

Ref. No: CL/BSE

August 23, 2017

To,  
DCS-CRD  
Bombay Stock Exchange Limited  
P.J.Towers,  
Dalal Street, Fort,  
Mumbai-400 001


Scrip Code:523369

Dear Sir,

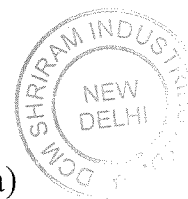
We send herewith a copy of the Annual Report as required under Regulation 34(1) of SEBI(LODR) Regulations, 2015 ,duly approved and adopted by the shareholders in the 26<sup>th</sup> AGM of the Company held on 22<sup>nd</sup> August, 2017.

Thanking you,

Yours faithfully,

  
(Y.D.Gupta)

Company Secretary





Encl: As Above



---

**DCM**  
**SHRIRAM**

**DCM SHRIRAM INDUSTRIES LTD.**

*Annual Report 2016-17*



# DCM SHRIRAM INDUSTRIES LIMITED

---

<b>Board of Directors</b>	Shri Tilak Dhar	Chairman & Managing Director
	Shri Alok B. Shriram	Vice Chairman & Dy. Managing Director
	Shri Madhav B. Shriram	Dy. Managing Director
	Shri K.N. Rao	Director & CEO (Rayons)
	Shri P.R. Khanna	
	Shri S.B. Mathur	
	Shri Ravinder Narain	
	Shri S.C. Kumar	
	Shri C. Vikas Rao	

---

Smt. Kavitha Dutt Chitturi

<b>Principal Executives</b>	Shri B.P. Khandelwal	President
	Shri G. Kumar	Advisor to CMD
	Shri Anil Gujral	Chief Executive Officer (Chemicals)
	Shri N.K. Jain	Chief Financial Officer
	Shri P.V. Bakre	Group Sr. Vice President

<b>Company Secretary</b>	Shri Y.D. Gupta	Chief General Manager (Law & Taxation)
--------------------------	-----------------	--

<b>Bankers</b>	State Bank of India (SBI)
	Punjab National Bank
	Oriental Bank of Commerce
	State Bank of Bikaner & Jaipur (Since merged with SBI)
	State Bank of Hyderabad (Since merged with SBI)
	IDBI Bank Ltd.
	Karnataka Bank Ltd.
	Bijnor Zila Sahkari Bank Ltd.
	Meerut Zila Sahkari Bank Ltd.
Lakhimpur Kheri Zila Sahkari Bank Ltd.	

<b>Auditors</b>	A.F. Ferguson & Co.
	New Delhi

<b>Registered Office</b>	Kanchenjunga Building,	CIN	: L74899DL1989PLC035140
	6th Floor,	Tel. No.	: (011) 2375 9300
	18, Barakhamba Road,	Fax No.	: (011) 2335 0765
	New Delhi - 110 001	e-mail	: dsil@dcmsr.com
		Website	: <a href="https://www.dcmsr.com">https://www.dcmsr.com</a>

# DCM SHRIRAM INDUSTRIES LIMITED

---

Registered Office : Kanchenjunga Building, 6th Floor, 18, Barakhamba Road, New Delhi - 110 001.

## NOTICE

---

The 26th Annual General Meeting of the Company will be held on Tuesday, the 22nd August, 2017 at 10.00 A.M. at the Kamani Auditorium, 1, Copernicus Marg (Near Mandi House), New Delhi -110 001 for transacting the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31st March, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the interim dividend of Rs.3.50 per equity share of Rs.10 each already declared and paid and to declare final dividend for the financial year ended 31st March, 2017.
3. To appoint a director in place of Shri Madhav B. Shriram (holding DIN 00203521), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, including any statutory enactment and modification thereof, Messrs B S R & Co., LLP, Chartered Accounts, (Firm Regn.No.101248 W/W 100022), Gurugram, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 26th Annual General Meeting till the conclusion of the 31st Annual General Meeting, in place of M/s. A.F. Ferguson & Co., who relinquish office at the conclusion of the AGM, subject to ratification as to the said appointment at every annual general meeting on such remuneration to be fixed by the Board of Directors on the recommendation of the Audit Committee plus Service Tax/ GST payable thereon and reimbursement of traveling and other incidental expenses, if any, incurred by them in connection with the audit.”

### SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass the following Resolution, with or without modification(s), as an Ordinary Resolution:

“RESOLVED THAT pursuant to Sections 196, 197, 198, and Schedule V of the Companies Act, 2013, as amended from time to time and other applicable provisions, if any, of the said Act and subject to such approvals, if any, required, approval of the Company be and is hereby accorded to the reappointment of Shri K.N. Rao as Director & Chief Executive Officer (Rayons), effective from 01.02.2017 till 31.10.2019 (2 years and 9 months) on the terms and conditions and remuneration as set out in the Explanatory Statement.”

“RESOLVED FURTHER THAT the Board of Directors or a Committee thereof, duly authorized by the Board, be and is hereby authorized to alter, increase, vary or modify from time to time, the said terms including as to remuneration as it may deem fit, subject to the provisions under Schedule V and other applicable provisions of the said Act.”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year the managerial personnel be paid the remuneration as set out in the Explanatory Statement, subject to the overall ceilings laid down in Part II of Section II of Schedule V of the Companies Act, 2013.”

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

“RESOLVED that pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014 the remuneration of Rs.1.33 lakhs plus Service Tax/ GST and out of pocket expenses, if any, fixed by the Board of Directors

on recommendation of the Audit Committee for audit of the cost records of the Company by M/s Ramanath Iyer & Co., for the year 2017-18, be and is hereby ratified and confirmed.”

By order of the Board  
For DCM SHRIRAM INDUSTRIES LIMITED



(Y.D. Gupta)

Company Secretary & Chief General Manager  
(Law & Taxation)  
FCS 3405

New Delhi,  
May 23, 2017

**NOTES:**

1. Explanatory Statement, as required under Section 102 of the Companies Act, 2013, is annexed.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from 12.08.2017 to 22.08.2017 (both days inclusive).
3. 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. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company.

The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies, etc. must be supported by an appropriate resolution / authority, as applicable.

4. A final dividend of Rs.6.50 per share of Rs.10 (65%) has been recommended by the Board of Directors for the year ended 31.03.2017 and subject to the approval of the shareholders at the ensuing AGM, is proposed to be paid on or before 21.09.2017.
5. In terms of the Investor Education and Protection Fund Rules, the Company has uploaded the information in respect of the unclaimed dividends in respect of the financial years from 2010, as on the date of the 25th Annual General Meeting (AGM) held on 10.8.2016, on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and on the website of the Company i.e. <https://www.dcmsr.com>.

The shareholders, who have not encashed their dividend warrant/s for the previous year/s may contact the Company or Registrar & Transfer Agents for issue of duplicate warrants.

6. Those who hold shares in physical form may notify change of address, if any, to Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032 or New Delhi House, 305, 3rd Floor, Barakhamba Road, New Delhi – 110001, along with self attested copies of address proof and PAN card.
7. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Karvy Computershare Pvt. Ltd.
8. The information with regard to Shri Madhav B. Shriram, whose reappointment as a Director, liable to retire by rotation, forms an integral part of this Notice.

# DCM SHRIRAM INDUSTRIES LIMITED

---

9. Electronic copy of the Annual Report for year ending 31.3.2017 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report are being sent by the permitted mode.
10. Electronic copy of the Notice of the 26th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 26th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by the permitted mode.
11. Members may also note that the Notice of the 26th Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website <https://www.dcmsr.com> for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in New Delhi for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post/ courier, free of cost. For any communication, the shareholders may also send requests to the Company's email id: [investorservices@dcmsr.com](mailto:investorservices@dcmsr.com).
12. A member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be entitled to vote again at the meeting. Members attending the meeting but have not exercised their right to vote through remote e-voting can cast their votes at the meeting through ballot paper.
13. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide all its members facility to exercise their right to vote at the 26th Annual General Meeting (AGM) by electronic means, as an alternate. Please note that the voting through electronic means is optional.

The voting through electronic means will commence on 18.08.2017 at 10.00 AM and will end on 21.08.2017 at 5.00 PM. The members will not be able to cast their vote electronically beyond the date and time mentioned above. The procedure and instructions for e-voting are as follows :

- (a) Open your web browser during the voting period and navigate to "<https://evoting.karvy.com>"
- (b) Enter the login credentials (i.e. user-id & password) mentioned on the Attendance Slip. Your Folio/ DP -Client ID will be your User-ID

User - ID	- For Members holding shares in Demat Form: a) For NSDL- 8 character DPID followed by 8 digit Client ID b) For CDSL- 16 digit beneficiary ID  - For Members holding shares in Physical Form: Electronic Voting Event Number (EVEN) followed by Folio no. registered with the Company
Password	Your Unique password is printed on the AGM Attendance slip / forwarded through the electronic notice via email, in case email is registered.
Captcha	Enter the Verification code i.e. please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- (c) Please contact on toll free no.18003454001 / 040-67161527 for any further clarification.

- (d) Members whose name appear in the register of members/ beneficial owners as on cut off date i.e. 11.08.2017, can cast their vote on-line from 10.00 A.M on 18.08.2017 up to 5 P.M on 21.08.2017.
  - (e) After entering these details appropriately, click on “LOGIN”.
  - (f) Members holding shares in Demat/ Physical form will now reach Password Change Menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z) one numeric value (0-9) and a special character (#, \$, &..). Kindly note that this password can be used by the Demat holders for voting for resolution of any other company on which they are eligible to vote, provided that company opts for e-voting through **Karvy Computershare Private Limited e-voting platform**. System will prompt you to change your password and update any contact details like mobile number, email ID etc. on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (g) You need to login again with the new credentials.
  - (h) On successful login, system will prompt to select `Event` i.e. `Company Name`.
  - (i) If you are holding shares in Demat form and had logged on to “https://evoting.karvy.com” and cast your vote earlier for any company, then your existing login id and password are to be used.
  - (j) On the voting page, you will see Resolution Description and against the same the option `FOR / AGAINST/ ABSTAIN` for voting. Enter the number of shares (which represents number of votes) under `FOR/ AGAINST/ ABSTAIN` or alternatively you may partially enter any number in `FOR` and partially in `AGAINST`, but the total number in “FOR / AGAINST” taken together should not exceed your total shareholding. If the shareholder does not want to cast vote, select “ABSTAIN”.
  - (k) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
  - (l) Once you `CONFIRM` your vote on the resolution, you will not be allowed to modify your vote.
  - (m) Corporate/ Institution Members (Corporate/ FIs/ FIIs/ Trust / Mutual Funds/ Banks, etc) are required to send scanned (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to investorservices@dcmr.com with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format “Corporate Name- -Event no.”.
  - (n) Shri M.L. Arora (C.P.No.3209) and in his absence Shri Swaran Kumar Jain (C.P.No.4906), Practicing Company Secretaries, have been appointed as the Scrutinizer/s to scrutinize the e-voting process in a fair and transparent manner.
14. The Scrutinizer shall immediately after the conclusion of voting at the General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses, not in the employment of the Company and make, not later than 2 days of conclusion of the meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall counter-sign the report and declare the results forthwith.
  15. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website “https://www.dcmr.com” and on the website of Karvy immediately.
  16. The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by companies through electronic mode. We propose to send all future communications in electronic mode to the email address provided by you. Members who have not registered their email IDs are requested to intimate their email ID to the Company’s Registrars, viz. Karvy Computershare Pvt. Ltd. (Email ID: einward.ris@karvy.com) or their depository participants.



