, expenses and other monies payable to them :-

Banks	Nature of facility	Amount Rs./Cr.	Type of Security
Export Import Bank of India (Exim Bank)	Term Loan	20.00	1st pari passu charge on the fixed assets of the Company, excluding the assets exclusively charged and those pertaining to Daurala Organics Unit of the Company and an exclusive charge on assets to be acquired in Daurala Organics out of this term loan.
Dena Bank	Term Loan	25.00	1st pari passu charge on the fixed assets of the Company except those of Daurala Organics and those assets exclusively charged in Shriram Rayons Unit of the Company.

and that the security to be created in the manner aforesaid in favour of the said Banks to secure the said financial facilities shall be by way 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 and/or future borrowings and an exclusive charge on the assets acquired out of the loan from Exim Bank in Daurala Organics Unit of the Company.

- the Board be and is hereby authorised to finalise the agreements and other documents and deeds for creating the aforesaid mortgage/charge, authorise one or more of the Directors to execute such documents and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt which may arise in relation thereto or otherwise considered in the best interest of the Company.
 - that the mortgage/charge created and/or agreements/documents executed and all acts done in connection with creation of the security in the manner stated above in respect of the said loans already by and with the authority of the Board be and are hereby confirmed and ratified.
 - that pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to the Board to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the undertaking or substantially whole of the undertaking(s) of the company owning such assets in certain events in favour of banks/ financial institutions, other investing agencies and trustees for the holders of debentures/ bonds/ other instruments to secure rupee/ foreign currency loans and/ or the issue of debentures whether partly/ fully convertible or non-convertible and/or securities linked to ordinary shares (hereinafter collectively referred to as "Loans") provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the Loans, shall not, at any time exceed Rs.1000 crores, the borrowing limit approved by the shareholders u/s 293(1)(d) of the Companies Act, or the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose at the relevant time, whichever is higher."
6. To consider and, if thought fit, to pass the following resolution, with or without modification, as a Special Resolution :

"Resolved that in partial modification of the Resolution dated 7th January, 2011, passed through Postal Ballot process and subject to the provisions of Section 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any amendments thereto or enactments thereof for the time being in force) and subject to any approval as may be required, the consent and approval of the Company be and is hereby accorded to revise the limit of minimum remuneration payable to Shri Anil Gujral, Whole Time Director of the Company, in the event of absence or inadequacy of profits in any financial year, as per and subject to the limits laid down under Para 1(B) of Section II of Part II of Schedule XIII of the Companies Act or any amendments thereto or such higher amounts subject to such approvals as may be required, w.e.f. 1st April, 2011 till the remaining tenure of the present appointment of Shri Anil Gujral, expiring on 31st January, 2014 without changing any other component of the remuneration set out in the aforesaid shareholders resolution of 7th January, 2011."

By order of the Board
For DCM SHRIRAM INDUSTRIES LIMITED



(B.P. Khandelwal)

Sr. Executive Director & Co. Secretary

New Delhi
30th May, 2012

NOTICE (Continued)

NOTES:

1. Explanatory Statement, as required under Section 173(2) of the Companies Act, 1956, is annexed.
2. Please notify change of address, if any, to the Company/ Registrars/ Depository Participants along with self attested proof of residence and copy of PAN Card.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 25.07.2012 to 13.08.2012 (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. **Profile of Directors retiring by rotation:** At the ensuing Annual General Meeting Shri Alok B. Shriram and Shri Anil Gujral, retire by rotation and being eligible offer themselves for re-appointment (Item Nos. 2 & 3). Brief resume and other requisite information about these Directors are given below :

- a) Shri Alok B. Shriram, aged 51 years, has 31 years of experience in various management positions. He has done his Graduation from Shriram College of Commerce. He is presently Dy. Managing Director of the Company and is looking after the Rayons Division. He is also Chairman & Managing Director of DCM Hyundai Limited.

Shri Alok B. Shriram holds 34536 equity shares in the Company.

Shri Alok B. Shriram is the Chairman of the Economic Affairs Committee of the PHD Chamber of Commerce and Industry. He is a Member of the Shareholders' Committee and the Committee for approving Borrowings of the Company and is a director on the Board of following other companies:

- (i) MC-Stitch Ltd. (ii) Quick Lithographers Pvt. Ltd., (iii) Pee Kay Alkalies Pvt. Ltd.
- (iv) Shriram Midivisana Engg. Pvt. Ltd. and (v) Converttech Equipment Pvt. Ltd.

Except Shri Tilak Dhar, Shri Madhav B. Shriram who are related to Shri Alok B. Shriram and Shri Alok B. Shriram, none of the other directors of the Company is interested in the resolution.

- b) Shri Anil Gujral – Please see Explanatory statement to Item Nos. 3 & 6 annexed hereto.
6. **As a Green initiative in corporate governance, the Ministry of Corporate Affairs vide circular no.17/2011 dated 21.4.2011 has allowed companies to send official documents to their shareholders through email by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time with the Company's Registrars/ Depository Participant concerned. Accordingly, members are requested to intimate their email address to the Company's Registrars, viz. Karvy Computershare Pvt. Ltd. (Email ID: einward.ris@karvy.com) or their depository participant.**

ANNEXURE TO NOTICE

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

ITEM NO. 5

The Company avails financial facilities from Banks and Financial Institutions etc. 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 in the manner desired by the lenders and agreed to by the Company. In some cases the lenders are also vested with a right to takeover the whole or substantially whole of the undertaking in certain events. Creation of mortgage/charge with such a condition, subject to the approval of the existing charge holders, requires approval of shareholders u/s 293(1)(a) of the Companies Act, 1956.

It is also proposed to seek authorisation of the shareholders in favour of the Board/ Committee thereof to create mortgage/ charge on the assets of the Company as proposed in the resolution as and when required to secure future borrowings within the overall borrowing limit laid down by the shareholders u/s 293(1)(d) of the Companies Act, 1956, from time to time, which presently is Rs.1000 crore.

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

ITEM NO. 3 & 6

Shri Anil Gujral, aged 66 years, was appointed as a Director by the Board of Directors in its meeting held on 13.11.2010 in the casual vacancy caused by the retirement of Shri G. Kumar, a director liable to retire by rotation and was appointed as a Whole Time Director subject to such approvals as may be required for 3 years from 01.02.2011. He was designated as 'Director & CEO (Chemicals & Alcohol)'. As per Section 262 of the Companies Act, 1956, he holds office until the ensuing Annual General Meeting. Notice u/s 257 of the Companies Act has been received from a member signifying his intention to propose his candidature for the office of Director at the forthcoming AGM.

The Sugar industry has been passing through a difficult phase for the last over 2 years particularly in Uttar Pradesh (U.P.) because of the mismatch in the cane price and sugar price. As a result the Company, as other sugar companies in the region, suffered loss in the year ended 31.3.2012.

As per the terms of appointment and remuneration of Shri Anil Gujral, as approved by the shareholders, in case of absence or inadequacy of profits in any financial year, Shri Anil Gujral, like other managerial personnel in the Company, is entitled to minimum remuneration as per Para 1 (A) of Part II, Section II of Schedule XIII of the Companies Act, which in case of the Company is not exceeding Rs.2 lac per month or Rs.24 lacs in a year. The remuneration paid to Shri Anil Gujral during the year, though within the limits laid down by the shareholders, exceeded the minimum remuneration limits by Rs. 8.07 lacs. Considering Shri Anil Gujral's over 44 years of experience, contribution to the operations and the salary trend in the industry, the Board of Directors, on the recommendation of the Remuneration Committee, has decided to revise the minimum remuneration payable to Shri Anil Gujral as per limits under Para 1(B) of Part II, Section II of the Schedule XIII, effective from 1.4.2011 and for the remaining period of his tenure i.e. upto to 31.1.2014, subject to approval of the shareholders. The minimum remuneration in terms of the said Para 1(B) will not exceed Rs.4 lacs per month or Rs.48 lacs in a year.

The remuneration and other terms and conditions governing the appointment of Shri Anil Gujral are as under:

Particulars	Remuneration
Present salary	Rs.1,38,000 p.m. in the grade of Rs.1,26,000-12,000-1,50,000
Housing	Company maintained accommodation or HRA @ 60% of salary.
Gas, Water, Electricity, Furniture and Furnishings & Maintenance	Actual
Medical expenses	Reimbursement of actual medical expenses incurred for self and family.
P.A. Insurance (p.a.)	Rs.4000 + Service tax as applicable
L.T.A./Leave / Encashment / PF, Gratuity & Superannuation	As per Company Rules
Club Fees (Admission/ life membership fee not allowed)	2 Clubs
Date of Annual Increment	1 st February
Annual Reward	Annual reward as may be decided by the Board but not to exceed 50% of annual salary.

I. General information:

1. Nature of Industry: The Company's business comprises of sugar, alcohol, power, chemicals and rayon, the core business being sugar.
2. Date or expected date of commencement of commercial production: The Company has been in the business for many years.
3. Financial performance based on given indicators (Rs./ Cr.)

	2009-10	2010-11	2011-12
Turnover	874	913	1001
Net Profit as computed u/s 198	62.40	--	--
Net Profit/ (Loss) as per Statement of P & L	38.93	(5.5)	(17.39)
Amount of dividend paid	7.83	--	--
Rate of dividend declared	35%	--	--
Export performance and foreign exchange earnings	191	186	244
Foreign investments or collaborations, if any	--	--	--

II. Information about the appointee:

Age	66 years
Qualification	B.E.(Hons.)
Experience	44 years in the Group at various senior management positions. Was Executive Director/ Whole-time Director of Daurala Organics Ltd., till its merger with the Company in 2005.
Other Directorships	Jt. Managing Director of Daurala Foods & Beverages Pvt. Ltd.- a subsidiary of the Company. While holding the appointment of Whole-time Director in the Company, Shri Anil Gujral will not be drawing any remuneration from the subsidiary.

1. Background details: Given above
2. Past remuneration: Rs.3.91 lacs (2010-11) – part of the year
3. Job profile and suitability: He is presently looking after the Chemical and Alcohol business of the Company. He is a B.E (Hons.) with 44 years of experience.
4. Remuneration proposed: The proposal is to pay Shri Anil Gujral minimum remuneration in the absence or inadequacy of profits in any financial year as per sub-para 1(B) of Part II Section II of Schedule XIII of

the Companies Act, which stipulates a limit of not exceeding Rs.4 lacs per month or Rs.48 lac in a year instead of limits as per Para 1(A) Part II Section II of Schedule XIII i.e. Rs.2 lac per month or Rs. 24 lac in a year, subject to the limits laid down by the shareholders in the resolution dated 7.1.2011.

5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin): The remuneration proposed to the managerial personnel is comparatively lower than what is prevalent in the industry.
- 6 Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Shri Anil Gujral holds one equity share of Rs.10/- in the Company and an HUF of which Shri Gujral is the Karta, holds 30 equity shares. Other than these and the remuneration paid to Shri Anil Gujral there is no other pecuniary relationship with Shri Anil Gujral.

III. Other information:

1. Reasons for loss or inadequate profits: In the year 2009-10 the Company earned a net profit of Rs.38.93 Cr. However, because of the adverse business scenario faced by sugar industry, the Company incurred a loss of Rs.5.5 Cr. in the year 2010-11. Because of the mismatch in the cane price and sugar price the situation continued to be adverse, particularly in U.P. During the year the Company, like other sugar mills in U.P., had to provide cane arrears of Rs. 18.75 Cr as per the Order of the Supreme Court. As a result of these, the Company again incurred a loss of Rs.17.39 Cr. in the year 2011-12.
2. Steps taken or proposed to be taken for improvement: The Company has taken various steps to cut costs in all possible areas. It also enhanced co-generation of power, surplus of which is sold to the grid. However, a turn around in sugar business greatly depends on the Central/ State Govt. policies.
3. Expected increase in productivity and profits in measurable terms: Depends on the Govt. policies towards sugar industry and the general economic conditions in the Country.

IV. Disclosures:

The terms and conditions of appointment and remuneration payable to Shri Anil Gujral are given above. The details of managerial remuneration paid during the year 2011-12 are also given in the Corporate Governance Report annexed to the Directors' Report. The appointment is on contract basis and can be determined by either party giving to the other 3 calendar months notice in writing or lesser notice as may be agreed to. The Company does not have any scheme for grant of stock options.

The Explanatory Statement together with the accompanying Notice may be treated as Abstract u/s 302 of the Companies Act, 1956.

Considering the experience and contribution of Shri Anil Gujral to the operations of the Company, the Directors recommend the Resolution for your approval.

Except Shri Anil Gujral, none of the other directors of the Company, is 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

- a) Copy of the Notice u/s 257 of the Companies Act, proposing the name of Shri Anil Gujral for director (Item No. 3), copies of terms and conditions of the loans from the Banks (Item 5) and copies of shareholder resolution approving the terms of appointment of Shri Anil Gujral dated 7.1.2011 and Board resolution dated 13.11.2010 (Item no.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.
- b) Pursuant to the general permission granted by the Ministry of Corporate Affairs by circular No. 2/2011 dated 08.02.2011 the Annual Accounts of the subsidiary company, Daurala Foods & Beverages Pvt. Ltd., are not annexed to the Annual Report. However, a copy of the Accounts of the subsidiary company and the related detailed information will be made available to the shareholders seeking such information at any point of time. The Annual Accounts of the subsidiary shall also be kept for inspection by any shareholder at the address and during the time mentioned in (a) above.

DIRECTORS' REPORT

The Directors have pleasure in presenting the Annual Report and the Audited Accounts of your Company for the year ended 31st March 2012.

Just as the world economy was emerging from the crisis caused by the volatility in South East Asia and the devastating Tsunami and nuclear catastrophe in Japan, a new crisis situation has emerged in the Euro Zone, threatening not only the European economy but other countries around the world, including India.

The Indian economy which had weathered the earlier storms reasonably well has since been affected and growth is stagnating. Internal pressures and uncertainties at various levels are affecting policy and decision making and this is affecting the developmental process. Spiralling inflation and depreciation of the Rupee have compounded the problem and desirable measures such as reduction of subsidies are not being taken. The steps taken by the Government and the RBI have not been enough to achieve the desired results. All concerned will need to act in tandem in matters of national interest, which presently is not happening, causing concern.

FINANCIAL RESULTS

Turnover for the year including other income for the first time crossed the rupees thousand crore mark at Rs.1001 Cr. against Rs.913 Cr. in the previous year. There was a gross profit of Rs.13.2 Cr. before exceptional item as compared to Rs.10.2 Cr. in the previous year and net loss of Rs.17.4 Cr. as compared to net loss of Rs.5.5 Cr. in the previous year.

In view of the net loss for the year under review, the Directors have not recommended any dividend for the year.

OPERATIONS

Sugar

During the year Company achieved a sugar production of 1.32 lac MT by crushing 15.06 lac MT of cane as against 1.38 lac MT of sugar and 15.10 lac MT of cane crushed in the previous year.

The Company has been endeavouring to increase its revenue from co-generation of power and towards this end made changes to achieve a peak export of 25 MW as against 23 MW last year.

The financial year 2011-12 was turbulent for the sugar industry especially in U.P. Besides low sugar prices and low recovery in the region, the U.P. sugar industry faced a serious mismatch of sugar cane and sugar prices. The State Government further increased the SAP for cane payable by the industry. Additionally, the Supreme Court passed an adverse judgement directing sugar factories to pay cane price differential for the previous two years. The Company had to pay Rs.18.75 crores on this account.

On the other hand, sugar prices remained soft because of weak sentiment and traders' reluctance to carry inventory due to uncertainties in marketing policies. The prices were further impacted by sale of sugar by some mills against Court Orders. Sugar prices which at the beginning of the year were Rs.2900 per qtl. remained range bound through-out the year, though the cane price increased by 17% over last year.

During the year, Government took some positive steps such as allowing 3 Million MT of exports and replacing the monthly release mechanism by quarterly releases for the current year. Though these steps have stabilised the sugar prices despite surplus sugar production in the Country, more needs to be done to provide relief and stability to the Industry. Considering a projected surplus sugar position, Government's support would be essential to keep the sugar industry on an even keel.

The Unit's performance during the season on key operating parameters such as cane crushed, sugar losses, steam consumption and co-generation of power was satisfactory. Recovery in the entire region was adversely impacted by climatic and other agronomic conditions.

Alcohol

The overall performance and profitability of the Alcohol Business improved relative to the previous year due to improved selling prices and increased sales of high value added products (Anhydrous Alcohol and

Extra Neutral Alcohol). Also, there were improvements in efficiencies and reduction in energy consumption. Overall demand for alcohol increased in most sectors, except for blending with petrol where the demand remained static.

Chemicals

The profitability of the Chemical business was adversely affected by a sharp increase in the cost of several raw materials, which could only be partially passed on to the market, as Chinese competitors, faced with surplus capacity and stocks, adopted aggressive pricing and marketing strategies. To mitigate the impact of the above, the Company continues to focus on new products and process/efficiency improvement.

Rayon

In spite of difficult global market conditions, especially in Europe, Shriram Rayons (SR) achieved its highest ever turnover during the year. Increase in sale, both in export and domestic markets, coupled with improved realisation helped the Unit achieve the same.

SR consolidated improvement in product quality and operational efficiency leading to wider acceptance of its products.

With regular off-take of greige and treated fabric by two new European tyre customers, SR has been able to achieve higher value addition and export volumes. The Unit is pursuing approval of its products with new customers and expects further increase in export volumes.

To meet the market requirement, the Unit is implementing a project for Rayon expansion and modification. The yarn production capability is being increased by modification of the existing machines and installing balancing equipment. The higher fabric requirement anticipated will be met through enhancement of conversion capacity in the Textile Section.

Considering consistent growth in sale of Nylon Chafer, SR has upgraded nylon chafer dipping facilities during the year. Steps are being taken to increase the grey chafer conversion capacity.

SR further increased agro-fuel consumption and met 35% of the fuel requirement from renewable sources during the year to control energy cost and to promote clean fuel usage.

Subsidiary

The Company having acquired/ taken on lease its bottling facilities, Daurala Foods & Beverages Pvt. Limited's operations remain suspended.

RESEARCH & DEVELOPMENT

Research & Development is integral to an industry to maintain/ improve the quality of products and services so as to make them competitive and economical. R & D is also essential to innovate and invent new products and improve efficiency in operations. This is particularly important in the case of chemicals, drug intermediaries and energy. The Company has R & D facilities to match its operations. These facilities are upgraded from time to time according to operational requirements.

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.

DIRECTORS' REPORT (continued)

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 note no. 31(b) of notes forming part of the financial statements. The said note read with the relevant audit observations are self-explanatory.

CORPORATE GOVERNANCE

Reports on Corporate Governance, Management Discussion & Analysis and Corporate Social Responsibility are given in Annexure-I.

DIRECTORS

Shri Alok B. Shriram, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

Shri Anil Gujral, who was appointed as a director in the casual vacancy caused by the retirement of Shri G. Kumar, effective from 1.2.2011, holds office till the ensuing AGM. The Company has received a notice u/s 257 of the Companies Act from a member signifying intention to propose Shri Anil Gujral's candidature for the office of director at the forthcoming AGM.

AUDIT

M/s. A.F. Ferguson & Co., Chartered Accountants, 9, Scindia House, Kasturba Gandhi Marg, New Delhi, who are Statutory Auditors of the Company, hold office up to the forthcoming Annual General Meeting and are recommended for re-appointment to audit the accounts of the Company for the financial year 2012-13. As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has obtained written confirmation from M/s. A.F. Ferguson & Co. that their appointment, if made, would be in conformity with the limits specified in the Section.

As per the requirement of Central Government and pursuant to Section 233B of the Companies Act, 1956 your Company was required to carry out cost audit of sugar, industrial alcohol and rayon. M/s. Ramanath Iyer & Co., Cost Auditors, BL- 4, Shalimar Bagh (Paschimi), Delhi – 110 088, had carried out the cost audit of the above products for the F.Y. 2010-11. The reports due for filing on or before 27.9.2011 were filed on 8.9.2011 (sugar and rayon) and on 9.9.2011 (industrial alcohol).

The said firm was reappointed as Cost Auditors for the F.Y. 2011-12 and subject to the approval of the Government, has been reappointed for the F.Y. 2012-13 also.

OTHER INFORMATION

There was no employee in the Company whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956.

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 – II.

The Central Government has granted general exemption from annexing the Annual Report of subsidiary companies with the holding companies' annual report as required under Section 212 of the Companies Act, 1956. Accordingly, the Company has presented in this report the consolidated financial statements of the holding and subsidiary companies. The annual accounts of the subsidiary company will be kept for inspection by any member at the Registered office of the Company and that of the subsidiary company. A copy of the audited annual accounts and related information of the subsidiary will be made available to any member upon request.

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

New Delhi
May 30, 2012

CORPORATE GOVERNANCE REPORT

Corporate Governance Philosophy

Corporate Governance (CG) refers to the set of systems, principles and processes by which a company is governed. They provide the guidelines as to how a company can be directed or controlled in such a way that it can fulfill its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term. Stakeholders in this case would include everyone ranging from the Board of Directors, shareholders, lenders, customers, employees and society. The management of the company hence assumes the role of a trustee for all others. The relationship between the two are to be guided by a code of values and principles based on ethics and transparency.

The complex nature of present day business, its spread across boundaries and the involvement of large number of stakeholders make it extremely important that business is run with full transparency. This helps existing and prospective stakeholders to take considered decisions about their relationship with a particular corporate. Adherence to proper CG practices is of prime importance in this context.

The Company believes that what is required is a principle based approach, developed on fundamentals, preventing moral fragility, that is enforced through pragmatic levels of regulations. CG should be internally driven and not merely an exercise to comply with statutory requirements.

The Board of Directors of the Company consists of eminent persons as independent directors, who closely guide and monitor the 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 and ensure adherence to the same by all concerned.

The Company follows the CG guidelines for listed companies as per Clause 49 of the Listing Agreement 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 31.3.2012 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. Three Executive Directors represent the Promoters. 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 consonance with the CG requirements.

Meetings, attendance and other directorships

During the year 4 Board meetings were held on 30.5.2011, 10.8.2011, 11.11.2011 and 14.2.2012.

DIRECTORS' REPORT (continued)

CORPORATE GOVERNANCE REPORT (continued)

Annexure - I (contd.)

Attendance and other details are given below:

Sl. No.	Name of Director	DIN	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	00204912	CMD	4	Yes	Nil	N.A.	N.A.
2	Shri Alok B. Shriram	00203808	DMD	4	Yes	1	1	Nil
3	Shri Madhav B. Shriram	00203521	WTD	3	Yes	Nil	N.A.	N.A.
4	Shri Anil Gujral	00374282	Director & CEO (Chem. & Alcohol)	4	Yes	Nil	N.A.	N.A.
5	Shri P.R. Khanna	00048800	Non-executive/independent	4	Yes	5	3	2
6	Dr. V.L. Dutt	00143013	- do -	4	Yes	3	Nil	Nil
7	Shri S.B. Mathur	00013239	- do -	3	Yes	13	4	4
8	Shri Ravinder Narain	00059197	- do -	3	Yes	3	1	Nil
9	Shri S.C. Kumar (IFCI Nominee)	00064453	- do -	4	Yes	1	1	Nil

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

** Audit and Shareholders' Grievance Committees

Relationship amongst directors

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

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 requirements 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 reports, 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, debenture-holders, 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 4 meetings of the Audit Committee were held on 30.5.2011, 10.8.2011, 11.11.2011 and 14.2.2012.

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	4
Shri S.B. Mathur	Member	3
Shri S.C. Kumar	Member	3
Dr. V.L. Dutt	Member	4
Shri Anil Gujral	Member	4

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 attend 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 S.C. Kumar (IFCI Nominee) and Shri Ravinder Narain. The Committee meets as and when needed and reviews the managerial remuneration policy and makes recommendations to the Board for appointment/ re-appointment of managerial personnel. No meeting of the Committee 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.

DIRECTORS' REPORT (continued)

CORPORATE GOVERNANCE REPORT (continued)

Annexure - I (contd.)

The details of remuneration of Executive Directors for the year ended 31.03.2012 are given below:

(Rs./ Lac)

Whole-time Directors	Salary	Commission/ Reward	Perquisites	Retirement benefits
Shri Tilak Dhar (CMD)	21.23	--	2.77	6.52
Shri Alok B. Shriram (DMD)	19.64	--	4.36	6.20
Shri Madhav B. Shriram(WTD)	19.46	--	4.54	5.71
Shri Anil Gujral [Director & CEO(Chemicals & Alcohol)]	15.36	4.00	12.71	4.15

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	162500	960
Dr. V.L. Dutt	80000	3700
Shri S.B. Mathur	127500	--
Shri Ravinder Narain	45000	570
Shri S.C. Kumar	72500	--

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. During the year 1 meeting of the Committee was held on 11.11.2011, in which all the members were present. The constitution of the Committee is as under:

Shri P.R. Khanna	Chairman
Shri Tilak Dhar	Member
Shri Alok B. Shriram	Member
Shri Ravinder Narain	Member

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, only one meeting of the Committee was held 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 2 investors' complaints, which were resolved. No complaints were pending as on 31.3.2012.

General Body Meetings

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

Financial Year	Date	Venue
2008-2009	18/09/2009	FICCI Auditorium
2009-2010	06/08/2010	FICCI Auditorium
2010-2011	10/08/2011	Air Force Auditorium

No Special resolution was passed in the last 3 AGMs.

Postal Ballot

No special resolution was passed last year through postal ballot and no special resolution is proposed to be passed through postal ballot presently.

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 no. 38 of notes forming part of the financial statements.

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.

The Company did not consider it necessary to put a formal whistle blower policy in place. However, any information with regard to the functioning of any personnel, which is likely to have any adverse impact on the Company, is addressed seriously. No personnel has been denied access to the Audit Committee.

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 Financial Express and the Jansatta. The results are also forwarded to the Bombay Stock Exchange who puts the results on its web-site, www.bseindia.com. 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, code of conduct, shareholding pattern, quarterly/ annual results, etc. are placed.

General Shareholder Information

The AGM will be held on 13.08.2012 at 10.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010.

Financial Year – April to March

Date of Book Closure

The Register of members and other share transfer books will remain closed from 25.07.2012 to 13.08.2012 (both days inclusive).

Dividend

In view of the loss in the year 2011-12, the Board of Directors has not recommended any dividend for the year.

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)

(Rs.)

Month	April 2011	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2012	Feb.	Mar.
High	77.00	73.95	68.95	75.85	76.70	64.00	62.00	57.45	48.80	50.90	54.00	47.50
Low	66.70	58.40	56.00	60.00	50.00	50.60	47.50	38.80	36.70	35.70	42.25	38.10

B.S.E. Index	1 st April 2011	19,420.39
	30 th March, 2012	17,404.20

DIRECTORS' REPORT (continued)

CORPORATE GOVERNANCE REPORT (continued)

Annexure - I (contd.)

Share Transfer System

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

- 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad – 500 081
Phone 040-44655000
Email ID: einward.ris@karvy.com
- New Delhi House, 305, 3rd Floor,
Barakhamba Road, New Delhi - 110001
Phone 011-43681700
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		Face Value	
	Number	%age	(Rs.)	% age
Upto 5000	91730	99.26	18526470	10.65
5001 To 10000	351	0.38	2669540	1.53
10001 To 20000	166	0.18	2336290	1.34
20001 To 30000	55	0.06	1371520	0.79
30001 To 40000	27	0.03	965370	0.56
40001 To 50000	14	0.01	634700	0.36
50001 To 100000	27	0.03	1999460	1.15
100001 & Above	46	0.05	145481020	83.62
TOTAL	92416	100%	173984370	100%

Shareholding pattern

Category	No. of shares held (in lacs)	% age
Promoters	75.86	43.60
FIs, Banks & Mutual funds	13.89	7.98
Others (public)	84.23	48.42
TOTAL	173.99	100

Dematerialization of shares

The shares in the Company are under compulsory dematerialized trading. Up to 31.03.2012, 14555468 (83.66%) 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 of the Board.

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

Confirmation of compliance of Code of Business Conduct and Ethics

I declare that all Board members and Senior Management have individually affirmed compliance during the year 2011-12 with the Code of Business Conduct and Ethics adopted by the Company.

A handwritten signature in black ink, appearing to read "Tilak Dhar".

(Tilak Dhar)

Chairman & Managing Director

May 30, 2012

COMPLIANCE CERTIFICATE

**To the Members of
DCM Shriram Industries Limited**

We have examined the compliance of conditions of Corporate Governance by DCM Shriram Industries Limited for the year April 1, 2011 to March 31, 2012 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. Our 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect to investor grievances received during the year April 1, 2011 to March 31, 2012, no investor grievances are pending against the Company as per the records maintained by the Company.

We 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 30, 2012

DIRECTORS' REPORT (continued)

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 overview of these operations.

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

Sugar

The year 2011-12 began on a cautious note for the sugar industry because of high sugar production and availability, resulting in low sugar prices as well as losses during the last sugar season. The sentiment was subdued with traders reluctant to carry inventory because of fluctuating sugar prices. The sugar prices, which at the beginning of the year were around Rs.2900 per qtl., remained range bound during the financial year 2011-12.

Sugar production in the season 2011-12 is estimated at 25.5 Million MT as against 24 Million MT last year. With a demand of 22.5 Million MT and carryover stock of 6 Million MT, the sugar balance was clearly in surplus, impacting market sentiment adversely. The industry made repeated representations to the Government to allow exports to reduce excess sugar inventory and provide liquidity. The Government allowed export of 3 Million MT during the year. Keeping in mind that next year's production shall also exceed domestic consumption, regular unhindered export throughout the year 2012-13 is needed. Recently, the Government has allowed freer exports of sugar under OGL so as to facilitate quicker off-take of surplus sugar during season 2012-13.

Overall, the performance during the Season, except for sugar recovery, which was low for the entire region due to climatic reasons, was satisfactory. During the season the Unit crushed 148.40 lac qtl. cane against 140.26 lac qtl. last season with recovery of 8.74% against 9.07% last season. Sugar losses were lower at 1.99% against 2.11% last season. Peak power export was higher at 25 MW against 23 MW last year.

Towards the year end, Government replaced monthly release orders by quarterly release orders. The quantity of sugar released for the quarter is expected to help in stabilising sugar price between Rs.3000 – Rs.3100 per qtl.

The sugar industry in U.P. is facing serious problems in the absence of correlation in sugar cane and sugar prices. Additionally, the sugar recovery for entire region has dropped because of climatic and agronomic conditions. The Unit is actively pursuing cane development activities for developing/ growing high sugar cane varieties. Towards this the farmers are educated and duly involved. It is a long term process and is likely to take 2-3 years to get substantial returns. Sugar prices were further impacted by sale of sugar by some mills against Court Orders. Though the Hon'ble High Court has now nullified the additional release orders earlier allowed to the mills, on a plea made by the Department, this has had a negative impact on sugar prices and the market sentiment. The industry needs to behave responsibly and unitedly to reduce uncertainty and recover the losses.

An effective policy, beneficial for all the stake holders i.e. cane growers, consumers and sugar producers, is the need of the hour. Additionally, the Government needs to take corrective action with regard to levy sugar which is placing an unsustainable burden on the sugar industry. The coming year poses a challenge to the industry and there is need to improve on all key parameters.

Alcohol

Due to limited availability of tradeable molasses, consequent to several sugar factories in U.P. setting up their own distilleries, production in the distillery was restricted to the extent of the Company's own generation of molasses. In view of this limited molasses availability and alcohol production, the Company's focus has been on expanding sales of value added products like Extra Neutral Alcohol and Anhydrous Alcohol, and improving selling prices.

Annexure - I (contd.)

The demand for alcohol from the chemical sector increased, as the viability of the production of chemicals by the alcohol route improved. The growth of demand in the potable sector remained steady. Off-take of alcohol by the oil companies for blending with petrol remained at last year's level. The Government's efforts to expand the gasohol programme have not been successful so far due to low prices offered by the oil companies for alcohol and reluctance of some states to participate.

Chemicals

The drop in profitability of the Chemicals business vis-a-vis the previous year was due to a sharp increase in the cost of raw materials. While efforts were made to increase the selling prices, only a part of the cost increase could be passed on to the market due to aggressive pricing and marketing policies of Chinese manufacturers, who have increased their capacities for similar products, as well as downstream products.

The Government had introduced a "Focus Product Scheme" a few years ago, to assist some select sectors in their export effort. During the year, some of the Company's products have been included in this scheme, which should provide some relief.

To mitigate the impact of the difficult market conditions, the Company continues to focus on new products, and process/efficiency improvement.

The Company will commence contract manufacturing of a new product in 2012-13.

Rayon

Shriram Rayons is engaged in production and export of rayon tyre cord, yarn and fabric to international tyre producers for use in high performance tyres.

In spite of global economic recession and demand supply problems in Europe, SR was successful in adding two large customers with value added products, greige and dipped fabric. These helped the Unit achieve wider customer base, higher export sale and increased value addition during the year.

Further, during the year, the existing and new European customers started sourcing rayon products for their upcoming plants in Asia. This has also helped SR widen its geographical base.

SR is also pursuing approval of its products at different plant locations of the existing as well as new customers. This is expected to enhance the export further. Keeping this in view, SR is implementing expansion and modification project to improve production capability as well as textile conversion capacity.