# DCM SHRIRAM INDUSTRIES LIMITED

17. **Inspection:** All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days, upto and including the date of the Annual General Meeting of the Company.

18. **Profile of the Director retiring by rotation:** Shri Madhav B. Shriram, aged 52 years, has 29 years of experience in various management positions. He has done his graduation from Shriram College of Commerce and MBA from University of Massachusetts, Amherst, USA. He is presently the Dy. Managing Director of the Company and is looking after the Chemical Division.

Shri Madhav B. Shriram holds 66 equity shares of Rs.10 each in the Company.

Shri Madhav B. Shriram was the past Chairman of the CII, Delhi State. He is a Member of the CII, Northern Region. He is not a director on the Board of any other listed company.

Shri Madhav B. Shriram, being eligible, offers himself for reappointment as a director liable to retire by rotation in terms of Section 152(6)(e) of the Companies Act, 2013.

He is related to Shri Tilak Dhar, CMD and Shri Alok B. Shriram, VC & DMD. No other directors of the Company are interested in the resolution.

## Annexure

### **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

#### **Item No. 5**

Continuing the practice of elevating a person from senior management position to the Board level, the Board of Directors had inducted Shri K.N. Rao as a Director effective from 01.02.2014. The Board also appointed Shri K.N. Rao as Whole Time Director effective from the said date for a period of 3 years and designated him as Director & CEO (Rayons). His term expired on 31.1.2017. The Board of Directors in their meeting held on 14.11.2016 reappointed Shri K.N. Rao as Director & CEO (Rayons) w.e.f. 1.2.2017 till 31.10.2019 on the following terms and conditions subject to the approval of the shareholders:

<b>Particulars</b>	
Salary (Rs./pm) / Grade	1,86,000 (1,86,000-18,000-2,22,000)
Date of Annual increment	1 <sup>st</sup> January
Housing	Co. maintained accommodation or House rent @ 60% of the salary
Gas,Water,Electricity,Furniture, Furnishings and maintenance	Actual
Medical expenses	Reimbursement of actual medical expenses incurred for self and family.
P.A. Insurance	As per Company Rules applicable to officers.
Leave, Leave Encashment, LTA, PF, Gratuity & Superannuation	As per Company Rules
Club Fees ( Admission/ life membership fee not allowed)	Fees of clubs subject to a maximum of 2 Clubs
Annual Reward	Annual reward as may be decided by the Board, but not to exceed 50% of annual salary.
Age	68 years

Qualification	- B.Sc. Engg. (Mech.) PGDBM (AIMA), - Dip.in Material Management (IIMM)
Experience	- In Company : 26 yrs - Prior period: 17 yrs
Other Directorships	Nil
Shareholding in the Company (Equity/Rs.10 each)	100

The remuneration proposed is on the same lines as at present.

#### Other Terms Applicable to the Re-appointment

1. Salary, perquisites and reward together shall not exceed 5% of the net profit computed in the manner laid down in Section 198 of the Companies Act, 2013 in any financial year.
2. The managerial personnel will also be entitled for Company maintained chauffeur driven car, communication facilities, and reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company. These will not be considered as perquisites for the purpose of ceilings on remuneration under the Companies Act.
3. Remuneration for part of the year will be computed on pro-rata basis.
4. In the event of absence or inadequacy of profits in any financial year the managerial personnel will be paid the above remuneration, subject to the ceiling provided in Part II Section II of Schedule V of the Companies Act, 2013. (In such an event contributions to Provident Fund & Superannuation Fund, to the extent these are exempt under the Income-tax Act, 1961 and gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure will not be included for computing the ceiling on perquisites).
5. The managerial personnel shall not become interested or otherwise concerned directly or through relatives, in any related party transaction without necessary approval under the relevant provisions of the Companies Act, 2013.
6. The re-appointment may be terminated by either party giving to the other six calendar months' notice in writing or lesser notice as may be agreed to. In the event of termination of appointment by the Company, the managerial personnel shall be entitled to compensation in accordance with the provisions of the Companies Act.

Considering the contributions of Shri K.N. Rao to the operations of the Company, the Directors recommend the Resolution for your approval.

Except Shri K.N. Rao, no other director of the Company is interested in the resolution.

#### **Item No. 6**

The Board of Directors in their meeting held on 23.5.2017 appointed M/s. Ramanath Iyer & Co., Cost Auditors, 808, Pearls Business Park, Netaji Subhash Place, Delhi – 110034 as Cost Auditors of the Company for the year 2017-18 at a remuneration of Rs.1.33 lakhs plus out of pocket expense and taxes as may be applicable, on the recommendation of the Audit Committee, pursuant to Section 148 of the Companies Act, 2013.

The above remuneration to the Cost Auditors, fixed by the Board for the financial year 2017-18 is for ratification and confirmation by the shareholders as required under Rule 14 of the Companies (Audit & Auditors) Rules, 2014.

None of the directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.6.

#### **Interest**

Except as indicated under the respective item, none of the directors or Key managerial personnel or their relative(s) is concerned or interested in the resolutions.

# **DIRECTORS' REPORT**

---

The Directors have pleasure in presenting the Annual Report and the Audited Financial Statements of your Company for the year ended 31st March, 2017.

From an appreciable 7.6% GDP growth in the preceding year, the first quarter of the financial year witnessed a fall in GDP growth to 7.1%, but picked up marginally in the second quarter to 7.3%. The momentum was interrupted with the demonetization of 86% of the currency in circulation from 8.11.2016, causing disturbance especially in micro-economic activities. Demonetization has had short term costs in the form of slow-growth but holds the potential for long term benefits, in the form of better tax compliance and tax revenues, greater digitalization of the economy, increased flow of financial savings, all of which could eventually lead to higher GDP growth. In spite of this, the year closed with a GDP growth of 7.1%, which is one of the best amongst the growing economies in the world.

The proposed introduction of GST from July, 2017 is expected to create a common Indian market, improved tax compliance and governance, boosting investment and growth. The measure is expected to further contribute to the overall economic growth, once the normal teething troubles are resolved. Another encouraging factor is the agricultural growth of 4.1% in the year 2016-17, which is expected to improve further during the current financial year in case of a normal monsoon as predicted. The one area of concern is low job generation. With a determined regime at the Centre and better cohesion between the Centre and State Governments in matters of economic development, an anticipated economic growth of 8% and above is not impossible.

Your Company's performance scaled new heights in the year under review. All segments performed well, particularly the sugar business. After several years, sugar prices appreciated and remained remunerative all through the year. The decline in sugar production particularly in Maharashtra and Southern States resulted in normalization of the excessive stocks and stabilized the market at a reasonable level. With a view to control prices, the Government has already initiated measures, such as, restrictions on stock, import of raw-sugar, etc. These measures should hold the price line.

## **Financial Summary**

With a turn around in the sugar operations, the Company earned its highest ever profit in the year 2016-17. The Company achieved its highest turnover of Rs.1505 cr. against Rs.1226 cr. in the previous year. The gross profit at Rs.169.2 cr. against Rs.57.4 cr. in the previous year, was higher by 195%. The net profit at Rs.120.5 cr. as compared to Rs.33.2 cr. in the previous year, was also highest ever.

## **Appropriation and Dividend**

In view of the record profit position achieved by your Company, the Board of Directors is happy to recommend a final dividend of Rs.6.50 per equity share of Rs.10 (65%) for the year ended 31.3.2017. Taking into account the interim dividend of Rs.3.50 per equity share (35%) already paid, the total dividend for the year works out to Rs.10.00 per equity share (100%). The total payout of dividend for the year under review, inclusive of corporate tax on dividend distribution, is Rs.20.94 cr.

An amount of Rs.152.21 cr., which includes Rs.39.02 cr. brought forward from the previous year is being carried forward as surplus in the statement of Profit and Loss.

## **Auditors' Report**

There are no qualifications, reservation, or adverse remarks or disclaimer in the Auditors' Report to the members on the Annual Financial Statements for the year ended 31.3.2017. Regarding the 'Emphasis of Matter' in the Auditors' Report on the consolidated financial statements with regard to the financial assets and income therefrom of the subsidiary company's financial statements for the year ended 31.3.2017, as clarified in Note No.47 of the consolidated financial statements, the subsidiary company has no intention of undertaking NBFC business. During the financial year under review the management of the subsidiary company has taken necessary steps to keep the financial assets below the specified limit.

---

## Secretarial Audit Report

M/s. Chandrasekaran Associates, Company Secretaries, carried out the Secretarial Audit for the year 2016-17 pursuant to Section 204 of the Companies Act, 2013. A copy of their Report in Form MR-3 as per Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure – 1**. There is no qualification in the Report.

### THE STATE OF COMPANY'S AFFAIRS

#### Sugar

During the year Daurala Sugar Works (DSW) produced 1.85 lakhs MT of sugar by crushing 17.29 lakhs MT of cane as against 1.86 lakhs MT of sugar by crushing 17.83 lakhs MT in the previous year. Recovery in the year was better at 10.72% as against 10.44% last year. This was the result of continued efforts made by the factory along with farmers to propagate high sucrose varieties in the area.

Alcohol capacity utilization improved significantly during 2016-17 subsequent to installation of Multi Effect Evaporator to meet the more stringent statutory environmental regulations. This helped the Unit increase its Alcohol production by 33% over the previous year.

The Unit doubled its Absolute Alcohol manufacturing capacity in the year. With this, the Company could contract higher quantity of Anhydrous Alcohol with Oil Marketing Companies, which is expected to further increase during next year. Bottling operations were strengthened by augmenting capacity to meet the increased requirements.

The supply of power to grid was as planned and realisation from Renewable Energy Certificates was satisfactory.

The industry reported profits during 2016-17, after incurring losses for last 6-7 years due to improvement in sugar prices. The credit risk profile of sugar companies improved because of better profits and the resultant reduction of debt.

The financial year 2016-17 started on a promising note with improved sugar prices because of anticipated lower domestic sugar production and the international deficit of 6-7 Million MT. Domestic production during 2016-17 was lower than in 2015-16 and sugar prices which were hovering around Rs.3450 per qtl. in April, 2016, improved to a level above Rs. 3700 per qtl. by August. However, with the Government taking actions like imposing stock limits and indicating further actions if prices rose abnormally, sugar prices settled at around Rs. 3600 per qtl.

The international price of white sugar remained firm during the year and touched US\$ 600 per MT in September, 2016 due to global deficit. The prices have now fallen to around US\$ 480 per MT with start of crushing in Brazil and the realization that Indian Imports may be limited.

With the improving sugar scenario, the Uttar Pradesh Government increased the cane price for Sugar Season 2016-17 and the concessions given in 2015-16 were withdrawn. Overall cane cost increased significantly.

General liquidity in the second half of 2016-17 was affected due to demonetisation of high denomination currency by the Central Government, which also affected the Sugar Industry, by reducing the off-take of sugar at the retail level.

The Government has allowed the duty free import of 0.5 Million MT of raw sugar to meet the expected deficit, in specific deficit areas, and indicated that this could be extended to larger quantities, if sugar prices were to rise abnormally.

Overall the sugar sector's situation is expected to be stable. Some important Government Policy decisions such as on Import of sugar, Cane pricing, Excise Policy on Alcohol etc., will be key factors in the coming year.

## **DIRECTORS' REPORT (continued)**

---

On the operational front, continued efforts were made to improve efficiency and reduce cost. Identification and propagation of new varieties of cane, improved productivity, quality improvement & optimizing operations remain priority areas.

### **Chemicals**

The profitability of the Chemicals Business remained under pressure due to subdued demand and aggressive marketing policies of Chinese competitors, including significant price reduction in respect of some of major products.

To offset the adverse impact of the above to some extent, the Company focused on optimizing cost of production, and continued its active R&D programme to optimize processes. The Company also undertook investments to reduce environment load.

Contract Manufacturing operations remained robust during the year and regular production of one more product was stabilized.

### **Rayon**

In spite of the global headwinds, Shriram Rayons achieved highest ever export sales during the year. The Unit was able to increase its market share with a broader customer base and wider geographical distribution. Consistent with the objective of increasing value added products, Unit exported substantially higher volume of treated fabric.

The Unit succeeded in increasing the production by debottlenecking the plant, improving capacity utilization, higher machine productivity and reduction in wastage.

Nylon Chafer Sales were maintained despite competition from imported tyres. Nylon Chafer exports commenced for the first time.

Consolidation of energy related projects resulted in bringing down energy cost of the Unit as well as the environmental load. The Unit's efforts in improving productivity and reduction in energy cost received appreciation and the Unit received awards for the same from various agencies.

The Effluent Treatment Plant up-gradation continues in the effort towards staying ahead of mandatory standards.

### **Material changes and commitments**

No material changes or commitments have occurred between the end of the financial year to which the financial statements relate and the date of this Report, affecting the financial position of the Company.

### **Subsidiary/ Associate Companies**

The Company has a non-material wholly owned subsidiary, Daurala Foods & Beverages Pvt. Ltd.(DFBL), which is not carrying on any operations presently. DCM Hyundai Limited (DHL) is an associate company. The required information with regard to the performance and financial position of the subsidiary and associate companies are annexed in Form AOC - I as annexure to the Annual Financial Statements for the year ended 31.3.2017. There has been no change in relationship of subsidiary/ associate companies during the year.

## **BOARD MEETINGS AND DIRECTORS**

### **Meetings of the Board**

During the year 2016-17 seven Board meetings were held. The dates of the meetings, attendance, etc., are given in the Corporate Governance Report annexed hereto.

### **Declaration u/s 149(6) of the Act**

All the Independent Directors (IDs) have given declarations u/s 149(6) of the Act confirming that they meet the criteria of independence as laid down under the said Section.

### **Familiarization Programme for Independent Directors**

The Independent Directors on the Board of the Company are well versed with the Company's business model and the nature of industries in which it is operating.

The Directors are also kept updated with information on the Company, the industry and developments in different segments in which the Company operates, at the Board meetings while reviewing the operations, quarterly/annual financial results and considering the budgets.

A familiarization programme for IDs laid down by the Board has been posted on the Company's website <https://www.dcmsr.com>

### **Policy on Board Diversity**

The Board of Directors in its meeting held on 30.5.2016 has approved a Policy on Board Diversity, devised by the Nomination & Remuneration Committee (NRC) as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A copy of the same has been posted on the Company's website <https://www.dcmsr.com>.

### **Directors Appointment and Remuneration**

Appointment of directors on the Board of the Company is based on the recommendations of the NRC. NRC identifies and recommends to the Board, persons for appointment on the Board, after considering the necessary and desirable competencies. NRC takes into account positive attributes like integrity, maturity, judgement, leadership position, time and willingness, financial acumen, management experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, etc.

In case of Independent Directors (IDs) they should fulfill the criteria of independence as per the Act and Regulation 25 of the SEBI (LODR) Regulations, 2015 in addition to the general criteria stated above. It is ensured that a person to be appointed as director has not suffered any disqualification under the Act or any other law to hold such an office.

The directors of the Company are paid remuneration as per the Remuneration Policy of the Company, the gist of which is given under the heading 'Remuneration Policy' herein below. The details of remuneration paid to the directors during the year 2016-17 are given in Form MGT-9 annexed hereto and also in the Corporate Governance Report forming part of this Report.

### **Changes in Directors or KMP**

There has been no change in the composition of the Board of Directors or Key Managerial Personnel during the year 2016-17.

Shri K.N. Rao, Director & CEO (Rayons), whose term expired on 31.1.2017 has been reappointed by the Board in its meeting held on 14.11.2016 in the same capacity to hold office till 31.10.2019, subject to the approval of the shareholders in the ensuing AGM.

Shri Madhav B. Shriram, retires by rotation at the ensuing AGM and being eligible offers himself for reappointment as a Director liable to retire by rotation as per Section 152 of the Companies Act, 2013. Shri Madhav B. Shriram is presently Dy. Managing Director. A proposal for his re-appointment as a director liable to retire by rotation is being placed before the shareholders for approval at the ensuing AGM.

### **Annual Evaluation of Board and Directors**

As required under the Act and the SEBI (LODR) Regulations, 2015 evaluation of the performance of the IDs, Board as a whole, Executive Directors, the Chairman and the Committees during the year 2016-17 was carried out by the Board of Directors based on the criteria laid down by the NRC. A copy of the 'criteria' is annexed as **Annexure 2** hereto.

## **DIRECTORS' REPORT (continued)**

---

On an overall assessment, the performance of the IDs individually and collectively, was found noteworthy. It was noted that the IDs adhered to the code of independence as per Schedule IV of the Act and to the restrictions with regard to pecuniary relationship with the Company. The Board of Directors evaluated the performance of the Board as a whole, including the Committees, the Chairman and Executive Directors. It was noted that the performances, individually and collectively, were constructive and met the test of objectivity in achieving the goals of the Company.

The IDs in a separate meeting reviewed and evaluated the performance of non-Independent Directors, the Board as a whole, the Board Committees and the performance of the Chairman of the Company taking into account the views of Executive Directors, based on the criteria laid down by the NRC.

The IDs also reviewed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### **Directors' Responsibility Statement**

As required under Section 134(3)(c) of the Act, your Directors state that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Internal Financial Controls**

A comprehensive and effective internal financial control system is followed by the Company at all its establishments. This is further strengthened by an internal audit process under the overall supervision of the Audit Committee of the Board. The services for the internal audit are outsourced. Qualified and experienced professionals are engaged to ensure effective and independent evaluation of, inter alia, the internal financial controls.

The Audit Committee lays down the schedule for internal audit. Internal audit reports are placed before the Committee with management comments. Suggestions are implemented and reported to the Audit Committee.

Apart from the above, an effective budgeting and monitoring system is also in place. Budgets are reviewed by Audit Committee and approved by the Board. The operating results are compared and monitored with the approved budgets periodically. An Executive Committee comprising of senior management team meets every month, reviews all aspects of operations and chalks out remedial measures and strategies, wherever necessary.

An effective communication/ reporting system operates between the Units, Divisions and Corporate Office to keep various establishments abreast of regulatory changes and ensure compliances.

## Loans, Guarantees and Investments

The Company has not given any loan covered u/s 186 of the Act during the year.

During the year the Company executed a guarantee in favour of IDBI Bank Ltd. with regard to crop loans from the Bank to the farmers, who supply cane to the Company's Unit Daurala Sugar Works on recommendation of the Company, for an overall limit of Rs.100 cr. The guarantee was valid for one year. Against this guarantee the Bank had disbursed loans amounting to around Rs.18 cr. These loans stand fully repaid and as such the guarantee stand discharged.

## Related Party Transactions

The transactions entered with a related party during the year under review were on Arm's Length basis and in the ordinary course of business. All related party transactions were approved by the Audit Committee and the Board. The relevant information regarding related party transactions has been set out in Note No.38 of the Standalone Financial Statements for the y.e. 31.3.2017. In view of this, disclosure in Form AOC-2 is not required.

The Board has framed a policy on related party transactions and placed the same on the Company's website <https://www.dcmsr.com>.

## CSR Activities

Pursuant to Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, a report in the prescribed proforma is annexed – **Annexure 3**. The Company has spent Rs.64.66 lakhs against the mandated amount of Rs.63.14 lakhs on CSR activities during the year.

## Risk Management

The Board of Directors in its meeting held on 30.01.2006 undertook a comprehensive review of the risk assessment and minimization procedures/ policies followed by the Company at its various operations. While taking note of the same, the Board laid down that a half yearly status report of the risk assessment and steps taken to minimize the risks be placed before the Board. Such a report in respect of all the operations of the Company is regularly placed before the Board and suggestions, if any, are implemented.

In view of the diversified business, there are no significant element of risk, which in the opinion of the Board may threaten the existence of the Company.

The Board of Directors while reviewing the existing risk assessment procedures, laid down a Risk Management Policy as required under Regulation 17 of SEBI (LODR) Regulations, 2015.

## Public Deposits

Details relating to deposits covered under Chapter V of the Act.

		(Rs./lakhs)
i) Accepted during the year	:	252.15
ii) Remained unpaid or unclaimed as at the end of the year	:	Nil
iii) Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved	:	} } } } } No
a) at the beginning of the year		}
b) maximum during the year		}
c) at the end of the year		}



## DIRECTORS' REPORT (continued)

---

iv) The details of deposits which are not in compliance with the requirement of Chapter V of the Act.	}	Nil
	}	
	}	

### Significant Material Orders Passed by Regulators or Courts or Tribunals

No significant orders have been passed by any Regulators, Courts or Tribunals during the year impacting the going concern status and Company's operations in future.

### Extract of the Annual Return

Extract of the Annual Return for the year 2016-17 in Form MGT-9 is annexed – **Annexure 4**.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The required information as per Rule 8 (3) A, B & C of Companies (Accounts) Rules, 2014 is annexed – **Annexure 5**.

### REMUNERATION POLICY

The Board of Directors in its meeting held on 14.8.2014 had laid down a Remuneration Policy as recommended by the NRC relating to remuneration of the Directors, Key Managerial Personnel (KMP), Sr. Management Personnel (SMP) and other employees of the Company. The Remuneration Policy is in accordance with Section 178 of the Act and the Rules made there under. The Remuneration Policy is posted on the Company's website <https://www.dcmsr.com>. The salient features of the Policy are given below:

#### i. Guiding principle

The guiding principle of the Policy is that the remuneration and other terms of employment should effectively help in attracting and retaining committed and competent personnel. The remuneration packages are designed keeping in view industry practices and cost of living.

#### ii. Directors

Non-executive directors are paid remuneration in the form of sitting fees for attending Board/ Committee meetings as fixed by the Board from time to time subject to statutory provisions. Presently sitting fee is Rs.50,000 per Board meeting and Rs.25,000 per Committee meeting. In addition, Non-executive Directors are to be paid commission on profits of up to 1% of the net profit of the Company, computed in the manner laid down u/s 198 of the Companies Act, 2013, in such amount and proportion as may be decided by the Board of Directors.