During the year, SR maintained gains in operational efficiencies and improvement in product quality attributes.

The Unit is also supplying nylon chafer in the domestic tyre market and achieved consistent growth in sale of this product. Up-gradation of chafer production facilities is under progress for supplying additional quantity, quality improvement and cost reduction. We intend to consolidate these gains by increasing in-house greige chafer capacity.

Energy is one of the significant elements in cost structure of the Unit. In order to reduce dependence on coal, the Unit took steps to modify its Power House for usage of agro-fuel. SR has been consistently increasing use of agro-fuel. This has also resulted in reducing dependence on open market coal purchases which have been brought down from a level of 45% to less than 10% during the year in spite of increase in production. The Unit also has a large bank of solar panels to heat boiler fed water. SR met 35% of its fuel requirement from renewable sources during the year.

DIRECTORS' REPORT (continued)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

Internal control systems and the adequacy

Effective and adequate internal control systems are in place to ensure that all assets of the Company are safeguarded and protected against unauthorized use and the transactions are recorded and reported correctly.

Periodical reviews of such controls are undertaken to assess and ensure their efficiency and accuracy. The internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

Compliance with statutory requirements at all levels is ensured by a procedure under which the Units/ Offices send reports of compliance to the Occupier Director indicating variations/ delays, if any. The Occupier in turn submits his report to the Board of Directors periodically. The Board also monitors the measures taken by the Units in addressing risks through a half yearly report on 'Risk Assessment & Minimization Procedures' followed by them.

The Company's internal control systems and procedures are subjected to comprehensive internal audit by outside experts, whose reports are submitted to the Audit Committee of the Board through CEO. The Audit Committee, comprising of independent directors, oversees the function of internal audit, review 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 and make suggestions, whenever necessary.

Material Development in human resources/ industrial relations front

The Company believes that the strength of any organization is its employees. A dedicated, enlightened and contented work force is the life-line for any business to achieve its goals. A sense of belonging enhances responsibility and results in better delivery. The Company's HR measures revolve around this philosophy. Industrial relations remained cordial in all its operations during the year. As on 31.3.2012 the total number of employees on the payrolls of the Company was 2466.

CORPORATE SOCIAL RESPONSIBILITY

The importance of business in improving the quality of life is well recognized. Business involvement in social welfare and development has been a tradition in India and its evolution from charity or philanthropy to Corporate Social Responsibility, Corporate Citizenship and Responsible Business is in process.

Ministry of Corporate Affairs, Government of India, as part of several new initiatives came out with "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business" in July 2011. The aim behind the Guidelines is to strengthen the above mentioned tradition and to give a direction to Indian Corporate Sector to evolve into a global leader in responsible business.

The Company always believed and followed the philosophy that it is the responsibility of business to give back a part of what it gains to the Society. In fact the Company inherited the legacy of carrying out business for achieving the 'triple bottom line' – people, planet and profit. The Company's effort is to promote people-centric initiatives with active community participation, the thrust areas being education, health-care, rural development and environment protection.

Education

Education has a pivotal role in shaping a society worthy of taking on future challenges in a complex world. Today's children, who would be tomorrow's leaders, needed to be moulded to take on the responsibilities by imparting purposeful education. The Company has been supporting this cause through two schools, one in Daurala and the other in Kota. Dr. Bansi Dhar School, an English medium CBSE affiliated school

caters to the educational needs of children in and around Kota without any discrimination on the basis of caste, religion, gender or social background. The School takes special care of differently able children. The School has already gained good reputation in the area. Sir Shriram Higher Secondary School at Daurala, built by DSW, imparts education to children around the area.

The Company is providing rehabilitation, training and employment to differently able persons.

Health care

A charitable dispensary with qualified doctor and paramedical staff at DSW caters to the medical requirements of not only the employees and their families but also to the local population. The Unit organizes periodical medical camps for family planning operations and health check-ups. SR organized blood donation camps in association with 'The Kota Blood Bank Society,' in the factory premises and our employees willingly donated blood to help save lives.

Rural development

Farmers are one of the main pillars of the society as they help in meeting the food requirement of the ever increasing population. DSW has built excellent rapport with the farmers of the area spanning many decades. This relationship has helped in improving productivity as well as their standard of living. Farmers are continuously provided with inputs on latest advancement in agricultural practices and also free seeds. Further, DSW carries on cane development activities which not only helps farmers but contributes towards the rural economy as a whole.

At SR the coal fired boiler has been converted into agro-waste fired boiler primarily to reduce use of fossil fuel. This has opened job avenues in agro-waste cutting, collection, loading, etc., generating additional income to rural population.

Environment protection

The Company takes pride in protecting the environment. Towards this objective, DSW uses bio-compost produced from industrial effluents to enrich the soil. It has also been using agro-fuels like bagasse, kutty, husk etc in place of fossil fuels and uses water from the process itself and draws very less amount of fresh water.

Environment protection measures are an ongoing process and as part of the same, the Unit actively campaigns for tree plantation, lesser extraction and usage of water, rain water harvesting, lesser energy consumption, etc. Awareness is created about the serious consequences of climate change which can result in crop failure, erratic rainfall and weather.

Conversion of coal fired boiler into agro-waste fired boiler at SR promotes carbon neutrality and reduced water consumption. Over the years the Unit converted arid land around the factory into a forest to reduce its carbon foot-print and protect the environment.

Infrastructure development

DSW is actively involved with the local bodies in solving infrastructure related problems like construction of flyovers, provision of schools, parks, water supply by canals, etc in the vicinity for the general benefit of the society. The Company officials take the lead in discussing with local administration the grievances of its employees and farmers for early redress. The factory also provides treated spent wash for irrigation through pipeline, which improves fertility of the soil in the area.

SR has been actively supporting Kota Administration in building and maintenance of roads, parks, bathing ghats, community halls, hospital wards, school buildings, etc. Such support has immensely helped in building a better infrastructure and improving image of Kota city. Further, the Unit has adopted a village and is providing basic living amenities.

DIRECTORS' REPORT (continued)

Annexure - II

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

a) Energy Conservation measures taken :

- Bagasse Dryer installed on one boiler.
- Replacement of 100 HP Eddy Current Variable Speed Drive by AC Frequency Drive.
- Installation of Capacitor Banks for raising existing power factor.
- Installation of continuous crystallizer.
- Improvement in process for production of Rectified spirit and Extra neutral alcohol.
- Replacement of conventional tube lights with energy efficient tube lights.
- Replacement of old raw water pump with energy efficient pump.
- Ply Cablers modified to lower power consumption.
- Smaller Ply Cabler provided for preparing cord for testing purposes.
- Switched steam heating to CNG based heating in fabric dipping Plant.
- Process optimisation.
- Condensate of VAHP utilised for desuperheating.

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

- Installation of another Bagasse Dryer.
- Installation of high efficiency pumps for juice transfer.
- Installation of another multi-pressure distillation plant being considered.
- Heat recovery from condensate obtained from reboilers in Distillation columns being considered.
- Installation of state of art vapour absorption refrigeration machine.
- Installation of Plate Heat Exchanger.
- Installation of VFD in Boiler fans.
- Installation of low pressure compressor for instrument air.
- Installation of efficient compressor for compressed air.
- Installation of more solar water heaters.
- Installation of system for desuperheating.

c) Impact of the above measures :

- Higher boiler efficiency and saving of fuel.
- Reduction in energy consumption and lower electrical losses.
- Lower steam consumption in production process.
- Lower losses in sugar process.
- Reduction in carbon foot print.
- Saving in steam, power, refrigerant usage.

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

- Form - A annexed.

B. TECHNOLOGY ABSORPTION :

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

C. FOREIGN EXCHANGE EARNINGS & OUTGO :

Total foreign exchange earned Rs. 244.11 crs. and used Rs. 123.35 crs.

Annexure - II (contd.)
FORM - A

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a) <u>Purchased</u>		
- Units (Lacs / KWH)	163	105
- Total Amount (Rs./ lacs)	860	515
- Rate (Rs./ KWH)	5.29	4.92
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)	1887	1878
- Kwh generated per kg. of Coal*	1.37	1.42
- Cost (Rs./ KWH)*	4.49	4.20
2. Coal (Mixed grades)		
(used for steam / power generation)		
- Quantity (MT)	54479	58493
- Total Cost (Rs./ lacs)	2213	2458
- Average Rate (Rs./ MT)	4062	4202
3. Agro Fuel (outside purchase)		
- Quantity (MT)	104135	78349
- Total Cost (Rs./ lacs)	3100	2211
- Average Rate (Rs./ MT)	2977	2822
4. Other / Internal generation – Bagasse		
- Quantity (MT)	418757	445906
- Total Cost	(By - product)	(By - product)
- Average Rate		
B. CONSUMPTION PER UNIT OF PRODUCTION		
5. Electricity		
- Sugar (KWH / MT Cane)	40.20	39.17
- Rayon Yarn (KWH / Kg.)	2.34	2.37
6. Steam		
- Sugar (% Cane)	46.23	47.58
- Rayon Yarn (MT / MT)	30.53	30.74

* 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

- Evaluation of new sugar cane varieties and optimisation of cultivation techniques for getting better results.
- Continued efforts to try new inputs in boiler to increase productivity/ optimize cost.
- Optimisation of pilot bagasse dryer and scaling-up to a full sized bagasse dryer, which was installed and stabilised during the last season.
- Trials conducted with higher spinning speed and higher stretch to attain higher productivity and quality of rayon tyre yarn.
- Process modifications to improve cord quality.
- Trials conducted to optimize soft water consumption to reduce water consumption and conserve energy.
- Development of new products / intermediates with in-house technology.
- Development work is being done to produce new pharma intermediates.
- Change in process technology to improve efficiency.
- Improvement in environment by installing Ventury Scrubbers.

2. BENEFITS DERIVED

- Energy saving, better quality, new product development, cleaner environment, better productivity and yields, reduced wastage, reduced costs, increase in boiler throughput, improved competitiveness & flexibility in manufacturing processes / equipment, reduction of raw material / utilities, higher supply to grid.
- Recovery of saleable products from waste gases.
- The production based on contract manufacturing will start this year.

3. FUTURE PLAN OF ACTION

- Above efforts will continue in various areas of activity including the addition of additional bagasse dryer.
- Continuous attempts will be made to improve the conversion efficiency of various products.

4. EXPENDITURE ON R&D

(Rs. / Lacs)

a) Capital	28.32
b) Revenue	90.52
c) Total	<u>118.84</u>
d) Total expenditure as a % of turnover is 0.12% (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

- Installation of vertical crystalliser to reduce sugar losses and energy consumption.
- Installation of Bagasse Dryer on one boiler during sugar season 2011-12.
- Mistake proof system implemented for CS2 dosing.
- Viscose bleed point modified to improve quality.
- Vacuum systems modified to improve vacuum levels.
- Replaced ejectors to increase capacity of crystallizer.
- Audio visual alarms with digital indication for low temperature, pressure and level provided at various points in the plant.
- Hydrogen Sulfide gas detector and alarm installed.
- DC drives replaced with AC drives along with SCADA & PLC control system.
- Paper tube winding system on Spinning machines converted to contemporary Bobbin winding system.
- Latest generation Ultrasonic Sealer & Cutter installed.
- Lead pipe replacement with FRP pipes.

2. Benefits Derived

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

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

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, 2012, the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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) *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 note 31 (b) of notes to the financial statements).*

The matter referred to in paragraph (v) 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, 2011.

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, 2012;
 - b) in the case of the Statement of Profit and Loss, of the loss 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

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

Jaideep Bhargava
Partner
(Membership No. 090295)

Place : New Delhi
Date : 30.5.2012

AUDITORS' REPORT (continued)

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, clause (xiii) of CARO is 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.

- (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 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, during the year, the Company has rescheduled the terms of repayment of the loan granted by the Company, as referred to in para (iii) (a) above, the rate of interest and other terms and conditions of such rescheduled loan are not, prima facie, prejudicial to the interest of the Company.
- (c) As per the information and explanations given to us, the receipt 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, unsecured loans taken by the Company from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, are by way of fixed deposits aggregating Rs. 14.00 lacs from directors and their relatives. Maximum amount outstanding during the year and year end balance from four parties is Rs. 19.00 lacs.
- (f) In our opinion, the rate of interest and other terms and conditions of unsecured loan taken by the Company are not, prima facie, prejudicial to the interest of the Company.
- (g) In our opinion, the Company is regular in payment of the principal amount and the interest thereon.
- (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 cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost 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 investor education and protection fund, employees' state insurance, income-tax, wealth tax, sales 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, service tax and provident fund 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.

AUDITORS' REPORT (continued)

(b) Details of dues of excise duty, service tax, customs duty, income-tax and sales tax matters which have not been deposited as on March 31, 2012 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
			20.00	-	March '86 to December '89	High Court
		Modvat Credit	31.79	-	1995-96, November '04 to December '08	Commissioner (Appeals)
		Service Tax	1.44	-	January '08 to October '08	Deputy Commissioner
			4.28	-	December'09 to December'10	Assistant Commissioner, Central Excise & Customs
2	Income Tax Act, 1961	Income Tax	193.40	193.40	2005-06	Income Tax Appellate Tribunal
			1468.20	480.01	1999-00, 2001-02 to 2004-05 and 2008-09	Commissioner of Income Tax (Appeals)
3	Sales Tax Laws	Sales Tax	0.88	-	2008-09	Joint Commissioner (Appeals), Commercial Tax
			1.79	-	2009-10	Additional Commissioner

*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
		Modvat Credit	15.15	1995-96	High Court
		Service Tax	29.88	2004-08	Customs, Excise & Service Tax Appellate Tribunal
2	Customs Law	Customs Duty	584.84	2000-01	High Court
3	Sales Tax Laws	Sales Tax	151.35	1976-2002	High Court
			2.42	2006-07 & 2008-09	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.

- (x) The Company does not have accumulated losses at the end of the financial year ended March 31, 2012. Further, the Company has incurred cash losses during the financial year ended March 31, 2012 and had not incurred cash losses during the immediately preceding financial year ended March 31, 2011.
- (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 debenture holders 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 CARO is not applicable.
- (xiii) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the CARO is not applicable.
- (xiv) According to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.
- (xv) 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.
- (xvi) 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.
- (xvii) As the Company has not made any preferential allotment during the year, paragraph 4(xviii) of the CARO is not applicable.
- (xviii) The Company has not issued any debentures during the year.
- (xix) The Company has not raised money by way of public issue during the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us by the management, no fraud by the Company has been noticed or reported during the year and with respect to fraud on the Company during the year, there was a fraudulent withdrawal of Rs. 1.27 lacs from a bank account of the Company by a third party which is being recovered from bank.