Remuneration of Executive Directors (Whole-time Directors) including Managing Director is fixed by the Board of Directors on the recommendation of the NRC, subject to the approval of the shareholders. The NRC, while recommending the remuneration, takes into account pay and employment conditions in the industry, merit and seniority of the person and paying capacity of the Company. The remuneration which comprises of salary, perquisites, performance based reward/ profit based commission and retirement benefits as per Company Rules is subject to the limits laid down under the Companies Act, 2013.

#### iii. KMP and SMP

Appointment and cessation of service of Key Managerial Personnel are subject to the approval of the NRC and Board of Directors. Remuneration of KMP and Sr. Management Personnel is approved by CMD on the recommendation of the concerned Executive Director, keeping in view the Remuneration Policy.

#### iv. Other employees

The remuneration of other employees is fixed from time to time by the Management as per the guiding principle laid down in the Remuneration Policy and considering industry standards and

cost of living. In addition to salary, they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable.

### **Managerial Remuneration**

The information required as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pertaining to remuneration of Directors, KMP and comparisons are annexed – **Annexure 6**. It is affirmed that the remuneration is as per the Remuneration Policy of the Company.

Particulars of employees who have drawn remuneration of Rs.102 lakhs or more per annum during the year 2016-17 are annexed – **Annexure 7**.

### **Audit Committee**

The Audit Committee presently comprises of three IDs and one Executive Director. Shri P.R. Khanna is the Chairman and Shri S.B. Mathur, Shri S.C. Kumar, all IDs and Shri K.N. Rao, Director & CEO (Rayons) are Members. There was no instance of the Board not accepting the recommendation of the Audit Committee.

### **Vigil Mechanism**

Pursuant to Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, 2015, the Board of Directors, on the recommendation of the Audit Committee, adopted a Vigil Mechanism (Whistle Blower Policy). The Policy has been circulated among the employees and also put on the website of the Company.

The Policy provides a channel to the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or policies. The mechanism provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

### **Share Capital**

During the year, the Company has not issued any share capital with differential voting rights, sweat equity or ESOP nor provided any money to the employees or trusts for purchase of its own shares.

The Company has not made any public offer of shares during the year.

### **Unclaimed Shares Suspense Account**

The position with regard to the unclaimed equity shares, transferred to the Demat Suspense Account as required under SEBI (LODR) Regulations, is as under:

	<u>No. of Folios</u>	<u>No. of Shares</u>
Outstanding shares in the suspense account as on 1st April, 2016	6069	83879
No. of shareholders approached for transfer of shares from the Account and no. of shares released during the year 2016-17	13	316
Balance as on 31.3.2017	6056	83563

The voting rights on the above shares remain frozen till the shares are released to the rightful owners.

### **Statutory Auditors**

The Statutory Auditors of the Company are M/s A. F. Ferguson & Co. (Registration No.112066W), Chartered Accountants, 9, Scindia House, K.G. Marg, New Delhi – 110001, who hold office till the conclusion of the ensuing AGM. There was no change in the statutory auditors during the year.

## **DIRECTORS' REPORT (continued)**

---

Pursuant to Section 139 of the Companies Act, 2013, the Board of Directors have recommended appointment of M/s. BSR & Co., LLP, Chartered Accountants (Firm Registration No.101248W/W100022), Gurugram as statutory auditors for holding office from the conclusion of the ensuing AGM till the conclusion of the AGM to be held in the year 2022, subject to the approval of the shareholders in the ensuing AGM, in place of M/s. A.F. Ferguson & Co. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from M/s. BSR & Co. that their appointment, if made, would be in conformity with the limits specified in the said Section.

### **Cost Auditors**

M/s Ramanath Iyer & Co., Cost Accountants, (Regn No.13848), 808, Pearls Business Park, Netaji Subhash Place, Pitampura, Delhi – 110034, who were appointed as Cost Auditors of the Company for the year 2015-16, submitted the Cost Audit report, due for filing on or before 27.9.2016, to the Central Government on 3.9.2016. They have been reappointed as Cost Auditors for the year 2017-18. A resolution for ratification of their remuneration for the year 2017-18, as required under the Companies Act, 2013, forms part of the Notice convening the AGM.

### **Corporate Governance**

Reports on Corporate Governance and Management Discussion & Analysis are annexed - **Annexure 8**.

### **Anti-Sexual Harassment Policy**

Pursuant to the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013", the Company constituted Internal Complaints Committees at all its workplaces. There has not been any instance of complaint reported in this regard to any of the Committees.

### **Acknowledgement**

The Directors acknowledge the continued co-operation and support received from the 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 23, 2017

---

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017****Annexure - 1**

The Members,  
DCM Shriram Industries Limited  
Kanchenjunga Building,  
18, Barakhamba Road, New Delhi -110001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DCM Shriram Industries Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; **Not Applicable**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable**

## **DIRECTORS' REPORT (continued)**

---

(vi) The other laws, as confirmed and certified by the management, which are specifically applicable to the Company based on the Sectors / Businesses are.

1. The Narcotic Drugs and Psychotropic Substances Act, 1985
2. Sugarcane Control Order, 1966
3. Sugar Control Order, 1966

We have also examined compliance with the applicable clauses/Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance (and at shorter Notice for which necessary approvals obtained) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no specific events/ actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For Chandrasekaran Associates  
Company Secretaries

Sd/-

**Shashikant Tiwari**  
**Partner**

Date: 22.05.2017  
Place: New Delhi

Membership No. A28994  
Certificate of Practice No. 13050

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

**Annexure - A**

The Members  
DCM Shriram Industries Limited  
Kanchenjunga Building,  
18, Barakhamba Road, New Delhi -110001

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Chandrasekaran Associates  
Company Secretaries

Sd/-

**Shashikant Tiwari**  
**Partner**

Membership No. A28994  
Certificate of Practice No. 13050

Date: 22.05.2017  
Place: New Delhi

**Annexure - 2**

**Criteria for Evaluation of Board as a Whole by all Directors**

Area of Evaluation	Criteria
a) <u>Structure of the Board</u>	i) Competency of Directors
	ii) Experience of Directors
	iii) Mix of qualifications
	iv) Diversity in Board under various parameters
	v) Appointment to the Board
b) <u>Meetings of the Board</u>	i) Regularity of meetings
	ii) Frequency
	iii) Logistics
	iv) Agenda
	v) Discussions and dissents

## **DIRECTORS' REPORT (continued)**

	vi) Recording of Minutes
	vii) Dissemination of information
c) <u>Functions of the Board</u>	i) Role and responsibilities of the Board
	ii) Strategy and performance evaluation
	iii) Governance and compliance
	iv) Evaluation of risks
	v) Grievance redressal for investors
	vi) Conflict of interest
	vii) Stakeholder value and responsibilities
	viii) Corporate culture and values
	ix) Review of Board evaluation
	x) Facilitation of Independent Directors
d) <u>Board and Management</u>	i) Evaluation of performance of the management and feedback
	ii) Independence of the management from the Board
	iii) Access of the management to the Board and Board access to the management
	iv) Secretarial support
	v) Fund availability
	vi) Succession plan
e) <u>Professional development:</u>	

### **Criteria for Evaluation of the Committees of the Board by all Directors**

<b>Area of Evaluation</b>	<b>Criteria</b>
a) Mandate and composition	Whether the mandate, composition and working procedures of Committees of the Board of directors is clearly defined and disclosed.
b) Effectiveness of the Committee	Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable.
c) Structure of the Committee and meetings	i. Whether the Committees have been structured properly and regular meetings are being held.  ii. In terms of discussions, agenda, etc. of the meetings, similar criteria may be laid down as specified above for the entire Board.
d) Independence of the Committee from the Board	Whether adequate independence of the Committee is ensured from the Board.
e) Contribution to decisions of the Board	Whether the Committee's recommendations contribute effectively to decisions of the Board.

**Criteria for Evaluation of Individual Directors and Chairperson  
(including IDs and Executive Directors by the Board as a Whole)**

Area of Evaluation	Criteria
<u>General</u>	a) Qualifications
	b) Experience
	c) Knowledge of competency
	d) Fulfillment of functions
	e) Ability to function as a team
	f) Initiative
	g) Availability and attendance
	h) Commitment
	i) Contribution
	j) Integrity
<u>Additional criteria for IDs</u>	a) Independence
	b) Independent views and judgement
<u>Additional criteria for Chairperson</u>	a) Effectiveness of leadership and ability to steer the meeting
	b) Impartiality
	c) Commitment
	d) Ability to keep shareholders' interests in mind

**Criteria for Evaluation of Individual Directors and Chairperson  
(excluding Independent directors) by Independent Directors**

Area of Evaluation	Criteria
<u>General</u>	a) Qualifications
	b) Experience
	c) Knowledge of competency
	d) Fulfillment of functions
	e) Ability to function as a team
	f) Initiative
	g) Availability and attendance
	h) Commitment
	i) Contribution
	j) Integrity
<u>Additional criteria for Chairperson</u>	a) Effectiveness of leadership and ability to steer the meeting
	b) Impartiality
	c) Commitment
	d) Ability to keep shareholders' interests in mind
<u>Flow of information</u>	Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board.



# DIRECTORS' REPORT (continued)

**ANNEXURE - 3**

## REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Social Responsibility Policy) Rules, 2014, the Board of Directors on the recommendation of the CSR Committee laid down a CSR Policy.

The Policy lays down the manner in which CSR activities covered under Schedule VII of the Companies Act, 2013, will be taken up and implemented by the Company. A copy of the Policy is available on Company's website <https://www.dcmsr.com>

2. The CSR Committee comprises of Shri Tilak Dhar, CMD (Chairman), Shri Alok B. Shriram, VC & DMD (Member), and Shri S.C. Kumar, Independent Director, (Member).
3. Average net profit of the Company for last three financial years – Rs.31.57 cr.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) – Rs.63.14 lakhs.
5. Details of CSR spent during the financial year
  - a) Total amount to be spent for the financial year – Rs.64.66 lakhs
  - b) Amount unspent, if any. - Nil
  - c) Manner in which the amount spent during the financial year is detailed below:

(Rs./lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) local area or other 2) Specify the State and District where projects or programs were undertaken.	Amount outlay (budget) projects or program wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Health Care	Item No.i of Schedule VII of the Cos. Act, 2013	Local area, Dist. Meerut, U.P.	12.81	1) 12.81	12.81	Direct
2	Health care	Item No.i of Schedule VII	--	2.00	1) 2.00	2.00	Rotary Midtown Foundation for exclusive CSR Corpus
3	Construction of toilet block for girls in a school	Sanitation (Item No.i of Sch.VII)	Daurala, Meerut, U.P.	4.76	1) 4.76	4.76	Direct
4	Conservation of environment / natural resources/ rain water harvesting	Conservation of natural resources (Item v of Sch.VII)	Daurala, Meerut, U.P.	12.67	1) 12.67	12.67	Direct

(Rs./lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
5	Alleviation of poverty	Alleviation of poverty (Item i of Sch. VII)	Daurala, Meerut, U.P.	5.42	1) 5.42	5.42	Direct
6	Support to Armed Forces, Veterans	Support to Ex-servicemen (Item vi of Sch.VII)	--	1.27	1) 1.27	1.27	Direct
7	Support to education of women	Promoting education (Item No.ii of Sch. VII)	Kota, Rajasthan/ Delhi	1.09	1) 1.09	1.09	Mahila Audyogik Prashikshan Sansthan / CII
8	Promotion of sports	Promotion of paralympic sports (Item No.vii of Sch.VII)	Delhi	5.00	1) 5.00	5.00	Through PHD Family Welfare Foundation
9	Construction of open auditorium and RCC platform	Rural Development (item no.x of Sch.VII)	Kundanpur, Rajasthan	7.26	1) 7.26	7.26	Direct
10	Contribution to the corpus of a society for carrying out CSR activities exclusively.	Sub-para viii of MCA Circular dated 18.6.2014.	Delhi	12.37	12.37	12.37	Implementing Agency. *
	<b>TOTAL</b>			<b>64.66</b>	<b>64.66</b>	<b>64.66</b>	