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

Place : New Delhi
Date : 30.5.2012

Jaideep Bhargava
Partner
(Membership No. 090295)

Balance Sheet as at March 31, 2012

Particulars	Note No.	As at	As at
		31.03.2012	31.03.2011
		Rs.lacs	Rs.lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1,739.84	1,739.84
Reserves and surplus	3	18,829.93	20,806.44
		<u>20,569.77</u>	<u>22,546.28</u>
Non-current liabilities			
Long - term borrowings	4	9,411.61	9,091.41
Deferred tax liabilities (Net)	5	3,383.37	4,355.94
Other long-term liabilities	6	359.25	365.45
Long-term provisions	7	716.30	819.60
		<u>13,870.53</u>	<u>14,632.40</u>
Current liabilities			
Short-term borrowings	8	24,641.08	18,066.17
Trade payables	9	22,802.42	18,484.38
Other current liabilities	10	7,523.29	6,695.75
Short-term provisions	11	206.52	171.29
		<u>55,173.31</u>	<u>43,417.59</u>
TOTAL		<u>89,613.61</u>	<u>80,596.27</u>
ASSETS			
Non-current assets			
Fixed assets	12		
- Tangible assets		28,501.46	29,260.15
- Capital work in progress		1,751.34	1,362.58
		<u>30,252.80</u>	<u>30,622.73</u>
Non - current investments	13	613.51	613.52
Long - term loans and advances	14	2,650.53	2,064.76
		<u>33,516.84</u>	<u>33,301.01</u>
Current assets			
Current investments	15	2,676.28	100.25
Inventories	16	39,993.16	37,121.61
Trade receivables	17	8,888.39	6,540.00
Cash and cash equivalents	18	1,579.13	670.91
Short - term loans and advances	19	2,486.09	2,383.38
Other current assets	20	473.72	479.11
		<u>56,096.77</u>	<u>47,295.26</u>
TOTAL		<u>89,613.61</u>	<u>80,596.27</u>

Accompanying notes 1 to 46 form part of the financial statements

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 30.5.2012

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
Anil Gujral
Director & CEO (Chemicals & Alcohol)

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

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



Particulars	Note No.	Year ended	Year ended
		<u>31.03.2012</u>	<u>31.03.2011</u>
		Rs. lacs	Rs. lacs
REVENUE			
Revenue from operations	21	103,303.64	94,678.63
Less: Excise duty		4,136.50	4,193.29
		99,167.14	90,485.34
Other income	22	910.23	862.14
TOTAL REVENUE		100,077.37	91,347.48
EXPENSES			
Cost of materials consumed	23	62,296.57	54,812.22
Purchase of traded goods	24	6,342.63	5,772.03
(Increase)/ Decrease in inventories of finished goods, work-in-progress and traded goods	25	(2,768.08)	(459.82)
Employee benefits expense	26	6,969.10	6,614.67
Finance costs	27	4,201.21	3,310.09
Depreciation	28	2,156.16	1,982.67
Other expenses	29	21,716.16	20,283.26
TOTAL EXPENSES		100,913.75	92,315.12
Profit / (Loss) before exceptional item and tax		(836.38)	(967.64)
Exceptional item	43	1,875.06	-
Profit / (Loss) before tax		(2,711.44)	(967.64)
Tax expense:			
Current tax		-	21.52
Deferred tax		(972.57)	(439.05)
Profit / (Loss) for the year		(1,738.87)	(550.11)
Earnings per equity share - basic / diluted (Rs.)	30	(9.99)	(3.16)

Accompanying notes 1 to 46 form part of the financial statements

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 30.5.2012

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
Anil Gujral
Director & CEO (Chemicals & Alcohol)

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

Cash Flow Statement for the year ended March 31, 2012

	Year ended 31.03.2012 Rs. lacs	Year ended 31.03.2011 Rs. lacs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before tax	(2,711.44)	(967.64)
Adjustments for :		
Depreciation	2,156.16	1,982.67
Finance Costs	4,201.21	3,310.09
Interest income	(291.25)	(141.03)
Provision for doubtful debts, loans & advances realised	(50.00)	(29.93)
Profit on sale of fixed assets	(256.38)	(107.44)
Loss on sale/write off of fixed assets	8.76	102.39
Profit on sale of current investments	(13.03)	(33.66)
Profit on sale of non current investments	(0.11)	-
Dividend income	-	(0.32)
Operating profit before working capital changes	3,043.92	4,115.13
Adjustments for :		
Increase in trade payables, other current liabilities and short term provisions	4,413.97	1,387.03
(Decrease) in long term liabilities & long term provisions	(102.65)	(73.74)
(Increase) in trade receivables, short term loans & advances and other current assets	(2,433.46)	(595.33)
(Increase) / Decrease in long term loans & advances and other non current assets	(74.10)	36.77
(Increase) / Decrease in inventories	(2,871.55)	59.24
Cash generated from operations	1,976.13	4,929.10
Income tax (paid)	(304.62)	(31.84)
Net cash generated from operating activities	1,671.51	4,897.26
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,337.92)	(3,268.41)
Sale of fixed assets	470.20	219.55
Purchase of current non trade investments	(2,765.31)	(5,203.35)
Sale of long term non trade investments	0.12	0.03
Sale of current non trade investments	202.31	5,248.94
(Increase) / Decrease in bank balances not considered as cash and cash equivalents	(65.08)	421.51
Interest received	292.80	167.69
Dividend received	-	0.32
Net cash (used in) investing activities	(4,202.88)	(2,413.72)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	4,667.28	6,597.32
Repayment of borrowings	(3,746.75)	(4,255.26)
Increase / (Decrease) in short term borrowings	6,574.91	(1,152.00)
Finance Costs	(4,120.18)	(3,226.43)
Inter Corporate deposits received	-	350.00
Inter Corporate deposits paid	-	(350.00)
Dividend paid	(0.75)	(504.17)
Corporate dividend tax paid	-	(86.69)
Net cash from / (used in) financing activities	3,374.51	(2,627.23)
Net decrease in cash and cash equivalents (A+B+C)	843.14	(143.69)
Cash and cash equivalents		
- At beginning of year	333.92	477.61
- At end of year	1,177.06	333.92

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 30.5.2012

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
Anil Gujral
Director & CEO (Chemicals & Alcohol)

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

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. Differences 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 in case of long term 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.

Notes forming part of the financial statements (continued)

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.

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.

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. Share capital

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Authorised		
6,50,00,000 (2010-11 - 6,50,00,000) Equity shares of Rs. 10 each	6,500.00	6,500.00
Issued, subscribed and fully paid up		
1,73,98,437 (2010-11 - 1,73,98,437) Equity shares of Rs. 10 each	1,739.84	1,739.84
	1,739.84	1,739.84

- (i) There has been no movement in the equity shares in the current and previous year
- (ii) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.
- (iii) Shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31.03.2012 No of shares	As at 31.03.2011 No of shares
a) Bantam Enterprises Private Limited	1,374,820	1,374,820
b) HB Stockholdings Limited	4,346,615	4,346,615
c) Life Insurance Corporation of India	1,331,259	1,331,259
d) Lily Commercial Private Limited	1,000,243	998,664
e) Versa Trading Limited	2,224,725	2,224,725

3. Reserves and surplus

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Amalgamation Reserve *	1,411.38	1,411.38
Capital Redemption Reserve	0.10	0.10
Securities Premium Account	3,406.68	3,406.68
Debenture Redemption Reserve	-	69.08
Revaluation Reserve	2,580.38	2,818.02
General Reserve	2,502.69	2,502.69
Surplus in Statement of Profit and Loss	8,928.70	10,598.49
	18,829.93	20,806.44

* Arose on amalgamation of Daurala Organics Limited with the Company.

Movement in reserves and surplus is as under :

(a) Debenture Redemption Reserve		
Opening balance	69.08	207.23
Less : Transferred to Surplus in Statement of Profit and Loss	69.08	138.15
Closing balance	-	69.08
(b) Revaluation Reserve		
Opening balance	2,818.02	3,243.76
Less: Transferred to Statement of Profit and Loss for set off against depreciation (refer note 28)	237.64	282.57
Less: Utilised for set off on deletion of revalued assets	-	143.17
Closing balance	2,580.38	2,818.02
(c) Surplus in Statement of Profit and Loss		
Opening balance	10,598.49	11,010.45
Less: Loss for the year	1,738.87	550.11
Add: Debenture Redemption Reserve written back	69.08	138.15
Closing balance	8,928.70	10,598.49

Notes forming part of the financial statements (continued)

4. Long - term borrowings

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Secured		
Debentures	-	69.08
Term loans		
- From banks	10,969.45	9,880.10
- From others	1,804.94	1,944.66
	<u>12,774.39</u>	<u>11,893.84</u>
Unsecured		
Public deposits	933.09	875.73
	<u>13,707.48</u>	<u>12,769.57</u>
Less : Current maturities of long term borrowings	4,295.87	3,678.16
	<u>9,411.61</u>	<u>9,091.41</u>
Details of Current maturities of long term borrowings:		
Secured		
Debentures	-	69.08
Term loans		
- From banks	3,363.31	3,303.68
- From others	360.99	139.71
Unsecured		
Public deposits	571.57	165.69
	<u>4,295.87</u>	<u>3,678.16</u>

SECURED

I. Debentures

Nil (2010-11 - 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. These debentures were 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. These debentures were also secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company.

II. Banks

- a) Nil (2010-11 – 125.00 lacs), Rs.60.74 lacs (2010-11 – Rs.182.74 lacs), Rs.777.68 lacs (2010-11 – Rs.1222.16 lacs), Rs.700.00 lacs (2010-11 – Rs.1500 lacs), Rs.1857.00 lacs (2010-11 – Rs.2000.00 lacs), Rs.1800.00 lacs (2010-11 – Rs.2000.00 lacs) and Rs.2500.00 lacs (2010-11 – Nil) currently carrying interest between 12% to 14.50% and repayable in 0, 2, 7, 4, 13, 9 and 16 quarterly instalments respectively 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.
- b) Rs.1083.64 lacs (2010-11 - Nil) carrying interest of 12.50% and repayable in 17 quarterly instalments is secured by first pari-passu charge on entire fixed assets of the Company, both present and future, excluding the assets exclusively charged and those pertaining to 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. Also exclusive charge on assets to be acquired in Daurala Organics, a unit of the Company.
- c) Rs.183.40 lacs (2010-11 – Rs.366.72 lacs), Rs.114.22 lacs (2010-11 – Rs.205.90 lacs), Rs.570.00 lacs (2010-11 – Rs.300.00 lacs) and Rs.465.00 lacs (2010-11 – Nil) currently carrying interest between 8.75 % to 13.25% (net of interest subvention) and repayable in 4, 5, 19 and 20 quarterly instalments respectively are secured by first charge on specific movable assets of Shriram Rayons, a unit of the Company.

- d) Rs.382.11 lacs (2010-11 – Rs.446.92 lacs) currently carrying interest of 8.50% (net of interest subvention) repayable in 14 quarterly instalments is secured by first mortgage and charge on specific immovable and movable assets of Shriram Rayons, a unit of the Company.
- e) Rs.441.00 lacs (2010-11 – Rs.561.00 lacs) currently carrying interest of 14.25% and repayable in 15 quarterly instalments is 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.
- f) Rs.32.13 lacs (2010-11 – Rs.962.47 lacs) carrying Nil rate of interest (net of interest subvention) and repayable in 2 monthly instalments is secured by residual charge on fixed assets of sugar division of the Company.
- g) Rs.2.53 lacs (2010-11 – Rs.7.19 lacs) carrying interest between 10% to 13% and repayable in 14 monthly instalments are secured by hypothecation of specific assets.

III. Others

- a) Nil (2010-11 – Rs.139.72 lacs) was 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. This was further secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company.
- b) Rs.1804.94 lacs (2010-11 – Rs.1804.94 lacs) carrying interest of 4% and repayable in 5 yearly instalments is secured by exclusive second charge on immovable and movable assets of sugar factory at Daurala Sugar Works, a unit of the Company.

5. Deferred tax liabilities (Net)

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
(a) Deferred tax liabilities		
- Depreciation	5,408.80	5,371.42
(b) Deferred tax assets		
- Accrued expenses deductible on payment	371.20	208.23
- Provision for gratuity and leave encashment	299.41	321.49
- Provision for doubtful debts and advances	13.83	11.01
- Unabsorbed depreciation	948.57	382.13
- Business loss	288.07	-
- Others	104.35	92.62
	2,025.43	1,015.48
Net	3,383.37	4,355.94

6. Other long - term liabilities

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Trade payables	53.48	44.85
Others		
- Interest accrued but not due on borrowings	214.78	221.63
- Others	90.99	98.97
	359.25	365.45

7. Long - term provisions

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Provision for employee benefits		
- Gratuity	264.12	343.27
- Leave salary	452.18	476.33
	716.30	819.60

Notes forming part of the financial statements (continued)

8 Short - term borrowings

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Secured		
Loan repayable on demand - Cash credits from banks *	<u>24,641.08</u>	18,066.17
	<u>24,641.08</u>	<u>18,066.17</u>

* 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.

9 Trade payables

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Acceptances	2,863.59	2,163.47
Trade payables		
- Micro and small enterprises*	-	1.93
- Others	<u>19,938.83</u>	16,318.98
	<u>22,802.42</u>	<u>18,484.38</u>

* Refer note 36

10 Other current liabilities

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Current maturities of long term debts	4,295.87	3,678.16
Interest accrued but not due on borrowings	188.25	72.08
Unclaimed dividends	45.47	46.22
Unclaimed deposits and interest accrued thereon	4.66	23.20
Payables for fixed assets		
- Micro and small enterprises	-	-
- Others	150.98	98.73
Other payables		
- Statutory dues	2,340.12	2,191.57
- Advances from customers	84.09	173.98
- Security deposits	190.71	187.22
- Others	<u>223.14</u>	224.59
	<u>7,523.29</u>	<u>6,695.75</u>

11 Short - term provisions

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Provision for employee benefits		
- Leave salary	<u>206.52</u>	171.29
	<u>206.52</u>	<u>171.29</u>

Particulars	Gross block				Depreciation				Net block	
	As at 31.03.2011	Additions	Deductions	As at 31.03.2012	As at 31.03.2011	For the year	On deductions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
	Tangible Assets									
Land	1,293.53	111.35	97.29	1,307.59					1,307.59	1,293.53
Buildings	6,464.23	72.84	134.30	6,402.77	3,371.36	195.64	36.76	3,530.24	2,872.53	3,092.87
Plant and equipment	47,606.97	1,490.40	0.17	49,097.20	23,416.25	2,083.96	0.17	25,500.04	23,597.16	24,190.72
Furniture and fixtures	444.97	63.07	7.98	500.06	318.22	29.05	3.58	343.69	156.37	126.75
Vehicles	621.26	75.64	54.40	642.50	236.71	60.00	34.30	262.41	380.09	384.55
Office equipment	450.34	44.39	5.56	489.17	278.61	25.15	2.31	301.45	187.72	171.73
Total Tangible Assets	56,881.30	1,857.69	299.70	58,439.29	27,621.15	2,393.80	77.12	29,937.83	28,501.46	
Previous year	53,492.99	4,265.34	877.03	56,881.30	25,924.22	2,265.24	568.31	27,621.15		29,260.15
Capital work in progress									1751.34	1362.58

i) The Company had revalued its land and buildings as at March 31, 1993 and plant and equipment (other than office equipment) as at April 1, 1993. Land, buildings and plant and equipment (other than office equipment) were again revalued on March 31, 1999. These revaluations which were based on depreciated current replacement values on the basis of an independent valuation through an approved valuer resulted in a net increase in the gross block by Rs.16283.80 lacs of which Rs.12351.47 lacs (2010-2011 Rs.12351.47 lacs) is included in the gross block of fixed assets as on March 31, 2012. The revaluation amount included in net block is Rs.804.51 lacs (2010-11 - Rs.804.51 lacs) in Land, Rs.757.80 lacs (2010-11 - Rs.873.49 lacs) in Buildings and Rs.1018.07 lacs (2010-11 - Rs.1140.02 lacs) in Plant & equipment.

ii) 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.

iii) The amount of borrowing cost capitalised to fixed assets - plant and equipment during the year is Rs. 27.13 lacs (2010-11 - Rs. 22.28 lacs)

Notes forming part of the financial statements (continued)

13 Non-current investments*

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Trade Investments		
Investments in equity instruments		
Quoted		
- ICICI Bank Limited Nil (2010-11 - 16) Equity shares of Rs. 10 each, fully paid-up	-	0.01
Unquoted		
- Daurala Co-operative Development Union Limited 2 (2010-11 - 2) Equity shares of Rs. 10 each, fully paid-up @ (Rs.20)	@	@
Other Investments - Unquoted		
Investments in equity instruments		
- Investment in shares of Subsidiary company - Daurala Foods & Beverages Private Limited 74,99,990 (2010-11 - 74,99,990) Equity shares of Rs.10 each, fully paid-up.	447.40	447.40
- Investment in shares of Associate company - DCM Hyundai Limited 19,72,000 (2010-11 - 19,72,000) Equity shares of Rs. 10 each, fully paid up	166.00	166.00
Investment in preference shares		
- Versa Trading Limited 7,00,000 (2010-11 - 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 Government securities **	0.11	0.11
	<u>613.51</u>	<u>613.52</u>
(i) Aggregate amount of quoted investments	-	0.01
(ii) Market value of quoted investments.	-	0.18
(iii) Aggregate amount of unquoted investments (net of provision for diminution in value)	613.51	613.51
(iv) Aggregate provision for diminution in value of investments	700.00	700.00
* Refer Note 1 (e)		
** Pledged with Government authorities.		

14 Long-term loans and advances

(unsecured, considered good unless otherwise stated)

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Capital advances	231.51	60.66
Security deposits	200.01	186.20
Loan and advances to related parties *	574.13	425.94
MAT Credit entitlement	1,107.10	1,107.10
Advance tax (net of provision)	424.62	120.00
Other loans and advances		
- Excise, Cenvat and VAT receivable	48.99	78.08
- To employees	47.27	58.77
- Others		
- Unsecured - considered good	16.90	28.01
- considered doubtful	3.94	90.94
	<u>2,654.47</u>	<u>2,155.70</u>
- Less : Provision for doubtful advances	3.94	90.94
	<u>2,650.53</u>	<u>2,064.76</u>

* Refer note 38.