\* Contribution to a Society's corpus created exclusively for undertaking CSR activities

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

Not applicable

7. It is confirmed that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company.

Sd/-

**VC & Dy. Managing Director**

Sd/-

**Chairman CSR Committee**

# DIRECTORS' REPORT (continued)

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2017

**Annexure - 4**

## Form No. MGT-9

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- L74899DL1989PLC035140
- ii) Registration Date: 21.02.1989
- iii) Name of the Company: DCM SHRIRAM INDUSTRIES LTD.
- iv) Category/ Sub-Category of the Company: Manufacturing
- v) Address of the Registered Office and contact details:  
Kanchenjunga Building, 6th Floor, 18 Barakhama Road,  
New Delhi – 110 001.  
Tel.No. 011-23759300 Fax No. 011-23350765  
Email- dsil@dcmsr.com Website: https://www.dcmsr.com
- vi) Whether listed Company: Yes
- vii) Name,Address and Contact details of Registrar and Transfer Agent, if any:  
Karvy Computershare Pvt. Ltd.
  - 1) Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad–500032  
Tel.no. 040 - 67161500 Toll free no.18003454001  
email - einward.ris@karvy.com
  - 2) New Delhi House, 305, 3rd Floor, Barakhamba Road,  
New Delhi – 110001  
Tel.no. 011 - 43681700 email - delhi@karvy.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Sugar*	1072	62.62
2	Industrial Fibres and related products	1399 /13999	22.38
3	Chemicals	2011/ 20119	15.00

\* Comprising of sugar, power and alcohol

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/ GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1	Daurala Foods & Beverages Pvt. Ltd. 6th Floor, Kanchenjunga Bldg., 18 Barakhamba Road, New Delhi -110001	U74899DL1994PTC062686	Subsidiary	100	2(87) and 129(3)
2	DCM Hyundai Ltd. 5th Floor, 'Akash Deep', 26-A, Barakhamba Road, New Delhi - 110001	U93090DL1995PLC273604	Associate	49.28 * 11.70 **	2(6) and 129(3)

\* of equity capital \*\* of equity and preference capital

**Annexure - 4 (contd.)**
**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share holding**

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				%age change during the year
	Demat	Physical	Total	%age of total shares	Demat	Physical	Total	%age of total shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF	140800	0	140800	0.81	140800	0	140800	0.81	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt.	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	7604583	0	7604583	43.71	7604583	0	7604583	43.71	0
e) Banks/ FI	0	0	0	0	0	0	0	0	0
(f) Any other	0	0	0	0	0	0	0	0	0
<b>SubTotal (A)(1)</b>	<b>7745383</b>	<b>0</b>	<b>7745383</b>	<b>44.52</b>	<b>7745383</b>	<b>0</b>	<b>7745383</b>	<b>44.52</b>	<b>0</b>
<b>2) Foreign</b>									
a) NRIs –Individuals	0	0	0	0	0	0	0	0	0
b) Other – individuals	0	0	0	0	0	0	0	0	0
c) Bodies corp..	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total share-holding of promoter (A)= (A)(1)+(A)(2)</b>	<b>7745383</b>	<b>0</b>	<b>7745383</b>	<b>44.52</b>	<b>7745383</b>	<b>0</b>	<b>7745383</b>	<b>44.52</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds	101	4746	4847	0.03	101	4746	4847	0.03	0
b) Banks/FI	1850	1991	3841	0.02	1850	1991	3841	0.02	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt	0	0	0	0	0	0	0	0	0
e) Venture capital funds	0	0	0	0	0	0	0	0	0
f) Insurance companies	1331259	0	1331259	7.65	1331259	0	1331259	7.65	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign venture capital funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1)</b>	<b>1333210</b>	<b>6737</b>	<b>1339947</b>	<b>7.7</b>	<b>1333210</b>	<b>6737</b>	<b>1339947</b>	<b>7.7</b>	<b>0</b>
<b>2) Non-institutions</b>									
a) Bodies corp.									
i) Indian	5565360	20813	5586173	32.11	5175912	20853	5196765	29.87	-2.24
ii) Overseas									0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	1403100	919102	2322202	13.34	1811252	899290	2710542	15.58	2.24
ii) Individual shareholders holding nominal share capital excess of Rs.1 lakhs	246370	0	246370	1.42	272133	0	272133	1.56	0.14
c) Others									
- Clearing members	18926	0	18926	0.11	12399	0	12399	0.07	-0.04
- Pakistani nationals	43113	0	43113	0.25	43113	0	43113	0.25	0
- NRIs	64830	22294	87124	0.5	88346	22144	110490	0.60	0.10
- Trusts	9199	0	9199	0.05	10778	0	10778	0.06	0.01
<b>Sub-total(B)(2)</b>	<b>7350898</b>	<b>962209</b>	<b>8313107</b>	<b>47.78</b>	<b>7370820</b>	<b>942287</b>	<b>8313107</b>	<b>47.78</b>	<b>0</b>
<b>Total Public shareholding (B)=(B)(1)+(B)(2)</b>	<b>8684108</b>	<b>968946</b>	<b>9653054</b>	<b>55.48</b>	<b>8704030</b>	<b>949024</b>	<b>9653054</b>	<b>55.48</b>	<b>0</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>16429491</b>	<b>968946</b>	<b>17398437</b>	<b>100</b>	<b>16449413</b>	<b>949024</b>	<b>17398437</b>	<b>100</b>	<b>0</b>

# DIRECTORS' REPORT (continued)

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2017

## (ii) Shareholding of Promoters

S. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		Number of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	Number of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Versa Trading Ltd.	2224725	12.79	0	2224725	12.79	0	0
2	Bantam Enterprises Pvt. Ltd.	1345320	7.73	0	1345320	7.73	0	0
3	Lily Commercial Pvt. Ltd.	1044323	6.00	0	1044323	6.00	0	0
4	Divine Investments Pvt. Ltd.	682493	3.92	0	682493	3.92	0	0
5	H.R. Travels P.Ltd.	575580	3.31	0	575580	3.31	0	0
6	HI-VAC Wares Pvt. Ltd.	715704	4.11	0	715704	4.11	0	0
7	Quick Litho-graphers Pvt. Ltd.	405280	2.33	0	405280	2.33	0	0
8	Peekay Alkalies Pvt. Ltd.	258419	1.49	0	258419	1.49	0	0
9	Super Wares Pvt. Ltd.	166723	0.96	0	166723	0.96	0	0
10	Gentech Chemicals P. Ltd.	148506	0.85	0	148506	0.85	0	0
11	Tilak Dhar-Karta (L.Bansi Dhar & Sons- HUF)	53916	0.31	0	53916	0.31	0	0
12	Suman Bansi Dhar	56812	0.33	0	56812	0.33	0	0
13	Alok B. Shriram	8536	0.05	0	8536	0.05	0	0
14	Meridian Marketing P. Ltd.	33337	0.19	0	33337	0.19	0	0
15	Divya Shriram	87	0	0	87	0	0	0
16	Urvashi Tilak Dhar	521	0	0	521	0	0	0
17	Karuna Shriram	4346	0.02	0	4346	0.02	0	0
18	Madhav B. Shriram	66	0	0	66	0	0	0
19	Tilak Dhar	11816	0.07	0	11816	0.07	0	0
20	DCM Hyundai Ltd.	4173	0.02	0	4173	0.02	0	0
21	Aditi Dhar	100	0	0	100	0	0	0
22	Akshay Dhar	100	0	0	100	0	0	0
23	Kanika Shriram	4500	0.03	0	4500	0.03	0	0
	<b>TOTAL</b>	<b>7745383</b>	<b>44.52</b>	<b>0</b>	<b>7745383</b>	<b>44.52</b>	<b>0</b>	<b>0</b>

## (iii) Change in Promoters' Shareholding ( please specify, if there is no change)

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	7745383	44.52		
<b>Date-wise increase / decrease in promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / Transfer/ Bonus / Sweat / equity, etc)</b>		-N.A.-		
At the end of the year (31.3.2017)			7745383	44.52

**Annexure - 4 (contd.)**
**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S.No.	For Each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	%age of total shares of the company	No. of shares	%age of total shares of the company
	<b>At the beginning of the year</b>				
1	HB Stockholdings Ltd.	4346615	24.98	3894846	22.39
2	LIC	1331259	7.65	1331259	7.65
3	Pearey Lall & Sons (EP)Ltd.	466944	2.68	418478	2.41
4	Saraswati Sugar Mills Ltd	265000	1.52	265000	1.52
5	Puran Associates Pvt. Ltd.	210581	1.21	210581	1.21
6	N. Rangappa	61700	0.35	61000	0.35
7	Maninder Jit Bhandari	28405	0.16	0	0
8	Kalyani P. Jain .	28352	0.15	28352	0.15
9	Meenu Goel	20000	0.11	10000	0.06
10	B. Lavanya	20000	0.11	20000	0.11
	<b>Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)</b>				
12.8.16	HB Stockholdings Ltd.	-19572		4327043	
26.8.16		-7305		4319738	
2.9.16		-414		4319324	
23.9.16		-460		4318864	
14.10.16		-16289		4302575	
21.10.16		-3922		4298653	
28.10.16		-19873		4278780	
9.12.16		-12983		4265797	
16.12.16		-1136		4264661	
30.12.16		-10997		4253664	
6.1.17		-115441		4138223	
13.1.17		-137185		4001038	
20.1.17		-16000		3985038	
10.2.17		-46555		3938483	
10.3.17		-15324		3923159	
17.3.17		-21613		3901546	
24.3.17		-5700		3895846	
31.3.17		-1000		3894846	
7.10.16	Pearey Lall & Sons (EP)Ltd.	-21750		445194	
14.10.16		-11808		433386	
21.10.16		-14908		418478	
24.6.16	Meenu Goel	-9063		10937	
30.6.16		-10927		10	
26.8.16		-10		0	
30.9.16		2106		2106	
7.10.16		1600		3706	
14.10.16		5294		9000	
21.1016		3000		12000	
28.10.16		2575		14575	
9.12.16		5425		20000	
16.12.16		-3968		16032	
23.12.16		-16032		0	
6.1.17		6000		6000	
13.1.17		1000		7000	
10.3.17		2102		9102	
17.3.17		898		10000	