15 Current investments *

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Investments in Mutual Funds		
Unquoted		
592649.201 (2010-11 - 481895.315) HDFC Cash Management Fund Treasury Advantage Plan wholesale - Growth units of Rs. 10 each fully paid up	130.97	100.25
1513434.979 (2010-11 - Nil) HDFC Cash Management Fund Treasury Advantage Plan Retail - Growth units of Rs.10 each fully paid-up	350.00	-
3079182.351 (2010-11 - Nil) HSBC Floating Rate Fund - Long Term Plan Institutional option- Growth units of Rs.10 each fully paid-up	495.31	-
80751.963 (2010-11 - Nil) Birla Sunlife Ultra Short term Fund - Retail Growth units of Rs. 100 each fully paid-up	150.00	-
161453.729 (2010-11 - Nil) Birla Sunlife Ultra Short term Fund - Institutional Growth units of Rs.100 each fully paid up	200.00	-
53251.369 (2010-11 - Nil) Birla Sunlife Cash Plus Fund Retail Growth units of Rs. 100 each fully paid-up	150.00	-
2972139.167 (2010-11 - Nil) DWS Insta Cash Plus Fund Institutional Plan - Growth units of Rs.10 each fully paid-up	500.00	-
1213246.222 (2010-11 - Nil) BNP Paribas Overnight - Institutional Growth units of Rs. 10 each fully paid up	200.00	-
2881362.769 (2010-11 - Nil) Reliance Liquid Fund - Cash Plan Growth units of Rs. 10 each fully paid up	500.00	-
	<u>2,676.28</u>	<u>100.25</u>
Aggregate repurchase price of units of mutual funds	2,720.41	103.71

* Refer note 1(e)

16 Inventories *

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Raw materials **	4,366.60	4,263.80
Work-in-progress	868.45	955.48
Finished goods ***	31,734.83	28,888.54
Traded goods	44.47	35.65
Stores and spares	2,978.81	2,978.14
	<u>39,993.16</u>	<u>37,121.61</u>

* Refer note 1(f)

** Includes raw materials in transit Rs.179.76 lacs (2010-11 Rs.384.85 lacs)

*** Includes finished goods in transit Rs.61.03 lacs (2010-11 Rs.231.48 lacs)

Notes forming part of the financial statements (continued)

17 Trade receivables

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured - considered good	10.98	9.46
- considered doubtful	<u>38.69</u>	<u>29.97</u>
	49.67	39.43
Less : Provision for doubtful receivables	<u>38.69</u>	<u>29.97</u>
	<u>10.98</u>	<u>9.46</u>
Others		
Secured - considered good	8.38	19.35
Unsecured - considered good	<u>8,869.03</u>	<u>6,511.19</u>
	<u>8,877.41</u>	<u>6,530.54</u>
	<u>8,888.39</u>	<u>6,540.00</u>

18 Cash and cash equivalents*

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Balances with banks		
- Current accounts **	1,171.61	305.70
- Deposit accounts***	<u>356.60</u>	<u>290.77</u>
Cheques and drafts on hand	-	31.26
Cash on hand	<u>50.92</u>	<u>43.18</u>
	<u>1,579.13</u>	<u>670.91</u>
* Of the above, the balances that meet the definition of cash and cash equivalents as per AS - 3 Cash Flow Statements is	1,177.06	333.92
** Include earmarked for specific purpose (Unclaimed Dividends)	45.47	46.22
*** Include		
- Provided as security for loans from banks/bank guarantees/letter of credit	108.15	52.07
- For Margin money	79.39	71.50
- Earmarked for specific purpose	44.00	48.78
- Balances with banks include deposits which have an original maturity of more than 12 months	69.09	7.39
- Balances with banks include deposits which have a maturity of more than 12 months from the balance sheet date	62.98	4.52

19 Short - term loans and advances

(Unsecured considered good unless otherwise stated)

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Loan and advances to related parties - Secured *	-	162.00
Other loans and advances		
- Security deposits	33.19	3.26
- Excise, Cenvat, VAT receivable and other Govt. dues	1,775.56	1,282.05
- To employees	24.14	22.33
- Others	<u>653.20</u>	<u>913.74</u>
	<u>2,486.09</u>	<u>2,383.38</u>

* Refer note 38

20 Other current assets

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Interest accrued on deposits	23.53	11.28
Unbilled revenue	450.19	466.55
Others	-	1.28
	<u>473.72</u>	<u>479.11</u>

21 Revenue from operations

	Year ended <u>31.03.2012</u> Rs. lacs	Year ended <u>31.03.2011</u> Rs.lacs
Sale of products		
- Export	24,504.16	18,856.28
- Domestic	<u>75,348.95</u>	<u>73,460.85</u>
	<u>99,853.11</u>	<u>92,317.13</u>
Sale of services		
- Processing charges	366.49	299.68
- Others	<u>32.21</u>	<u>37.39</u>
	<u>398.70</u>	<u>337.07</u>
	<u>100,251.81</u>	<u>92,654.20</u>
Other operating revenues		
- Sale of scrap	445.67	460.20
- Duty Draw back and Other export benefits	2,581.03	1,515.81
- Others	<u>25.13</u>	<u>48.42</u>
	<u>3,051.83</u>	<u>2,024.43</u>
	<u>103,303.64</u>	<u>94,678.63</u>
Product-wise particulars of sales are as under :		
Sugar	42,419.14	40,895.94
Alcohol	11,501.91	10,747.73
Organic/Fine chemicals	23,351.28	22,906.93
Industrial fibres	19,333.76	15,092.26
Other sales	<u>3,247.02</u>	<u>2,674.27</u>
	<u>99,853.11</u>	<u>92,317.13</u>

22 Other income

	Year ended <u>31.03.2012</u> Rs. lacs	Year ended <u>31.03.2011</u> Rs.lacs
Interest income *	291.25	141.03
Profit on sale of assets	256.38	107.44
Provisions / Liabilities no longer required, written back	97.35	103.86
Rent	42.38	51.64
Profit on sale of current investments	13.03	33.66
Profit on sale of non-current investments	0.11	-
Gain on foreign exchange fluctuation (net)	176.78	369.64
Miscellaneous income	<u>32.95</u>	<u>54.87</u>
	<u>910.23</u>	<u>862.14</u>

* Income-tax deducted at source Rs. 14.71 lacs (2010-11- Rs.8.53 lacs)

Notes forming part of the financial statements (continued)

23 Cost of materials consumed

	Year ended <u>31.03.2012</u> Rs. lacs	Year ended <u>31.03.2011</u> Rs. lacs
Opening stock	4,263.80	4,933.82
Add: Purchases	<u>62,399.37</u>	<u>54,142.20</u>
	66,663.17	59,076.02
Less : Closing stock	<u>4,366.60</u>	<u>4,263.80</u>
	<u>62,296.57</u>	<u>54,812.22</u>
Particulars of raw materials consumed are as under :		
Sugarcane	38,442.00	34,265.64
Molasses *	230.68	604.69
Wood pulp	4,915.58	3,630.55
Others	<u>18,708.31</u>	<u>16,311.34</u>
	<u>62,296.57</u>	<u>54,812.22</u>

*Net of internal transfers.

24 Purchase of traded goods

	Year ended <u>31.03.2012</u> Rs. lacs	Year ended <u>31.03.2011</u> Rs. lacs
Grain Natural Spirit	6,069.98	5,747.13
Others	<u>272.65</u>	<u>24.90</u>
	<u>6,342.63</u>	<u>5,772.03</u>

25 (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods

	Year ended <u>31.03.2012</u> Rs. lacs	Year ended <u>31.03.2011</u> Rs. lacs
Opening stock		
Finished goods	28,888.54	28,426.65
Work in progress	955.48	961.19
Traded goods	<u>35.65</u>	<u>32.01</u>
	<u>29,879.67</u>	<u>29,419.85</u>
Closing stock		-
Finished goods	31,734.83	28,888.54
Work in progress	868.45	955.48
Traded goods	<u>44.47</u>	<u>35.65</u>
	<u>32,647.75</u>	<u>29,879.67</u>
	<u>(2,768.08)</u>	<u>(459.82)</u>
Particulars of Stocks of Finished / Traded Goods & Work-in-progress are as under :		
<u>Stocks of Finished Goods / Traded Goods</u>		
Sugar	29,012.84	26,149.91
Alcohol	340.81	78.46
Organic/Fine chemicals	426.69	876.63
Industrial fibres	1,898.48	1,739.71
Other stocks	<u>100.48</u>	<u>79.48</u>
	<u>31,779.30</u>	<u>28,924.19</u>
<u>Work-in-progress</u>		
Sugar	177.89	355.31
Alcohol	13.37	2.53
Organic/Fine chemicals	426.78	431.54
Industrial fibres	<u>250.41</u>	<u>166.10</u>
	<u>868.45</u>	<u>955.48</u>

26 Employee benefits expense

	Year ended <u>31.03.2012</u> Rs. lacs	Year ended <u>31.03.2011</u> Rs. lacs
Salaries , wages etc	5,873.48	5,499.99
Contribution to provident and other funds	856.12	913.66
Staff welfare expenses	239.50	201.02
	<u>6,969.10</u>	<u>6,614.67</u>

27 Finance costs

	Year ended <u>31.03.2012</u> Rs. lacs	Year ended <u>31.03.2011</u> Rs. lacs
Interest expense	4,036.44	3,119.92
Other borrowing costs	164.77	190.17
	<u>4,201.21</u>	<u>3,310.09</u>

28 Depreciation

	Year ended <u>31.03.2012</u> Rs. lacs	Year ended <u>31.03.2011</u> Rs. lacs
Depreciation on tangible assets	2,393.80	2,265.24
Less:-Transferred from revaluation reserve	237.64	282.57
	<u>2,156.16</u>	<u>1,982.67</u>

29 Other expenses

	Year ended <u>31.03.2012</u> Rs. lacs	Year ended <u>31.03.2011</u> Rs. lacs
Stores and spares	6,443.11	6,035.77
Power and fuel	6,015.47	5,602.57
Repairs - Building	415.16	483.53
- Plant and machinery	2,611.19	2,253.41
Rent	481.62	461.90
Auditors' remuneration		
- As auditors	23.00	20.50
- Limited review of unaudited financials results	15.00	12.90
- Verification of statements and other reports	2.85	2.85
- Out-of-pocket expenses	0.50	0.28
Insurance	165.55	136.43
Rates and taxes	40.93	61.79
Increase / (decrease) in excise duty on finished goods	(50.98)	59.10
Freight and transport	646.21	638.13
Commission to selling agents	1,471.57	1,327.59
Write off / loss on sale of fixed assets	8.76	102.39
Donation	0.05	2.40
Bad debts and advances provided / written off	8.73	9.78
Miscellaneous expenses	3,417.44	3,071.94
	<u>21,716.16</u>	<u>20,283.26</u>

Notes forming part of the financial statements (continued)

	This year	Previous year
30. Earnings per share		
Profit / (loss) after tax as per statement of profit and loss	(Rs.lacs) (1738.87)	(550.11)
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.) (9.99)	(3.16)
31. 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 securities 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
	31.03.2012	31.03.2011
32. Contingent liabilities not provided for :-	(Rs. lacs)	(Rs. lacs)
Income tax matters*	1661.60	193.40
Excise / Service tax / Customs duty matters*	734.79	928.61
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	1025.54	1088.51
Bills discounted	2336.53	1422.50
* 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.		
33. a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs.104.02 lacs (2010-11-Rs.177.83 lacs).		
b) The Company has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee's benefits including union agreement in normal course of business. The Company does not have any long term commitments or material non-cancellable contractual commitments / contracts, which might have material impact on the financial statements.		
34. Due to loss suffered in the year 2011-12, remuneration paid to one of the managerial personnel for the said year as minimum remuneration, has exceeded by Rs. 8.07 lacs and the same is subject to the approval of the shareholders at the ensuing Annual General Meeting as required under para 1(B) of part II of Section II of Schedule XIII to the Act.		
35. Research and development expenses amounting to Rs. 90.52 lacs (2010-11 - Rs. 29.65 lacs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. 28.32 lacs (2010-11 - Rs. 14.65 lacs) has been included in fixed assets.		
36. 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 (2010-11 - Rs. 1.93 lacs). Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.		
37. 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 notes forming part of the financial statements, 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 allocable 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.

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	54340.42	51994.15	20710.96	16321.05	25200.43	24339.00			100251.81	92654.20
Less : Excise Duty	2149.47	2151.95	336.09	276.29	1650.94	1765.05			4136.50	4193.29
Net External sales	52190.95	49842.20	20374.87	16044.76	23549.49	22573.95			96115.31	88460.91
Income from operations	1204.48	186.89	1593.89	1553.39	253.46	284.15			3051.83	2024.43
Inter segment revenue	2.32	1.90			-	-	(2.32)	(1.90)	-	-
Other Income	108.03	218.08	26.51	328.84	217.50	152.30			352.04	699.22
Unallocable income									558.19	162.92
Total revenue	53505.78	50249.07	21995.27	17926.99	24020.45	23010.40	(2.32)	(1.90)	100077.37	91347.48
Segment results	560.00	(577.07)	2548.05	1904.96	1052.30	2072.93			4160.35	3400.82
Unallocated expenses (net of unallocable income)									795.52	1058.37
Operating profit									3364.83	2342.45
Finance costs									4201.21	3310.09
Exceptional items(Refer note 43)									1875.06	-
Provision for tax										21.52
- Current tax										(439.05)
- Deferred tax charge									(972.57)	
Profit after tax									(1,738.87)	(550.11)
Other information										
Segment assets	52303.82	47943.28	19549.83	16883.38	10269.56	11900.76			82123.21	76727.42
Unallocated assets									7490.40	3868.85
Total assets	52303.82	47943.28	19549.83	16883.38	10269.56	11900.76			89613.61	80596.27
Segment liabilities	18284.03	15074.86	5153.93	3741.42	2888.72	3155.24			26326.68	21971.52
Share capital & reserves									20569.77	22546.28
Unallocated liabilities									42717.16	36078.47
Total liabilities	18284.03	15074.86	5153.93	3741.42	2888.72	3155.24			89613.61	80596.27
Capital expenditure	702.86	1491.34	1130.99	868.37	333.04	435.64				
Depreciation	950.54	875.58	507.20	432.34	662.35	639.74				
Non cash expenses other than depreciation	2.88	45.26	9.59	57.16	0.63	5.65				

* Comprising sugar, power and alcohol.

Notes forming part of the financial statements (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	75573.21	72491.20	24504.16	18856.28	100077.37	91347.48
Carrying amount of segment assets by location	78363.14	73616.59	3760.07	3110.83	82123.21	76727.42
Capital expenditure by location of assets	2166.89	2795.35	-	-	2166.89	2795.35

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

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

Subsidiary : Daurala Foods & Beverages Private Limited (DFBPL)

Associate : DCM Hyundai Limited (DHL).

Key management personnel : Mr. Tilak Dhar, Mr. Alok B. Shriram, Mr. D.C. Mittal, Mr. Madhav B. Shriram, Mr. G. Kumar (upto 31/01/11) and Mr. Anil Gujral (w.e.f. 1/02/11).

Relatives/HUF of key management personnel : Mrs. Karuna Shriram, Mrs. Kiran Mittal, Mr. Akshay Dhar, Ms. Kanika Shriram (w.e.f. 3/10/11), M/s. Bansi Dhar & Sons - HUF (BDS), Mrs. Divya Shriram, Ms. Aditi Dhar and Ms. Ritu Bansal.

Others (Enterprises over which key management personnel or their relatives are able to exercise significant influence) : Bantam Enterprises Private Limited (BEPL) and H.R. Travels Private Limited (HRTPL).

B. Transactions with related parties referred to in 38 (A)

i) Transactions with subsidiary and associate

(Rs. lacs)

Particulars	Subsidiary		Associate		Total	
	This year	Previous year	This year	Previous year	This year	Previous year
Rental expenses - DFBPL	15.00	46.23	-	-	15.00	46.23
Purchase of fixed assets / stores and spares - DFBPL	0.85	293.18	-	-	0.85	293.18
Interest charged on loans - DHL	-	-	59.61	59.61	59.61	59.61
Interest received on loans - DHL	-	-	71.92	85.96	71.92	85.96
Balance outstanding as at the year end from: - DHL						
- Principal	-	-	541.94	541.94	541.94	541.94
- Interest	-	-	32.19	44.50	32.19	44.50

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

(Rs. lacs)

Particulars		This year	Previous year
Remuneration *			
- Key management personnel	- Mr. Tilak Dhar	30.52	30.03
	- Mr. Alok B. Shriram	30.20	29.71
	- Mr. D.C. Mittal	45.98	41.93
	- Mr. Madhav B. Shriram	29.71	29.23
	- Mr. Anil Gujral	36.22 #	4.59
	- Mr. G. Kumar	-	21.08
- Relatives of key management personnel		5.44	0.90
		178.07	157.47
Rental expenses			
- Relatives/HUF of key management personnel	- BDS	36.00	32.41
	- Mrs. Karuna Shriram	3.86	3.86
	- Mrs. Kiran Mittal	15.69	13.80
- Others	- BEPL	0.30	0.32
	- HRTPL	0.09	0.04
		55.94	50.43
Public Deposits received			
- Key management personnel	- Mr. D.C. Mittal	1.11	3.32
- Relatives of key management personnel	- Mrs. Kiran Mittal	4.08	2.85
	- Mrs. Divya Shriram	10.00	-
	- Ms. Ritu Bansal	0.27	0.09
	- Mr. Akshay Dhar	2.00	-
	- Ms. Aditi Dhar	2.00	-
		19.46	6.26
Balance outstanding at the year end			
- Receivables	- BDS	31.64	34.91
	- Mrs. Kiran Mittal	16.32	13.80
		47.96	48.71
- Payables (Public Deposits)			
- Key management personnel	- Mr. D.C. Mittal	46.12	45.01
- Relatives of key management personnel	- Mrs. Kiran Mittal	30.22	26.14
	- Mrs. Divya Shriram	10.00	-
	- Ms. Ritu Bansal	2.63	2.36
	- Mr. Akshay Dhar	2.00	-
	- Ms. Aditi Dhar	2.00	-
		92.97	73.51

* 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.

Refer note 34

39. The Company does not have any Finance Lease. Disclosures in respect of assets taken on Operating Lease under Accounting Standard (AS) 19 "Leases" are as under :

- The Company generally enters into cancellable operating leases for office premises and residence of its employees, normally renewable on expiry.
- Lease rent charged to the profit and loss account relating to operating leases entered or renewed after April 1, 2001 is Rs. 447.66 lacs (2010-11 - Rs. 419.51 lacs).

Notes forming part of the financial statements (continued)

40. The following are the particulars of disputed dues on account of excise duty, service tax, customs duty, income-tax and sales tax matters that have not been deposited by the Company as at March 31, 2012:-

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	Excised duty	1.84	-	1981-82	Assistant Commissioner
			20.00	-	March '86 to December '89	High Court
		Modvat credit	31.79	-	1995-96, November '04 to December '08	Commissioner (Appeals)
		Service tax	1.44	-	January '08 to October '08	Deputy Commissioner
			4.28	-	December'09 to December'10	Assistant Commissioner, Central Excise & Customs
2	Income Tax Act, 1961	Income tax	193.40	193.40	2005-06	Income Tax Appellate Tribunal
			1468.20	480.01	1999-00, 2001-02 to 2004-05 and 2008-09	Commissioner of Income Tax (Appeals)
3	Sales Tax Laws	Sales tax	0.88	-	2008-09	Joint Commissioner (Appeals), Commercial Tax
			1.79	-	2009-10	Additional Commissioner

* 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
		Modvat credit	15.15	1995-96	High Court
		Service tax	29.88	2004-08	Customs, Excise & Service Tax Appellate Tribunal
2	Customs Law	Customs duty	584.84	2000-01	High Court
3	Sales Tax Laws	Sales tax	151.35	1976-02	High Court
			2.42	2006-07 & 2008-09	Commercial Tax Tribunal

41. 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 31.03.12	As at 31.03.11	As at 31.03.12	As at 31.03.11	Currency	As at 31.03.12	As at 31.03.11	As at 31.03.12	As at 31.03.11
Forward Cover	6	11	Hedging	Hedging	Euro	600000	1300000	407.55	807.94

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

Particulars	As at 31.03.2012			As at 31.03.2011		
	Amount in foreign currency	Amount (Rs. lacs)		Amount in foreign currency	Amount (Rs. lacs)	
- Sundry debtors	Euro	4247955	2865.20	Euro	2474908	1551.72
	US\$	1483242	751.12	US\$	1693089	751.18
	GBP	28747	23.20	GBP	-	-
- Acceptances	US\$	4666173	2384.88	US\$	3256277	1463.05
- Sundry creditors	Euro	54637	37.51	Euro	2567	1.64
	US\$	913677	470.82	US\$	1548034	698.78
	GBP	-	-	GBP	-	-
- Bank Borrowings	US\$	200000	102.22	US\$	200000	89.86
- Commission & discount	US\$	819	0.42	US\$	26137	11.79
- Royalty	Euro	34598	23.89	Euro	26264	16.81
	US\$	8100	4.17	US\$	-	-

42. A Petition filed by a shareholder before the Hon'ble Company Law Board (CLB) u/s 397/398 of the Companies Act in November 2007, challenging the preferential issue of equity warrants by the Company, is pending.

43. The Company had in earlier year 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 Supreme Court as against the State Advised Price of Rs. 125 per qtl. Pursuant to Hon'ble Supreme Court's Order dated 17.1.2012, the differential cane price liability of Rs. 1875.06 lacs has been accounted for during the year under exceptional item.

44. Employee benefits

a) Defined contribution plans

Rs. 480.60 lacs (2010-11 - Rs. 477.80 lacs) for provident fund contribution and Rs. 133.92 lacs (2010-11 - Rs. 166.58 lacs) for superannuation fund contribution have been charged to the statement of 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.

Notes forming part of the financial statements (continued)

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

	As at March 31, 2012 (Rs./lacs)		As at March 31, 2011 (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	2508.49	550.62	2373.81	503.86
2. Current service cost	120.80	37.56	116.54	45.96
3. Interest cost	213.81	46.93	189.90	40.31
4. Actuarial (gain)/loss	16.07	124.71	83.23	95.68
5. Benefits paid	(268.38)	(197.01)	(254.99)	(135.19)
6. Present value of obligation as at the end of the year	2590.79	562.81	2508.49	550.62
Change in plan assets				
1. Plan assets at the beginning of the year	2165.22	-	1992.92	-
2. Expected return on plan assets	203.53	-	187.32	-
3. Contribution by the Company	-	-	-	-
4. Benefits paid	(23.42)	-	(12.52)	-
5. Actuarial gain / (loss)	(18.66)	-	(2.50)	-
6. Plan assets at the end of the year	2326.67	-	2165.22	-
Liability recognised in the financial statements	264.12	562.81	343.27	550.62
Long term	264.12	452.18	343.27	476.34
Short term	-	110.63	-	74.28
Cost for the year				
Change in present value of obligation				
1. Current service cost	120.80	37.56	116.54	45.96
2. Interest cost	213.81	46.93	189.90	40.31
3. Expected return on plan assets	(203.53)	-	(187.32)	-
4. Actuarial (gain)/loss	34.73	124.71	85.74	95.68
5. Net cost	165.81	209.20	204.86	181.95
Constitution of plan assets				
Other than equity, debt, property and bank account	-	-	-	-
Funded with LIC *	2326.67	-	2165.22	-
Main actuarial assumptions				
Discount rate	8.50% p.a.	8.50% p.a.	8.00% p.a.	8.00% 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)	13.11	14.31	12.83	14.43

* 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.

45. Other information

Description	Year ended		Year ended	
	31.03.2012		31.03.2011	
	Rs.lacs	%	Rs.lacs	%
(a) Value of imports on CIF basis				
Raw materials	11046.20		8373.42	
Components and spare parts	447.72		314.98	
(b) Expenditure in foreign currency				
Royalty (net of tax)	89.98		99.02	
Technical Services	15.02		-	
Commission, travelling and others	736.05		683.14	
(c) Earnings in foreign exchange				
FOB value of exports	24411.14		18605.52	
(d) Value of imported/indigenous raw materials, spare parts, components and stores consumed				
i) Raw materials				
Imported	14245.22	23	8984.16	16
Indigenous	48051.35	77	45828.06	84
	62296.57	100	54812.22	100
ii) Stores and spares				
Imported	452.55	7	320.83	5
Indigenous	5990.56	93	5714.94	95
	6443.11	100	6035.77	100

46. The Revised Schedule – VI has become effective from April 1, 2011 for the preparation of financial statements. Pursuant to the same, the required changes in presentation and disclosures have been incorporated in these financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.

Signatures to Notes forming part of financial statements

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
Anil Gujral
Director & CEO (Chemicals & Alcohol)
P.R. Khanna
V.L. Dutt
S.B. Mathur
S.C. Kumar
Directors

Place : New Delhi
Date : 30.5.2012

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, 2012, the Consolidated Statement of Profit and Loss 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 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. 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. 788.44 lacs as at March 31, 2012, total revenues of Rs. 55.22 lacs and net cash outflow amounting to Rs. 13.38 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, 2012 of Rs. 924.21 lacs and the Group's share of loss of Rs. 87.05 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 reports 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. *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 note 33(b) of notes to the financial statements).*
The matter referred to in paragraph 5 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, 2011.
6. 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 5 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, 2012;
 - b) in the case of the Consolidated Statement of Profit and Loss, of the loss 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)

Jaideep Bhargava
Partner
(Membership No. 090295)

Place : New Delhi
Date : 30.5.2012

Consolidated Balance Sheet of DCM Shriram Industries Limited as at March 31, 2012

Particulars	Note No.	As at <u>31.03.2012</u> Rs. lacs	As at 31.03.2011 Rs. lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	1,739.84	1,739.84
Reserves and surplus	5	<u>20,039.43</u>	<u>22,078.71</u>
		21,779.27	23,818.55
Minority Interest* [Rs. 104.72 (2010-11 - Rs.101)]		*	*
Non-current liabilities			
Long - term borrowings	6	9,411.61	9,091.41
Deferred tax liabilities (Net)	7	3,338.36	4,298.29
Other long-term liabilities	8	359.25	365.45
Long-term provisions	9	<u>716.30</u>	<u>819.60</u>
		13,825.52	14,574.75
Current liabilities			
Short-term borrowings	10	24,641.08	18,066.17
Trade payables	11	22,808.46	18,490.40
Other current liabilities	12	7,523.35	6,695.84
Short-term provisions	13	<u>206.52</u>	<u>171.29</u>
		55,179.41	43,423.70
TOTAL		<u>90,784.20</u>	<u>81,817.00</u>
ASSETS			
Non-current assets			
Fixed assets	14		
- Tangible assets		28,555.39	29,345.03
- Capital work in progress		<u>1,751.34</u>	<u>1,362.58</u>
		30,306.73	30,707.61
Non - Current Investments	15	1,090.32	1,177.38
Long - term loans and advances	16	<u>2,713.09</u>	<u>2,116.24</u>
		34,110.14	34,001.23
Current assets			
Current Investments	17	2,676.28	100.25
Inventories	18	39,995.71	37,125.07
Trade receivables	19	8,888.39	6,540.00
Cash and Cash Equivalents	20	1,696.57	882.97
Short - term loans and advances	21	2,919.30	2,669.91
Other current assets	22	<u>497.81</u>	<u>497.57</u>
		56,674.06	47,815.77
TOTAL		<u>90,784.20</u>	<u>81,817.00</u>

Accompanying notes 1 to 47 form part of the financial statements

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 30.5.2012

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
Anil Gujral
Director & CEO (Chemicals & Alcohol)

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

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No.	Year ended <u>31.03.2012</u> Rs. lacs	Year ended <u>31.03.2011</u> Rs. lacs
REVENUE			
Revenue from operations	23	103,303.64	94,678.63
Less: Excise Duty		4,136.50	4,193.29
		99,167.14	90,485.34
Other Income	24	965.46	918.82
TOTAL REVENUE		100,132.60	91,404.16
EXPENSES			
Cost of materials consumed	25	62,296.57	54,812.22
Purchase of traded goods	26	6,342.63	5,772.03
(Increase)/ Decrease in inventories of finished goods, Work-in-progress and traded goods	27	(2,768.08)	(459.82)
Employee benefits expense	28	6,969.10	6,614.67
Finance costs	29	4,201.21	3,310.09
Depreciation	30	2,175.95	2,004.32
Other expenses	31	21,714.61	20,272.35
TOTAL EXPENSES		100,931.99	92,325.86
Profit / (Loss) before exceptional item and tax		(799.39)	(921.70)
Exceptional item	44	1,875.06	-
Profit / (Loss) before tax		(2,674.45)	(921.70)
Tax expense:			
Current tax		7.81	21.52
MAT (Credit)		(7.74)	-
Deferred tax (Credit)		(959.93)	(410.86)
Profit/(Loss) for the year after tax and before minority interest		(1,714.59)	(532.36)
Minority Interest * [Rs. 3.72(2010-11 - Rs. 8.50)]		*	*
Profit/(Loss) for the year after tax but before share of results of an associate		(1,714.59)	(532.36)
Share of net profit/(loss) of an associate		(87.05)	(88.64)
Profit/(Loss) for the year		(1,801.64)	(621.00)
Earnings per equity share - basic / diluted (Rs.)	32	(10.36)	(3.57)

Accompanying notes 1 to 47 form part of the financial statements

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 30.5.2012

D.C. Mittal
President
B.P. Khandelwal
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Company Secretary
N.K. Jain
Chief Financial Officer

For and on behalf of the Board

Tilak Dhar
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P.R. Khanna
V.L. Dutt
S.B. Mathur
S.C. Kumar
Directors

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

	Year ended 31.03.2012 Rs. lacs	Year ended 31.03.2011 Rs. lacs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before tax	(2,674.45)	(921.70)
Adjustments for :		
Depreciation	2,175.95	2,004.32
Finance Costs	4,201.21	3,310.09
Interest income	(345.79)	(158.48)
Provision for doubtful debts, loans & advances realised	(50.00)	(29.93)
Profit on sale of fixed assets	(256.38)	(107.44)
Loss on sale / write off of fixed assets	13.50	133.55
Profit on sale of current investments	(13.03)	(33.66)
Profit on sale of non current investments	(0.11)	-
Inventory written off	0.90	0.49
Dividend income	-	(0.32)
Operating profit before working capital changes	3,051.80	4,196.92
Adjustments for :		
Increase in trade payables, other current liabilities and short term provisions	4,413.95	1,340.28
(Decrease) in long term liabilities & long term provisions	(102.65)	(73.74)
(Increase) in trade receivables, short term loans & advances and other current assets	(2,435.75)	(584.28)
(Increase) / Decrease in long term loans & advances and other non current assets	(74.12)	36.77
(Increase) / Decrease in inventories	(2,870.80)	59.24
Cash generated from operations	1,982.43	4,975.19
Income tax (paid)	(315.75)	(38.82)
Net cash generated from operating activities	1,666.68	4,936.37
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,337.92)	(2,982.01)
Sale of fixed assets	475.87	219.55
Purchase of current non trade investments	(2,765.32)	(5,203.35)
Sale of long term non trade investments	0.12	0.03
Sale of current non trade investments	202.31	5,248.94
Decrease in bank balances not considered as cash and cash equivalents	16.18	336.07
Interest received	347.33	185.14
Inter Corporate deposits made	(150.00)	(250.00)
Dividend received	-	0.32
Net cash (used in) investing activities	(4,211.43)	(2,445.31)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	4,667.28	6,597.32
Repayment of borrowings	(3,746.75)	(4,255.26)
Increase / (Decrease) in short term borrowings	6,574.91	(1,152.00)
Finance Costs	(4,120.18)	(3,226.43)
Inter Corporate deposits received	-	350.00
Inter Corporate deposits paid	-	(350.00)
Dividend paid	(0.75)	(504.17)
Corporate dividend tax paid	-	(86.69)
Net cash from / (used in) financing activities	3,374.51	(2,627.23)
Net decrease in cash and cash equivalents (A+B+C)	829.76	(136.17)
Cash and cash equivalents		
- At beginning of year	365.45	501.62
- At end of year	1,195.21	365.45

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 30.5.2012

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

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2012

1. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "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 Beverages 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, 2012 is 99.99% (2010-11 : 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, 2012 is 49.28% (2010-11 : 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, 2012.

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 (2010-11 : Rs 166 lacs). The Company's share in accumulated profits of DHL is Rs. 924.21 lacs (2010-11 : Rs. 1011.26 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. Differences 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 in case of long term 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.

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2012 (continued)

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.

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.

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 Share Capital

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Authorised		
6,50,00,000 (2010-11 - 6,50,00,000) Equity shares of Rs. 10 each	6,500.00	6,500.00
Issued, subscribed and fully paid up		
1,73,98,437 (2010-11 - 1,73,98,437) Equity shares of Rs. 10 each	1,739.84	1,739.84
	1,739.84	1,739.84

- (i) There has been no movement in the equity shares in the current and previous year.
- (ii) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.
- (iii) Shareholders holding more than 5% shares in the Company.

Name of the shareholder	As at 31.03.2012 No of shares	As at 31.03.2011 No of shares
a) Bantam Enterprises Private Limited	1,374,820	1,374,820
b) HB Stockholdings Limited	4,346,615	4,346,615
c) Life Insurance Corporation of India	1,331,259	1,331,259
d) Lily Commercial Private Limited	1,000,243	998,664
e) Versa Trading Limited	2,224,725	2,224,725

5 Reserves and Surplus

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Amalgamation Reserve *	1,411.38	1,411.38
Capital Redemption Reserve	0.10	0.10
Securities Premium Account	3,406.68	3,406.68
Capital Reserve	234.89	234.89
Debenture Redemption Reserve	-	69.08
Revaluation Reserve	2,580.38	2,818.02
General Reserve	2,502.69	2,502.69
Surplus in Statement of Profit and Loss	9,903.31	11,635.87
	20,039.43	22,078.71

* Arose on amalgamation of Daurala Organics Limited with the Company.