# DIRECTORS' REPORT (continued)

## EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2017

S.No.	For Each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	%age of total shares of the company	No. of shares	%age of total shares of the company
1.4.16	N. Rangappa	1300		63000	
8.4.16		-1000		62000	
22.4.16		1400		63400	
29.4.16		2288		65688	
6.5.16		3612		69300	
13.5.16		1200		70500	
20.5.16		1500		72000	
3.6.16		-2000		70000	
10.6.16		-5095		64905	
17.6.16		-4905		60000	
30.6.16		600		60600	
15.7.16		600		61200	
22.7.16		400		61600	
29.7.16		600		62200	
19.8.16		800		63000	
26.8.16		900		63900	
2.9.16		1496		65396	
9.9.16		504		65900	
16.9.16		1100		67000	
23.9.16		900		67900	
7.10.16		200		68100	
21.10.16		-1500		66600	
11.11.16		420		67020	
18.11.16		-2409		64611	
25.11.16		-1694		62917	
2.12.16		-2917		60000	
24.2.17		300		60300	
3.3.17		700		61000	
14.10.16	Maninder jit Bhandari	-28405		0	
	<b>At the end of the year (or on the date of separation, if separated during the year).</b>				

### (v) Shareholding of Directors and Key Managerial Personnel:

S. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	%age of total shares of the company	No. of shares	%age of total shares of the company
	<b>At the beginning of the year</b>				
1	Sh. Tilak Dhar	11816	0.070	11816	0.070
2	Sh. Alok B. Shriram	8536	0.050	8536	0.050
3	Sh. Madhav B. Shriram	66	0	66	0
4	Sh. K.N. Rao	130	0	130	0
5	Sh. P.R. Khanna	960	0.006	960	0.006
6	Sh. Ravinder Narain	570	0.003	570	0.003
7	Mrs. Kavitha Dutt Chitturi	500	0.003	500	0.003
8	Sh. S.B. Mathur	0		0	
9	Sh. C. Vikas Rao	0		0	
10	Sh. S.C. Kumar	0		0	
11	Sh. Y.D. Gupta	0		0	
12	Sh. N.K. Jain	1		1	
	<b>Date wise increase/ decrease in share-holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)</b>	-	-	-	-

**Annexure - 4 (contd.)**
**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs./lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	40182.55	150.00	476.59	40809.14
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) interest accrued but not due	128.32	3.57	54.39	186.28
Total (i+ii+iii)	40310.87	153.57	530.98	40995.42
<b>Change in Indebtedness during the financial year (net)</b>				
• Addition	0.00	0.00	0.64	0.64
• Reduction	-1139.50	-0.07	0.00	-1139.57
<b>Indebtedness at the end of the financial year</b>				
l) Principal amount	39136.32	150.00	494.99	39781.31
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	35.05	3.50	36.63	75.18
Total (i + ii +iii)	39171.37	153.50	531.62	39856.49

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Rs.)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1.	Gross salary	Tilak Dhar CMD	Alok B. Shriram VC & DMD	Madhav B. Shriram DMD	K.N. Rao Dir. & CEO (Rayons)	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	3315000	3195000	3015000	2124000	11649000
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	1728466	1675787	1885307	909417	6198976
	(c) Profits in lieu of salary u/s 17(3) of Income-tax Act, 1961	1989000	1917000	1809000	1274400	6989400
2	Stock Option	--	--	--	--	--
3	Sweat equity	--	--	--	--	--
4	Commission: - As % of profit - others, specify (Reward)	43638000 --	43882000 --	43960000 --	-- 350000	131480000 350000
5	Others, please specify	--	--	--	--	--
	Total (A)	50670466	50669787	50669307	4657817	156667376
	Ceiling as per Act	Rs.1689.19 lakhs (being 10% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013).				



# DIRECTORS' REPORT (continued)

## EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2017

### B. Remuneration to other directors:

(Rs.)

S.No.	Particulars of Remuneration	Name of Directors						Total Amount
		P.R. Khanna	S.B. Mathur	Ravinder Narain	S.C. Kumar	C.V. Rao	Kavitha D. Chitturi	
1	Independent directors							
	• Fee for attending Board & Committee meetings	725000	700000	350000	550000	325000	325000	2975000
	• Commission	3175000	2980000	2782000	3175000	2389000	2389000	16890000
	• Others, Please specify							
	Total (1)	3900000	3680000	3132000	3725000	2714000	2714000	19865000
2	Other Non-Executive Directors	--	--	--	--	--	--	--
	• Fee for attending Board Committee meetings							
	• Commission							
	• Others, Please specify							
	Total (2)							
	Total (B)-(1+2)	3900000	3680000	3132000	3725000	2714000	2714000	19865000
	Total Managerial remuneration							176532376
	Overall Ceiling as per the Act	Rs.1858.09 lakhs (being 11% of net profit of company calculated as per Section 198 of the Companies Act, 2013, sitting fee not to be included for the limit).						

### C. Remuneration to Key Managerial Personnel other than MD/ WTD Manager

(Rs.)

S.No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	1354959	1920950	3275909
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	311186	754919	1066105
	(c) Profits in lieu of salary u/s 17(3) of Income-tax Act, 1961	--	185000	185000
2	Stock Option	--	--	--
3	Sweat equity	--	--	--
4	Commission: - As % of profit - others, specify	--	--	--
5	Others, please specify	--	--	--
	<b>Total</b>	1666145	2860869	4527014

### VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/ punishments / compounding of offences for breach of any Section of the Companies Act, against the Company or its Directors or other officers in default during the year.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014

**A. CONSERVATION OF ENERGY****i) Steps taken and impact on conservation of energy :**

- Phased replacement of fluorescent tube lights and streetlights by “LED lights”.
- Replacement of inefficient pumps with efficient pumps for juice transfer at evaporator and installation of VFD.
- Installation of an automatic recycling batch type centrifugal machine in place of three semi automatic machines.
- Augmentation of capacity of bagasse drier.
- Replacement of reciprocating compressor with screw compressor.
- Replacement of reciprocating chiller with screw chiller.
- Installation of Capacitor Banks to improve Power Factor.
- Water consumption reduction/ recycling / re-use projects.
- Recycling of steam condensate for use as hot water & soft water.
- Mercury Vapour Lamp fittings and incandescent bulbs replaced by LED light fittings.
- Recycling of various streams through cooling tower, thereby reducing total water extraction.
- Use of high efficiency vertical pump instead of conventional pumps.
- Energy saving by process optimization.

**ii) Steps taken by the Company for utilising alternate sources of energy :**

- Company's Daurala Complex utilizes only clean conventional energy, using agro fuels and bio gas for co-generation of steam & power and supplies the surplus green power generated to the grid.
- Company is producing and supplying almost 70% of its Alcohol production (in the form of Absolute Alcohol) to Oil Marketing Companies for admixing with / replacing petroleum based-fuels.
- Utilization of agro waste as boiler fuel.
- Implementation of 1 MW Solar Power Plant (BOOT basis) started.

**iii) Capital investment on energy conservation equipments : Rs. 1.83 Cr.****B. TECHNOLOGY ABSORPTION .:****i) Efforts made towards technology absorption :**

- Installation of B-vertical Crystalliser.
- Installation of High Speed Automatic Sugar Weighing & Bagging Machines.
- Installation of Fludised Bed Drier for sugar drying.
- Utilization of Ready Mix Concrete for making heavy foundations.
- Installation of Plate Heat Exchangers to reduce water consumption.
- Installation of cooling tower for water recycling.
- Installation of Mechanical Seal pumps, Magnetic Strainer for Viscose filtration.
- Installation of Doff Card Printer for mono-rail weighing scale, Temperature control system for dipping batch preparation system, Conductivity Alarm on Steam line, Intrusion Alarm at Warper and Dipping Unit, Centralized control panel in Control rooms.

## DIRECTORS' REPORT (continued)

---

- Replacement of lead with the engineering plastic (FRVE) for corrosive liquid service.
- Electronic weighing bridge connected with SAP.
- New Aeration System installed in Effluent Treatment Plant to improve performance.
- Regular production of new intermediate under contract manufacturing started.

**ii) Benefits derived like product improvement, cost reduction, product development or import substitution :**

- Improved fermentation efficiency, reduction in molasses loss, improvement in quality of products, optimization of steam & power consumption, reduction in carbon foot print, lower costs and downtime, reduction in consumption in water & coal, reduction in liquid effluent, a cleaner and safer environment, lower waste generation at source, safe working, increased boiler throughput, and power factor improvement.

**iii) Particulars of technologies imported during last three years - Nil**

**iv) Expenditure incurred on Research and Development : Rs. 1.89 cr.**

**C. FOREIGN EXCHANGE EARNINGS & OUTGO 2016-2017 :**

- Total foreign exchange earned Rs. 385.41 cr. and used Rs. 154.92 cr.
- 

### Annexure - 6

#### **Information as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- Ratio of the remuneration of each director to the median of the employees of the Company for the financial year 2016-17 :

- Shri Tilak Dhar, CMD	- 242 : 1
- Shri Alok B. Shriram, VC & DMD	- 242 : 1
- Shri Madhav B. Shriram, DMD	- 242 : 1
- Shri K.N. Rao, Director & CEO (Rayons)	- 20 : 1
- The percentage increase in remuneration of each Director, CFO and Company Secretary in the financial year 2016-17:

- Shri Tilak Dhar, CMD	- 306.5%
- Shri Alok B. Shriram, VC & DMD	- 306.3%
- Shri Madhav B. Shriram, DMD	- 460.8%
- Shri K.N. Rao, Director & CEO (Rayons)	- 9.6%
- Shri N.K. Jain, CFO	- 9.0%
- Shri Y.D. Gupta, Company Secretary	- 7.5%
- Percentage increase in the median remuneration of employees in the financial year - 4.3%
- Number of permanent employees on the rolls of the Company: 2482
- Average increase in remuneration of employees other than managerial personnel during the year 2016-17 was 8.1%, whereas the average increase in remuneration of managerial personnel was 312.6%. Three of the managerial personnel are entitled to commission on profits, as may be decided by the Board within the limit laid down by the shareholders, apart from salary and perquisites. The Company's profits for the year was substantially higher than the previous year and as such the increase in remuneration of the managerial personnel was also higher.

## Annexure - 7

### Statement of Particulars under Section 197(12) of the Companies Act, 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 forming part of the Report of Directors for the year ended March 31, 2017.

(A) Employed throughout the year under review and were in receipt of remuneration for the year in aggregate of not less than Rs. 1,02,00,000/-.

Name	Designation and Nature of Duties	Remuneration Received (Rs.)	Qualification	Experience (Years)	Date of Commencement	Age (Years)	Particulars of Last Employment
Dhar, Tilak	Chairman & Managing Director	50670466	B.Com., CA (Inter), MBA	37	08-09-80	61	Manager, DCM Ltd.
Shriram, Alok B.	Vice Chairman & Dy. Managing Director	50669787	B.Com. (Hons.)	37	01.01.90	56	Dy. General Manager, Shriram Honda Power Equipment Ltd.
Shriram, Madhav B.	Dy. Managing Director	50669307	B. Com., MBA	29	22.05.90	52	Executive Trainee, Nissho Iwai Corporation

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

(B) Employed for part of the year under review and were in receipt of remuneration for part of the year in aggregate of not less than Rs. 8,50,000/- per month. - NIL

## CORPORATE GOVERNANCE REPORT

## Annexure - 8

### Corporate Governance Philosophy

The Company's Corporate Governance (CG) Policy is based on principles such as conducting the business with integrity and fairness, being transparent with regard to all transactions, making necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner. The Company firmly believes and adhere to the need for those in control of the Company to distinguish between personal and corporate interests while managing the Company. For the Company, adherence to Corporate Governance stems not only from the letter of law but also from the inherent belief in doing fair business the right way.