Movement in reserves and surplus is as under	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
(a) Debenture redemption reserve		
Opening Balance	69.08	207.23
Less : Transferred to Surplus in Statement of Profit & Loss	69.08	138.15
Closing Balance	-	69.08
(b) Revaluation Reserve		
Opening Balance	2,818.02	3,243.76
Less: Utilised for set off against depreciation (refer note 30)	237.64	282.57
Less: Utilised for set off on deletion of revalued assets	-	143.17
Closing balance	2,580.38	2,818.02
(c) Surplus in Statement of Profit and Loss		
Opening Balance	11,635.87	12,118.72
Less: Loss for the year	1,801.64	621.00
Add: Debenture redemption reserve written back	69.08	138.15
Closing balance	9,903.31	11,635.87

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2012 (continued)

6 Long - term borrowings

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Secured		
Debentures	-	69.08
Term loans		
- From banks	10,969.45	9,880.10
- From others	1,804.94	1,944.66
	<u>12,774.39</u>	<u>11,893.84</u>
Unsecured		
Public deposits	933.09	875.73
	<u>13,707.48</u>	<u>12,769.57</u>
Less : Current maturities of long term borrowings	<u>4,295.87</u>	<u>3,678.16</u>
	<u>9,411.61</u>	<u>9,091.41</u>
Details of Current maturities of long term borrowings:		
Secured		
Debentures	-	69.08
Term loans		
- From banks	3,363.31	3,303.68
- From others	360.99	139.71
Unsecured		
Public deposits	571.57	165.69
	<u>4,295.87</u>	<u>3,678.16</u>

SECURED

I. Debentures

Nil (2010-11 - 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. These debentures were 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. These debentures were also secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company.

II. Banks

- a) Nil (2010-11 – 125.00 lacs), Rs.60.74 lacs (2010-11 – Rs.182.74 lacs), Rs.777.68 lacs (2010-11 – Rs.1222.16 lacs), Rs.700.00 lacs (2010-11 – Rs.1500 lacs), Rs.1857.00 lacs (2010-11 – Rs.2000.00 lacs), Rs.1800.00 lacs (2010-11 – Rs.2000.00 lacs) and Rs.2500.00 lacs (2010-11 – Nil) currently carrying interest between 12% to 14.50% and repayable in 0, 2, 7, 4, 13, 9 and 16 quarterly instalments respectively 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.
- b) Rs.1083.64 lacs (2010-11 - Nil) carrying interest of 12.50% and repayable in 17 quarterly instalments is secured by first pari-passu charge on entire fixed assets of the Company, both present and future, excluding the assets exclusively charged and those pertaining to 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. Also exclusive charge on assets to be acquired in Daurala Organics, a unit of the Company.

- c) Rs.183.40 lacs (2010-11 – Rs.366.72 lacs), Rs.114.22 lacs (2010-11 – 205.90 lacs), Rs.570.00 lacs (2010-11 – Rs.300.00 lacs) and Rs.465.00 lacs (2010-11 – Nil) currently carrying interest between 8.75 % to 13.25% (net of interest subvention) and repayable in 4, 5, 19 and 20 quarterly instalments respectively are secured by first charge on specific movable assets of Shriram Rayons, a unit of the Company.
- d) Rs.382.11 lacs (2010-11 – Rs.446.92 lacs) currently carrying interest of 8.50% (net of interest subvention) repayable in 14 quarterly instalments is secured by first mortgage and charge on specific immovable and movable assets of Shriram Rayons, a unit of the Company.
- e) Rs.441.00 lacs (2010-11 – Rs.561.00 lacs) currently carrying interest of 14.25% and repayable in 15 quarterly instalments is 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.
- f) Rs.32.13 lacs (2010-11 – Rs.962.47 lacs) carrying Nil rate of interest (net of interest subvention) and repayable in 2 monthly instalments is secured by residual charge on fixed assets of sugar division of the Company.
- g) Rs.2.53 lacs (2010-11 – Rs.7.19 lacs) carrying interest between 10% to 13% and repayable in 14 monthly instalments are secured by hypothecation of specific assets.

III. Others

- a) Nil (2010-11 – Rs.139.72 lacs) was 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. This was further secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company.
- b) Rs.1804.94 lacs (2010-11 – Rs.1804.94 lacs) carrying interest of 4% and repayable in 5 yearly instalments is secured by exclusive second charge on immovable and movable assets of sugar factory at Daurala Sugar Works, a unit of the Company.

7 Deferred tax liabilities (Net)

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
(a) Deferred tax liabilities		
- Depreciation	5,439.71	5,410.63
(b) Deferred tax assets		
- Accrued expenses deductible on payment	371.20	208.23
- Provision for gratuity and leave encashment	299.41	321.49
- Provision for doubtful debts and advances	13.83	11.01
- Unabsorbed depreciation	1,024.49	478.99
- Business loss	288.07	-
- Others	104.35	92.62
	2,101.35	1,112.34
Net	3,338.36	4,298.29

8 Other long - term liabilities

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Trade payables	53.48	44.85
Others		
- Interest accrued but not due on borrowings	214.78	221.63
- Others	90.99	98.97
	359.25	365.45

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2012 (continued)

9 Long - term provisions

	As at 31.03.2012	As at 31.03.2011
	Rs. lacs	Rs. lacs
Provision for employee benefits		
- Gratuity	264.12	343.27
- Leave salary	452.18	476.33
	<u>716.30</u>	<u>819.60</u>

10 Short - term borrowings

	As at 31.03.2012	As at 31.03.2011
	Rs. lacs	Rs. lacs
Secured		
Loan repayable on demand - Cash credits from banks *	24,641.08	18,066.17
	<u>24,641.08</u>	<u>18,066.17</u>

* 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.

11 Trade Payables

	As at 31.03.2012	As at 31.03.2011
	Rs. lacs	Rs. lacs
Acceptances	2,863.59	2,163.47
Trade payables		
- Micro and small enterprises*	-	1.93
- Others	19,944.87	16,325.00
	<u>22,808.46</u>	<u>18,490.40</u>

* Refer note 38

12 Other current liabilities

	As at 31.03.2012	As at 31.03.2011
	Rs. lacs	Rs. lacs
Current maturities of long term debts	4,295.87	3,678.16
Interest accrued but not due on borrowings	188.25	72.08
Unclaimed dividends	45.47	46.22
Unclaimed deposits and interest accrued thereon	4.66	23.20
Payables for fixed assets		
- Micro and small enterprises		
- Others	150.98	98.73
Other payables		
- Statutory dues	2,340.18	2,191.64
- Advances from customers	84.09	173.98
- Security deposits	190.71	187.22
- Others	223.14	224.61
	<u>7,523.35</u>	<u>6,695.84</u>

13 Short - term provisions

	As at 31.03.2012	As at 31.03.2011
	Rs. lacs	Rs. lacs
Provision for employee benefits		
- Leave salary	206.52	171.29
	<u>206.52</u>	<u>171.29</u>

Rs.lacs

14 Fixed Assets

Particulars	Gross block			Depreciation			Net block	
	As at 31.03.2011	Additions	Deductions	As at 31.03.2011	For the year	On deductions	As at 31.03.2012	As at 31.03.2011
Tangible Assets								
Land	1,293.53	111.35	97.29	-	-	-	1,307.59	1,293.53
Buildings	6,569.33	72.84	134.30	3,503.18	197.35	36.76	2,844.10	3,066.15
Plant and equipment	48,004.37	1,490.40	30.12	23,704.72	2,101.33	20.09	23,678.69	24,299.65
Furniture and fixtures	463.93	63.07	11.21	335.29	29.76	6.46	157.20	128.64
Vehicles	621.26	75.64	54.40	236.71	60.00	34.30	380.09	384.55
Office equipment	467.01	44.39	22.23	294.50	25.15	18.20	187.72	172.51
Total Tangible Assets	57,419.43	1,857.69	349.55	28,074.40	2,413.59	115.81	28,555.39	
Previous year	54,395.89	3,978.95	955.41	26,403.05	2,286.89	615.54	29,345.03	
Capital work in progress							1,751.34	1,362.58

- i) The Company had revalued its land and buildings as at March 31, 1993 and plant and equipment (other than office equipment) as at April 1, 1993. Land, buildings and plant and equipment (other than office equipment) were again revalued on March 31, 1999. These revaluations which were based on depreciated current replacement values on the basis of an independent valuation through an approved valuer resulted in a net increase in the gross block by Rs.16283.80 lacs of which Rs.12351.47 lacs (2010-11 - Rs.12351.47 lacs) is included in the gross block of fixed assets as on March 31, 2012. The revaluation amount included in net block is Rs.804.51 lacs (2010-11 -Rs.804.51 lacs) in Land, Rs.757.80 lacs (2010-11 - Rs.873.49 lacs) in Buildings and Rs.1018.07 lacs (2010-11 - Rs.1140.02 lacs) in Plant & equipment.
- ii) 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.
- iii) The amount of borrowing cost capitalised to fixed assets - plant and equipment during the year is Rs. 27.13 lacs (2010-11 Rs. 22.28 lacs)

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2012 (continued)

15 Non-current investments*

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Trade Investments		
Investments in equity instruments		
Quoted		
- ICICI Bank Limited		
Nil (2010-11 - 16) Equity shares of Rs. 10 each, fully paid-up	-	0.01
Unquoted		
- Daurala Co-operative Development Union Limited		
2 (2010-11 - 2) Equity shares of Rs. 10 each, fully paid-up @ (Rs.20)	@	@
Other Investments - Unquoted		
Investments in equity instruments		
- Investment in shares of Associate company		
- DCM Hyundai Limited		
19,72,000 (2010-11 - 19,72,000) Equity shares of Rs. 10 each, fully paid up	166.00	166.00
Add: Group share of net profit	924.21	1011.26
	<u>1090.21</u>	<u>1177.26</u>
Investment in preference shares		
- Versa Trading Limited		
7,00,000 (2010-11 - 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>	-
Investments in Government securities **	0.11	0.11
	<u>1090.32</u>	<u>1177.38</u>
(i) Aggregate amount of quoted investments.	-	0.01
(ii) Market value of quoted investments.	-	0.18
(iii) Aggregate amount of unquoted investments (net of provision for diminution in value).	1090.32	1177.37
(iv) Aggregate provision for diminution in value of investments.	700.00	700.00
* Refer Note 3(e)		
** Pledged with Government authorities.		

16 Long-term loans and advances

(unsecured, considered good unless otherwise stated)

	As at <u>31.03.2012</u> Rs. lacs	As at <u>31.03.2011</u> Rs. lacs
Capital advances	231.51	60.66
Security deposits	200.01	186.20
Loans and advances to related parties *	574.13	425.94
MAT Credit entitlement	1,150.98	1,143.24
Advance Tax (net of provision)	443.28	135.34
Other loans and advances		
- Excise, Cenvat, Vat receivable and other govt dues	48.99	78.08
- To employees	47.27	58.77
- Others		
- Unsecured - considered good	16.92	28.01
- considered doubtful	3.94	90.94
	<u>2,717.03</u>	<u>2,207.18</u>
- Less : Provision for doubtful advances	3.94	90.94
	<u>2,713.09</u>	<u>2,116.24</u>

* Refer note 40

17 Current Investments *

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Investments in Mutual Funds		
Unquoted		
592649.201 (2010-11 - 481895.315) HDFC Cash Management Fund Treasury Advantage Plan wholesale - Growth units of Rs. 10 each fully paid up	130.97	100.25
1513434.979 (2010-11 - Nil) HDFC Cash Management Fund Treasury Advantage Plan Retail - Growth units of Rs.10 each fully paid-up	350.00	-
3079182.351 (2010-11 - Nil) HSBC Floating Rate Fund - Long Term Plan Institutional option- Growth units of Rs.10 each fully paid-up	495.31	-
80751.963 (2010-11 - Nil) Birla Sunlife Ultra Short term Fund- Retail Growth units of Rs. 100 each fully paid-up	150.00	-
161453.729 (2010-11 - Nil) Birla Sunlife Ultra Short term Fund - Institutional Growth units of Rs.100 each fully paid up	200.00	-
53251.369 (2010-11 - Nil) Birla Sunlife Cash Plus Fund Retail Growth units of Rs. 100 each fully paid-up	150.00	-
2972139.167 (2010-11 - Nil) DWS Insta Cash Plus Fund Institutional Plan - Growth units of Rs.10 each fully paid-up	500.00	-
1213246.222 (2010-11 - Nil) BNP Paribas Overnight - Institutional Growth units of Rs. 10 each fully paid up	200.00	-
2881362.769 (2010-11 - Nil) Reliance Liquid Fund - Cash Plan Growth units of Rs. 10 each fully paid up	500.00	-
	2,676.28	100.25
Aggregate repurchase price of units of mutual funds	2,720.41	103.71
* Refer note 3(e)		

18 Inventories *

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Raw materials**	4,366.60	4,263.80
Work-in-progress	868.45	955.48
Finished goods***	31,734.83	28,888.54
Traded Goods	44.47	35.65
Stores and spares	2,981.36	2,981.60
	39,995.71	37,125.07
* Refer note 3 (f)		
** Includes raw materials in transit Rs. 179.96 lacs (2010-11 Rs. 384.85 lacs)		
***Includes finished goods in transit Rs. 61.03 lacs (2010-11 Rs. 231.48 lacs)		

19 Trade receivables

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured - considered good	10.98	9.46
- considered doubtful	38.69	29.97
	49.67	39.43
Less : Provision for doubtful receivables	38.69	29.97
	10.98	9.46
Others		
Secured - considered good	8.38	19.35
Unsecured - considered good	8,869.03	6,511.19
	8,877.41	6,530.54
	8,888.39	6,540.00

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2012 (continued)

20 Cash and Cash Equivalents*

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Balances with banks		
- Current Accounts**	1,187.64	337.22
- Deposit Accounts***	455.89	471.30
Cheques and drafts on hand	2.12	31.26
Cash on hand	50.92	43.19
	<u>1,696.57</u>	<u>882.97</u>
* Of the above, the balances that meet the definition of cash and cash equivalents as per AS - 3 Cash Flow Statements is	1,195.21	365.45
** Include earmarked for specific purpose (Unclaimed Dividend)	45.47	46.22
*** Include		
- Provided as security for loans from banks/ bank guarantees/letter of credit	108.15	52.07
- For Margin money	79.39	71.50
- Earmarked for specific purpose	44.00	48.78
- Balances with banks includes deposits which have an original maturity of more than 12 months	70.56	187.92
- Balances with banks includes deposits which have a maturity of more than 12 months from the balance sheet date	64.45	185.05

21 Short - term loans and advances

(Unsecured considered good unless otherwise stated)

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Loans and advances to related parties - Secured*	-	162.00
Other loans and advances		
- Security deposits	37.64	12.71
- Excise, Cervat, Vat receivable and other govt dues	1,775.56	1,282.05
- To employees	24.14	22.33
- Others	1,081.96	1,190.82
	<u>2,919.30</u>	<u>2,669.91</u>
* Refer note 40		

22 Other Current Assets

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Interest accrued on deposits	47.62	29.74
Unbilled revenue	450.19	466.55
Others	-	1.28
	<u>497.81</u>	<u>497.57</u>

23 Revenue from Operations

	Year ended 31.03.2012 Rs. lacs	Year ended 31.03.2011 Rs. lacs
Sale of products		
- Export	24,504.16	18,856.28
- Domestic	75,348.95	73,460.85
	<u>99,853.11</u>	<u>92,317.13</u>
Sale of Services		
- Processing charges	366.49	299.68
- Others	32.21	37.39
	<u>398.70</u>	<u>337.07</u>
	<u>100,251.81</u>	<u>92,654.20</u>
Other Operating Revenues		
- Sale of scrap	445.67	460.20
- Duty Draw back & Other export benefits	2,581.03	1,515.81
- Others	25.13	48.42
	<u>3,051.83</u>	<u>2,024.43</u>
	<u>103,303.64</u>	<u>94,678.63</u>
Product-wise particulars of sales are as under :		
Sugar	42,419.14	40,895.94
Alcohol	11,501.91	10,747.73
Organic/Fine chemicals	23,351.28	22,906.93
Industrial fibres	19,333.76	15,092.26
Other sales	3,247.02	2,674.27
	<u>99,853.11</u>	<u>92,317.13</u>

24 Other Income

	Year ended 31.03.2012 Rs. lacs	Year ended 31.03.2011 Rs. lacs
Interest income *	345.79	158.48
Profit on sale of assets	256.38	107.44
Provisions / Liabilities no longer required, written back	98.04	143.08
Rent	42.38	51.64
Profit on sale of current investments	13.03	33.66
Profit on sale of non- current investments	0.11	-
Gain on foreign exchange fluctuation (net)	176.78	369.64
Miscellaneous income	32.95	54.88
	<u>965.46</u>	<u>918.82</u>

* Income-tax deducted at source Rs. 20.16 lacs (2010-11 Rs.10.29 lacs)

25 Cost of materials consumed

	Year ended 31.03.2012 Rs. lacs	Year ended 31.03.2011 Rs. lacs
Opening stock	4,263.80	4,933.82
Add: Purchases	62,399.37	54,142.20
	<u>66,663.17</u>	<u>59,076.02</u>
Less : Closing stock	4,366.60	4,263.80
	<u>62,296.57</u>	<u>54,812.22</u>
Particulars of raw materials consumed are as under :		
Sugarcane	38,442.00	34,265.64
Molasses *	230.68	604.69
Wood pulp	4,915.58	3,630.55
Others	18,708.31	16,311.34
	<u>62,296.57</u>	<u>54,812.22</u>

* Net of internal transfers.

26 Purchase of traded goods

	Year ended 31.03.2012 Rs. lacs	Year ended 31.03.2011 Rs. lacs
Grain Natural spirit	6,069.98	5,747.13
Others	272.65	24.90
	<u>6,342.63</u>	<u>5,772.03</u>

27 (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods

	Year ended 31.03.2012 Rs. lacs	Year ended 31.03.2011 Rs. lacs
Opening stock		
Finished goods	28,888.54	28,426.65
Work in progress	955.48	961.19
Traded goods	35.65	32.01
	<u>29,879.67</u>	<u>29,419.85</u>
Closing stock		
Finished goods	31,734.83	28,888.54
Work in progress	868.45	955.48
Traded goods	44.47	35.65
	<u>32,647.75</u>	<u>29,879.67</u>
	<u>(2,768.08)</u>	<u>(459.82)</u>
Particulars of Stocks of Finished/Traded Goods & work-in-progress are as under :		
<u>Stocks of Finished Goods/ Traded Goods</u>		
Sugar	29,012.84	26,149.91
Alcohol	340.81	78.46
Organic/Fine chemicals	426.69	876.63
Industrial fibres	1,898.48	1,739.71
Other stocks	100.48	79.48
	<u>31,779.30</u>	<u>28,924.19</u>
<u>Work-in-progress</u>		
Sugar	177.89	355.31
Alcohol	13.37	2.53
Organic/Fine chemicals	426.78	431.54
Industrial fibres	250.41	166.10
	<u>868.45</u>	<u>955.48</u>

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2012 (continued)

28 Employee benefits expense

	Year ended 31.03.2012 Rs. lacs	Year ended 31.03.2011 Rs. lacs
Salaries , wages etc	5,873.48	5,499.99
Contribution to provident and other funds	856.12	913.66
Staff welfare expenses	239.50	201.02
	<u>6,969.10</u>	<u>6,614.67</u>

29 Finance Costs

	Year ended 31.03.2012 Rs. lacs	Year ended 31.03.2011 Rs. lacs
Interest expense	4,036.44	3,119.92
Other borrowing costs	164.77	190.17
	<u>4,201.21</u>	<u>3,310.09</u>

30 Depreciation

	Year ended 31.03.2012 Rs. lacs	Year ended 31.03.2011 Rs. lacs
Depreciation on tangible assets	2,413.59	2,286.89
Less:-Transfer from revaluation reserve	237.64	282.57
	<u>2,175.95</u>	<u>2,004.32</u>

31 Other expenses

	Year ended 31.03.2012 Rs. lacs	Year ended 31.03.2011 Rs. lacs
Stores and spares	6,443.11	6,035.77
Power and fuel	6,015.47	5,602.57
Repairs - Building	415.16	483.53
- Plant and machinery	2,611.19	2,253.41
Rent	466.62	416.90
Auditors' remuneration		
- As auditors	23.45	20.94
- Tax Audit	0.22	0.22
- Limited review of unaudited financials results	15.00	12.90
- Verification of statements and others reports	2.85	2.85
- Out-of-pocket expenses	0.50	0.28
Insurance	165.89	137.10
Rates and taxes	41.18	61.93
Increase / (decrease) in excise duty on finished goods	(50.98)	59.10
Freight and transport	646.21	638.13
Commission to selling agents	1,471.57	1,327.59
Write off / loss on sale of fixed assets	13.50	133.55
Donation	0.05	2.40
Bad debts and advances provided/written off	8.73	9.78
Miscellaneous expenses	3,424.89	3,073.40
	<u>21,714.61</u>	<u>20,272.35</u>

32. Earnings per share

	This year	Previous year
Profit / (loss) after tax as per statement of profit and loss	(Rs.lacs) (1801.64)	(621.00)
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.) (10.36)	(3.57)

33. 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 securities 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 31.03.2012 (Rs. lacs)	As at 31.03.2011 (Rs. lacs)
34. Contingent liabilities not provided for :		
Income tax matters*	1661.60	193.40
Excise / Service tax / Customs duty matters*	739.24	933.06
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	1025.54	1088.51
Bills discounted	2336.53	1422.50

* 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.

35. a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 104.02 lacs (2010-11 – Rs. 177.83 lacs).
- b) The Company has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee's benefits including union agreement in normal course of business. The Company does not have any long term commitments or material non-cancellable contractual commitments / contracts, which might have material impact on the financial statements.
36. Due to loss suffered in the year 2011-12, remuneration paid to one of the managerial personnel for the said year as minimum remuneration, has exceeded by Rs. 8.07 lacs and the same is subject to the approval of the shareholders at the ensuing Annual General Meeting as required under para 1(B) of part II of Section II of Schedule XIII to the Act.
37. Research and development expenses amounting to Rs. 90.52 lacs (2010-11 - Rs. 29.65 lacs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. 28.32 lacs (2010-11 - Rs. 14.65 lacs) has been included in fixed assets.
38. 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 (2010-11 - Rs. 1.93 lacs). Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

39. 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 notes forming part of the consolidated financial statements, 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 allocable 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

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2012 (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	54340.42	51994.15	20710.96	16321.05	25200.43	24339.00			100251.81	92654.20
Excise Duty	2149.47	2151.95	336.09	276.29	1650.94	1765.05			4136.50	4193.29
Income from operations	52190.95	49842.20	20374.87	16044.76	23549.49	22573.95	-	-	96115.31	88460.91
Inter segment revenue	1204.48	186.89	1593.89	1553.39	253.46	284.15			3051.83	2024.43
Other Income	2.32	1.90					(2.32)	(1.90)	-	-
Unallocable income	163.25	274.75	26.51	328.84	217.50	152.30			407.26	755.89
Total revenue	53561.00	50305.74	21995.27	17926.99	24020.45	23010.40	(2.32)	(1.90)	100132.60	91404.16
Segment results	596.97	(531.13)	2548.05	1904.96	1052.30	2072.93			4197.32	3446.76
Unallocated expenses (net of unallocated income)									795.50	1058.37
Operating profit									3401.82	2388.39
Finance Costs									4201.21	3310.09
Exceptional items									1875.06	-
Provision for tax										
- Current tax									0.07	21.52
- Deferred tax charge									(959.93)	(410.86)
Profit/ (loss) after tax before results of an associate									(1714.59)	(532.36)
Share of net profit/ (loss) of associate									(87.05)	(88.64)
Profit after tax									(1801.64)	(621.00)
Other information										
Segment assets	52817.62	48336.63	19549.83	16883.38	10269.56	11900.76			82637.01	77120.77
Unallocated assets									8147.19	4696.23
Total assets	52817.62	48336.63	19549.83	16883.38	10269.56	11900.76			90784.20	81817.00
Segment liabilities	18290.13	15080.96	5153.93	3741.42	2888.72	3155.24			26332.78	21977.62
Share capital & reserves									21779.27	23818.55
Unallocated liabilities									42672.15	36020.83
Total liabilities	18290.13	15080.96	5153.93	3741.42	2888.72	3155.24			90784.20	81817.00
Capital expenditure	702.86	1491.34	1130.99	868.37	333.04	435.64				
Depreciation	966.67	893.25	507.20	432.34	662.35	639.74				
Non cash expenses other than depreciation	2.88	45.26	9.59	57.16	0.63	5.65				

* Comprising sugar, power and alcohol.

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	75628.44	72547.88	24504.16	18856.28	100132.60	91404.16
Carrying amount of segment assets by location	78876.94	74009.94	3760.07	3110.83	82637.01	77120.77
Capital expenditure by location of assets	2166.89	2795.35	-	-	2166.89	2795.35

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

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

Associate : DCM Hyundai Limited (DHL).

Key management personnel : Mr. Tilak Dhar, Mr. Alok B. Shriram, Mr. D.C. Mittal, Mr. Madhav B. Shriram, Mr. G. Kumar (upto 31/01/11) and Mr. Anil Gujral.

Relatives / HUF of key management personnel : Mrs. Karuna Shriram, Mrs. Kiran Mittal, Mr. Akshay Dhar, Ms. Kanika Shriram (w.e.f. 3/10/11) and M/s. Bansi Dhar & Sons - HUF (BDS), Mrs. Divya Shriram, Ms. Aditi Dhar and Ms. Ritu Bansal.

Others (Enterprises over which key management personnel or their relatives are able to exercise significant influence) : Bantam Enterprises Private Limited (BEPL) and H.R. Travels Private Limited (HRTPL).

B. Transactions with related parties referred to in 40 (A)

i) Transactions with associate

(Rs. lacs)

Particulars	This Year	Previous Year
Interest charged on loans - DHL	59.61	59.61
Interest received on loans - DHL	71.92	85.96
Balance outstanding as at the year end from - DHL		
- Principal	541.94	541.94
- Interest	32.19	44.50

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

(Rs. lacs)

Particulars	This year	Previous year
Remuneration *		
- Key management personnel		
- Mr. Tilak Dhar	30.52	30.03
- Mr. Alok B. Shriram	30.20	29.71
- Mr. D.C. Mittal	45.98	41.93
- Mr. Madhav B. Shriram	29.71	29.23
- Mr. Anil Gujral	36.22 #	4.59
- Mr. G. Kumar	-	21.08
- Relatives of key management personnel	5.44	0.90
	178.07	157.47
Rental expenses		
- Relatives/HUF of key management personnel		
- BDS	36.00	32.41
- Mrs. Karuna Shriram	3.86	3.86
- Mrs. Kiran Mittal	15.69	13.80
- Others		
- BEPL	0.30	0.32
- HRTPL	0.09	0.04
	55.94	50.43
Public Deposits received		
- Key management personnel		
- Mr. D.C. Mittal	1.11	3.32
- Relatives of key management personnel		
- Mrs. Kiran Mittal	4.08	2.85
- Mrs. Divya Shriram	10.00	-
- Ms. Ritu Bansal	0.27	0.09
- Mr. Akshay Dhar	2.00	-
- Ms. Aditi Dhar	2.00	-
	19.46	6.26
Balance outstanding at the year end		
- Receivables		
- BDS	31.64	34.91
- Mrs. Kiran Mittal	16.32	13.80
	47.96	48.71
- Payables (Public Deposits)		
- Key management personnel		
- Mr. D.C. Mittal	46.12	45.01
- Relatives of key management personnel		
- Mrs. Kiran Mittal	30.22	26.14
- Mrs. Divya Shriram	10.00	-
- Ms. Ritu Bansal	2.63	2.36
- Mr. Akshay Dhar	2.00	-
- Ms. Aditi Dhar	2.00	-
	92.97	73.51

* 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.

Refer note 36

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2012 (continued)

41. The Company does not have any Finance Lease. Disclosures in respect of assets taken on Operating Lease under Accounting Standard (AS) 19 "Leases" are as under :

- 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 is Rs. 432.66 lacs (2010-11 – Rs. 374.51 lacs).

42. 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 31.03.12	As at 31.03.11	As at 31.03.12	As at 31.03.11	Currency	As at 31.03.12	As at 31.03.11	As at 31.03.12	As at 31.03.11
Forward Cover	6	11	Hedging	Hedging	Euro	600000	1300000	407.55	807.94

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

Particulars	As at 31.03.2012			As at 31.03.2011		
	Amount in foreign currency	Amount (Rs. lacs)		Amount in foreign currency	Amount (Rs. lacs)	
- Sundry debtors	Euro	4247955	2865.20	Euro	2474908	1551.72
	US\$	1483242	751.12	US\$	1693089	751.18
	GBP	28747	23.20	GBP	-	-
- Acceptances	US\$	4666173	2384.88	US\$	3256277	1463.05
- Sundry creditors	Euro	54637	37.51	Euro	2567	1.64
	US\$	913677	470.82	US\$	1548034	698.78
	GBP	-	-	GBP	-	-
- Bank Borrowings	US\$	200000	102.22	US\$	200000	89.86
- Commission & discount	US\$	819	0.42	US\$	26137	11.79
- Royalty	Euro	34598	23.89	Euro	26264	16.81
	US\$	8100	4.17	US\$	-	-

43. A petition filed by a shareholder before the Hon'ble Company Law Board (CLB) u/s 397/398 of the Companies Act in November 2007, challenging the preferential issue of equity warrants by the Company, is pending.

44. The Company had in earlier year 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 Supreme Court as against the State Advised Price of Rs. 125 per qtl. Pursuant to Hon'ble Supreme Court's Order dated 17.1.2012, the differential cane price liability of Rs. 1875.06 lacs has been accounted for during the year under exceptional item.

45. Employee benefits

a) Defined contribution plans

Rs. 480.60 lacs (2010-11 - Rs. 477.80 lacs) for provident fund contribution and Rs.133.92 lacs (2010-11 - Rs. 166.58 lacs) for superannuation fund contribution have been charged to the statement of profit and loss. 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, 2012 (Rs./lacs)		As at March 31, 2011 (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	2508.49	550.62	2373.81	503.86
2. Current service cost	120.80	37.56	116.54	45.96
3. Interest cost	213.81	46.93	189.90	40.31
4. Actuarial (gain)/loss	16.07	124.71	83.23	95.68
5. Benefits paid	(268.38)	(197.01)	(254.99)	(135.19)
6. Present value of obligation as at the end of the year	2590.79	562.81	2508.49	550.62
Change in plan assets				
1. Plan assets at the beginning of the year	2165.22	-	1992.92	-
2. Expected return on plan assets	203.53	-	187.32	-
3. Contribution by the Company	-	-	-	-
4. Benefits paid	(23.42)	-	(12.52)	-
5. Actuarial gain / (loss)	(18.66)	-	(2.50)	-
6. Plan assets at the end of the year	2326.67	-	2165.22	-
Liability recognised in the financial statements	264.12	562.81	343.27	550.62
Long term	264.12	452.18	343.27	476.34
Short term	-	110.63	-	74.28
Cost for the year				
Change in present value of obligation				
1. Current service cost	120.80	37.56	116.54	45.96
2. Interest cost	213.81	46.93	189.90	40.31
3. Expected return on plan assets	(203.53)	-	(187.32)	-
4. Actuarial (gain)/loss	34.73	124.71	85.74	95.68
5. Net cost	165.81	209.20	204.86	181.95
Constitution of plan assets				
Other than equity, debt, property and bank account	-	-	-	-
Funded with LIC *	2326.67	-	2165.22	-
Main actuarial assumptions				
Discount rate	8.50% p.a.	8.50% p.a.	8.00% p.a.	8.00% 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)	13.11	14.31	12.83	14.43

* 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

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2012 (continued)

46. Financial information of Subsidiary Company Daurala Foods and Beverages Pvt. Ltd. is as under :

	As at 31.03.2012 (Rs. lacs)	As at 31.03.2011 (Rs. lacs)
Share Capital	750.00	750.00
Reserves & Surplus	32.34	4.40
Total Assets	788.44	760.51
Total Liabilities	788.44	760.51
Investments	-	-
	Year ended 31.03.2012 (Rs. lacs)	Year ended 31.03.2011 (Rs. lacs)
Turnover	70.22	101.68
Profit before taxation	40.63	91.94
Provision for Taxation	12.70	28.19
Profit after taxation	27.93	63.75
Proposed dividend	-	-

47. The Revised Schedule – VI has become effective from April 1, 2011 for the preparation of financial statements. Pursuant to the same, the required changes in presentation and disclosures have been incorporated in these financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.

Signatures to Notes forming
part of the consolidated financial
statements

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
Anil Gujral
Director & CEO (Chemicals & Alcohol)
P.R. Khanna
V.L. Dutt
S.B. Mathur
S.C. Kumar
Directors

Place : New Delhi
Date : 30.5.2012