The Company's CG philosophy in a nutshell encompasses five areas viz. Rights and equitable treatment of shareholders, Interests of other stakeholders, Role and responsibility of the Board, Integrity & ethical behaviour and Disclosure & transparency.

The CG Report in respect of the year ended 31.3.2017 is given below:

#### Board of Directors

The Company's Board comprises of an ideal combination of executive and non-executive directors, headed by Chairman & Managing Director. Of the 10 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 or industry. The Board's composition is in consonance with the CG requirements under Regulation 17 of the SEBI (LODR) Regulations, 2015 and Section 149(4) of the Companies Act, 2013.

#### Board Meetings, attendance and other directorships

During the year seven Board meetings were held on 7.4.2016, 30.5.2016, 10.8.2016, 7.10.2016, 14.11.2016, 13.2.2017 and 20.3.2017. Attendance and other details are given below:

# DIRECTORS' REPORT (continued)

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 (Promoter)	6	Yes	Nil	Nil	Nil
2	Shri Alok B. Shriram	00203808	VC & DMD (Promoter)	6	Yes	1	Nil	Nil
3	Shri Madhav B Shriram	00203521	DMD (Promoter)	6	Yes	Nil	Nil	Nil
4	Shri K.N. Rao	06730043	Director & CEO (Rayons)	6	Yes	Nil	Nil	Nil
5	Shri P.R. Khanna	00048800	Non-executive/ Independent	7	Yes	5	3	2
6	Shri S.B. Mathur	00013239	"	7	Yes	9	2	5
7	Shri Ravinder Narain	00059197	"	6	Yes	3	2	1
8	Shri S.C. Kumar	00064453	"	6	Yes	1	2	Nil
9	Shri C. Vikas Rao	06900458	"	6	Yes	Nil	Nil	Nil
10	Mrs. Kavitha Dutt Chitturi	00139274	"	6	Yes	2	2	Nil

\* Exclude directorships in private limited companies/foreign companies/ companies registered u/s 8 of the Companies Act, 2013.

\*\* Audit and Stakeholders' Relationship Committees.

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

The Independent Directors had a separate meeting pursuant to Schedule IV of the Companies Act, 2013. In the said meeting the Independent Directors, inter alia, evaluated the performance of Executive Directors (non-independent directors), Chairman and the Board & Committees as a whole.

## Familiarization programme for independent directors

The details of familiarization programmes imparted to the independent directors are given in the Directors' Report. The Board of Directors have laid down a familiarization programme for independent directors, copy of which is placed in the Company's website <https://www.dcmsr.com>

## Audit Committee

The Company constituted an Audit Committee of the Board in the year 1991.

## Terms of reference

The composition, terms of reference and role of the Audit Committee are as per requirements of Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013, besides other terms as may be laid down by the Board of Directors, from time to time.

The Audit Committee, inter alia, ensures that an effective internal financial control system is in place. During the year 4 meetings of the Audit Committee were held on 30.5.2016, 10.8.2016, 14.11.2016, and 13.2.2017.

The Audit Committee comprised of three 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	4
Shri S.C. Kumar	Member	4
Shri K.N. Rao	Member	3

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, all the Executive Directors, President, CFO, Head of Internal Audit, and representative/s of the Statutory Auditors attend the meetings.

The Minutes of the Committee are placed before the Board.

## Nomination and Remuneration Committee

The Nomination & Remuneration Committee (NRC) carries out the functions as per Section 178 of the Companies Act and SEBI (LODR) Regulations, 2015. The composition of the Committee is given below.

During the year 3 meetings of the Committee were held on 30.5.2016, 14.11.2016 and 20.3.2017.

Name of the Member	Status	No. of Meetings attended
Shri S.B. Mathur	Chairman	3
Shri P.R. Khanna	Member	3
Shri Ravinder Narain	Member	2
Shri S.C. Kumar	Member	3
Shri Tilak Dhar	Member	3

All the members of the NRC were present at the AGM.

#### Remuneration Policy

The Board on the recommendation of the NRC laid down a Remuneration Policy for the Company in line with the requirements of Section 178 of the Companies Act, 2013. A gist of the policy has been given in the Directors' Report. A copy of the Policy has been put on the web-site of the Company <https://www.dcmsr.com>

The details of remuneration of executive directors for the year ended 31.3.2017 are given below :

(Rs./lakhs)

Whole-time Directors	Salary	Commission/ Reward	Perquisites	Retirement benefits
Shri Tilak Dhar (CMD)	33.15	436.38	28.22	8.95
Shri Alok B. Shriram (VC & DMD)	31.95	438.82	27.30	8.63
Shri Madhav B. Shriram(DMD)	30.15	439.60	28.80	8.14
Shri K.N. Rao [Director & CEO (Rayons)]	21.24	3.50	19.61	5.73

The appointments are contractual in nature and can be determined by either party giving to the other six calendar months notice in writing or lesser notice as may be agreed to. In the event of termination of appointment by the Company, the managerial personnel shall be entitled to compensation in accordance with the provisions of the Companies Act. No stock options were issued by the Company to its directors/ employees.

Non-executive directors are paid sitting fees for attending the Board and Committee meetings. Presently the sitting fees is Rs.50,000 per Board meeting and Rs.25,000 per Committee meeting. The shareholders in their meeting held on 10.8.2016 accorded their approval for payment of commission on profits of upto 1% of the net profit of the Company, computed in the manner laid down u/s 198 of the Companies Act, 2013, in such amount and proportion as may be decided by the Board of Directors, from the financial year 2016-17 to non-executive directors. The details of the sitting fee and commission paid/ payable for the year 2016-17 to non-executive directors are given below. Their shareholding in the Company are also as under:

Non-Executive Directors	Sitting fees (Rs./lakhs)	Commission (Rs./lakhs)	No. of Shares held (equity/ Rs.10 each)
Shri P.R. Khanna	7.25	31.75	960
Shri S.B. Mathur	7.00	29.80	-
Shri Ravinder Narain	3.50	27.82	570
Shri S.C. Kumar	5.50	31.75	-
Shri C. Vikas Rao	3.25	23.89	-
Mrs. Kavitha Dutt Chitturi	3.25	23.89	500

Shri P.R. Khanna, an independent director, has deposited Rs.10 lakhs in his name and Rs.10 lakhs in the name of P.R. Khanna (HUF) under the Company's public deposit scheme on the same terms as are applicable to the other shareholders of the Company. There are no other pecuniary relationships with the non-executive directors vis-a-vis the Company.

#### Stakeholders' Relationship Committee

The Committee monitors shareholders' complaints, if any, and also approves transfer/ transmission of shares. The Committee meets on need basis.

During the year 1 meeting of the Committee was held on 20.3.2017. The composition of the Committee is as under :

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

# DIRECTORS' REPORT (continued)

Except Shri Ravinder Narain, all other members were present at the meeting. All the members of the Committee attended the AGM.

During the year, the Company received 5 shareholders' complaints all of which have been resolved to the satisfaction of the shareholders. No complaint was pending as on 31.3.2017.

## General Body Meetings

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

Financial Year	Date	Venue
2013-2014	14/08/2014	Air Force Auditorium, Subroto Park, New Delhi - 110010
2014-2015	24/09/2015	Kamani Auditorium, Copernicus Marg, New Delhi - 110001
2015-2016	10/08/2016	- do -

No Special resolution was proposed in the AGMs held in the years 2014, 2015 and 2016.

## 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 38 to the stand-alone 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 had adopted a Vigil Mechanism (Whistle Blower Policy) as per Section 177 of the Act and the Listing Agreement which was in force at that time. The Policy has been put on the web-site of the Company and widely circulated among the employees. No personnel has been denied access to the Audit Committee.

The Company has complied with all mandatory requirements under SEBI (LODR) Regulations, 2015, pertaining to Corporate Governance.

## Means of communication

The Company publishes quarterly, half-yearly and annual results as required under the SEBI (LODR) Regulations, 2015 in the prescribed format. The results are published in one English and one Hindi daily. During the year under review the results were published in the Financial Express and the Jansatta. The unabridged version of the results are also forwarded to the Bombay Stock Exchange, who puts the same on its web-site, <https://www.bseindia.com>. The results are also put on the Company's website <https://www.dcmsr.com>. The Company does not display official news releases and has not made any presentation to the institutional investors or to the analysts.

The notice of the AGM along with Annual Report is sent to the shareholders well in advance of the AGM. In cases where the email IDs are notified the same is sent by email. 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 as required under Regulation 30 of the SEBI (LODR) Regulations, 2015. 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 – <https://www.dcmsr.com> – in which general information about the Company, Code of Business Conduct and Ethics, Remuneration Policy, Shareholding Pattern, Related Party Transaction Policy, Quarterly/ Annual results, Code of Conduct framed under SEBI (Prohibition of Insider Trading) Regulations, 2015, etc. have been posted. Particulars of unclaimed dividend/ deposits, etc. are also posted on the website for information of investors.

## Investor Education and Protection Fund (IEPF)

Ministry of Corporate Affairs had notified Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 effective from 7.9.2016. As per the Rules, unclaimed/ unpaid dividends are to be transferred to IEPF at the end of 7 years. The shares in respect of which dividend has not been paid or claimed for 7 consecutive years or more shall also be transferred to the IEPF following the prescribed procedure. The Company had sent individual notices to such shareholders and also issued public notice to enable to claim the shares. Such shares as on 31.5.2017 have to be transferred to IEPF within the date to be notified. The holders of such shares or their legal heirs can reclaim the shares from the IEPF Authority through the Company following the due procedure. The particulars of such shares will be put on the Company's website in due course.

## General Shareholder Information

The AGM will be held on 22nd August, 2017 at 10.00 A.M. at Kamani Auditorium, 1, Copernicus Marg (near Mandi House), New Delhi – 110001.

**Financial Year** – April to March

### Date of Book Closure

The Register of members and other share transfer books will remain closed from 12th August, 2017 to 22th August, 2017 (both days inclusive).

### Dividend

The Board of Directors has recommended a final dividend of Rs.6.50 per equity share of Rs.10 (65%) for the year. The final dividend on approval by shareholder at the AGM will be paid by not later than 21.09.2017. Taking the interim dividend of Rs.3.50 per equity share-of Rs.10 (35%) already paid the total dividend for the year amounts to Rs.10 per equity share (100%).

### Listing on Stock Exchange

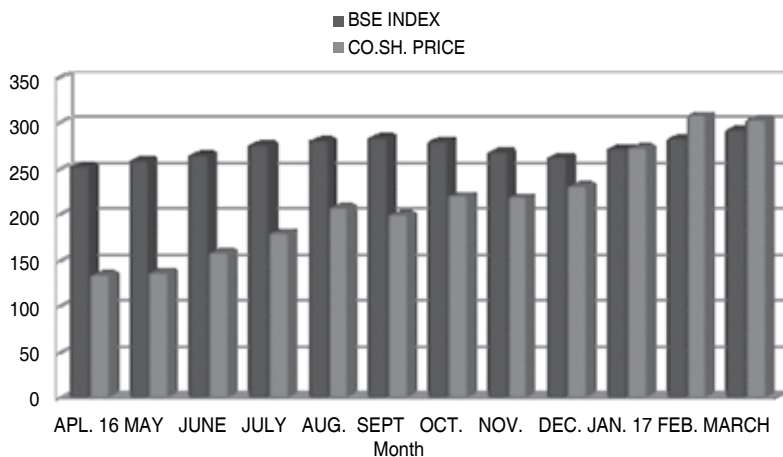
The shares of the Company are listed on Bombay Stock Exchange Limited, P.J. Towers, Dalal Street, Mumbai - 400 001. It is confirmed that the Company has paid Annual Listing Fee to the above Stock Exchange. The Company's stock code on BSE is 523369.

### Market price data (BSE)

(Rs.)

Month	April 2016	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2017	Feb.	Mar.
High	151.00	154.70	182.90	202.95	229.00	213.50	246.80	251.50	256.00	320.00	334.65	320.40
Low	119.10	120.00	135.00	156.90	185.00	185.60	195.00	186.20	208.00	226.15	281.50	286.10

### DCM Shriram Industries Ltd.'s Share Price Vs. BSE Sensex



### Registrar and Share Transfer Agents and Share Transfer System

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

- Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District. Nanakramguda, Hyderabad – 500 032  
Phone 040-67161500/ 18003454001  
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 grievance/ share transfer related matters to enable the Company to get the matter sorted out expeditiously.

In order to expedite transfer of shares in physical form, the Board had delegated authority to the Company Secretary to approve transfer/ transmission of up to 2000 shares in any one case at a time. The share transfers are registered and the certificates are returned, duly endorsed, within a fortnight's time by the Registrars. Beyond 2000 shares, in any one case, transfer/ transmission is approved by Stakeholders' Relationship Committee.

Nominal value of Shareholding		Shareholders		Face Value	
(Rs.)		Number	%age	(Rs.)	% age
Upto	5000	77559	98.93	16645720	9.57
5001	To 10000	411	0.52	3200270	1.84
10001	To 20000	201	0.26	2953840	1.70



## DIRECTORS' REPORT (continued)

20001	To	30000	79	0.10	1964940	1.13
30001	To	40000	36	0.05	1272650	0.73
40001	To	50000	24	0.03	1104650	0.63
50001	To	100000	42	0.05	3000540	1.72
100001	&	Above	44	0.06	143841760	82.68
<b>TOTAL</b>			<b>78396</b>	<b>100%</b>	<b>173984370</b>	<b>100%</b>

### Shareholding pattern

Category	No. of shares held (in lakhs)	Percentage
Promoters	77.45	44.52
FIs, Banks & Mutual funds	13.40	7.70
Others (public)	83.13	47.78
<b>TOTAL</b>	<b>173.98</b>	<b>100.00</b>

### Dematerialization of shares

The shares in the Company are under compulsory dematerialized trading. Up to 31.03.2017, 164.49 lakhs (94.55%) 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.

### Plant locations

Daurala Sugar Works Daurala, Meerut (U.P.)	Shriram Rayons Shriram Nagar, Kota (Raj.)	Daurala Organics Daurala, 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@dcmr.com  
CIN - L74899DL1989PLC035140

### Other Disclosures

- There has been no materially significant related party transactions that may have potential conflict with the interest of the Company at large.
- There has been no instance of non-compliance by the Company of any requirements related to capital markets during the last 3 years.
- The Board of Directors have established a Vigil Mechanism (Whistle Blower Policy) for the Company and no personnel has been denied access to the Audit Committee.
- The Company has complied with all mandatory requirements. Regarding non-mandatory requirements the Company has endeavoured to move towards a regime of financial statements with unmodified audit opinion. The Internal auditors reports are submitted to the Audit Committee, which interacts with them directly.
- The policies regarding determination of material subsidy and related party transactions are available on the Company's website <https://www.dcmr.com>
- The policy on dealing with related party transactions is available on the Company's website <https://www.dcmr.com>.
- The Company is not engaged in commodity trading on the Commodity Exchange/s

The Company has complied with all the requirements of Corporate Governance and CG Report as per Regulations 17 to 27, 46 and Schedule V ( C ) of SEBI (LODR) Regulations, 2015 so far as they apply to the Company.

---

**Confirmation of compliance of Code of Business Conduct and Ethics**

I declare that all Board members, Key Managerial and Senior Management personnel have individually affirmed compliance with the Code of Business Conduct and Ethics adopted by the Company during the year 2016-17.



(Tilak Dhar)

Chairman & Managing Director

May 23, 2017

---

**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, 2016 to March 31, 2017 as required under Schedule V(E) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

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 SEBI (LODR) Regulations.

We state during the year April 1, 2016 to March 31, 2017, five investor grievances were received and no investor grievances were pending against the Company as per the records maintained by the Company as on 31.3.2017.

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 23, 2017

---

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Company's business comprises of sugar and its allied products, chemicals and rayon, with manufacturing facilities at Daurala (U.P.) and Kota (Rajasthan). The Directors' Report gives segment-wise/ product-wise performance and outlook of these operations. The Directors' Report also deals with internal financial control systems and their adequacy and risk and concerns.

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

**Sugar**

The Sugar Industry contributes significantly to the rural economy as large number of farmers and agricultural labour are amongst its stakeholders. India is the second largest producer and largest consumer of sugar in the world.

The Company's sugar complex at Daurala is not only self reliant for its energy needs but exports surplus power based on byproduct bagasse to the grid. The Industry also produces ecologically friendly ethanol for blending with petrol under the Ethanol Blending Programme. This has helped in conserving environment, reducing dependence on imported oil and savings in foreign exchange.

## **DIRECTORS' REPORT (continued)**

---

Sugar prices at the start of the financial year were ruling around Rs. 3450 per qtl. In anticipation of lower domestic and international production, prices improved to a level of Rs. 3700 per qtl. subsequently. With Government reacting to the higher sugar prices, the prices dropped to around Rs. 3600 per qtl. Prices are expected to remain around these levels, though 2017-18 production is expected to be higher by 4-5 Million MT over 2016-17, due to a lower level of opening stock for the year. Due to lower production of sugar and molasses within the Country in the current year, the price of molasses saw a significant increase over the previous year.

With the improvement in sugar prices, the financial health of the industry has improved, resulting in timely payment of cane dues and other expenses.

The Industry has worked closely and consistently with Government to ensure adequate availability of sugar for domestic consumption. This has diluted the need for sugar to be considered as an essential commodity. Further, 60% of sugar is consumed by industrial users, small businesses and high income household segments. Even for a low income household 10% increase in sugar price would result in less than 1% increase in monthly food expense. Yet Sugar continues to be highly regulated with respect to cane pricing, cane area reservation, molasses controls etc. Sugar regulations need to evolve to facilitate transformation of the sugar sector to higher levels of sustainability and performance.

The Indian Government's policies need to support the sugar industry considering its massive impact on agro-economy and associated social objective encompassing large masses. Creation of a correlation between sugar & cane pricing is a prerequisite for sustainable growth of the industry.

In Uttar Pradesh, the molasses availability and alcohol production this year was higher because of higher cane crush than the previous year. Due to shortage of molasses in other States, U.P. is well placed in the current year to expand its market share.

Overall the financial year 2016-17 has been good for the Industry with satisfactory profits and an improved credit risk profile.

### **Chemicals**

Due to lower domestic demand in China arising from tighter regulation of excessive use of anti-biotics, Chinese competitors intensified their aggressive pricing and marketing policies overseas.

Faced with a difficult market situation, the Company continued with its efforts to maintain profitability, by improved operations and optimizing cost of production. The situation with regard to products based on chlorinated processes was better due to good demand. Contract Manufacturing continued to support the profitability.

The Company undertook significant investments to reduce the environment load.

### **Rayon**

Shriram Rayons manufactures Rayon tyre cord yarn, grey and treated fabric. The products are used as reinforcement material in high performance tyres. The Unit is exporting the products to all major international tyre manufacturers.

The Unit has built up capability to supply treated fabric which is readily usable and preferred by the tyre companies. Unit achieved highest export during the year with well-established quality and timely deliveries. The Unit achieved substantial increase in sale of treated fabric which constituted 70% of total exports during the year.

To increase market share the Unit is working continuously for additional approvals of its products with new as well as existing customers. This has helped the Unit not only in increasing export volumes but also in achieving a broader customer base and wider geographical distribution.

As the current capacity is being optimally utilized, to meet additional market requirement, the Unit has undertaken debottlenecking to further increase production. However, the additional customer approvals in process as well as enhanced demand from existing customers is expected to be higher than the capacity. The Unit is, therefore, working on plans to further enhance its output.

The decreasing Euro Dollar parity has adversely affected export realizations. The Unit made all efforts to protect the margins by increasing plant productivity and cost reduction mainly in energy and wastage.

Implementation of energy related projects in previous years helped the Unit in optimizing energy cost by using agro-fuel and eliminating costly open market coal requirement. Husk storage facility was also enhanced to procure the same economically during the season.

Shriram Rayons also produces Nylon Chafer which is sold to domestic tyre manufacturers. The Unit has been able to increase sale marginally despite competition from imported tyres in Indian tyre market. The Unit was also pursuing approval of Nylon Chafer for export. The Unit succeeded in the same and started export for the first time.

The Unit continued its efforts to reduce, recycle and reuse water and could successfully reduce water consumption significantly.

The Effluent Treatment Plant is being continuously upgraded in an effort to stay ahead of the standards of Central Pollution Control Board and Rajasthan State Pollution Control Board.

#### **Material Development in human resources/ industrial relations front**

The Company's HR philosophy is that a dedicated, enlightened and contented work force is the life line for any business to achieve its goals. Strength of any organization is its employees. The Company continued its focus on development of its human resources to meet the present and future challenges with enhanced skills.

Industrial relations remained cordial in all operations during the year. As on 31.3.2017 the total number of employees on the Company's pay roll was 2482.

The Company undertakes various activities with community participation, keeping the larger interests of the society, in the areas of education, health care, rural development, environmental protection and infrastructure development in the areas where the Company's manufacturing Units are located.

#### **Environment protection**

The Company gives utmost importance to environment protection in and around the areas, where its operations are located. Tree plantation is an on-going activity both at Daurala and Kota. This activity not only improves the quality of air in the area, but also mitigates green house emissions, which are the major cause of global warming.

The Company's Units have progressively shifted to environment friendly fuels from fossil fuels for power generation. DSW has totally eliminated use of coal and SR continued to use agrowaste fuels in place of fossil fuels to a large extent.

# INDEPENDENT AUDITOR'S REPORT

---

TO THE MEMBERS OF  
DCM SHRIRAM INDUSTRIES LIMITED

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **DCM SHRIRAM INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act.

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

## Auditor's Responsibility

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

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) 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.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 32 and 33(a) to (c) and 33(e) of the standalone financial statements.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer Note 34(b) to the standalone financial statements.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on the audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management-Refer Note 46 to the standalone financial statements.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “**Annexure B**” a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**Jaideep Bhargava**  
Partner  
(Membership No. 90295)

Place : New Delhi  
Date : May 23, 2017

#### **ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

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

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

We have audited the internal financial controls over financial reporting of **DCM SHRIRAM INDUSTRIES LIMITED** (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to

# **INDEPENDENT AUDITOR'S REPORT (continued)**

---

an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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

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

## **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

**Jaideep Bhargava**  
Partner  
(Membership No. 90295)

Place : New Delhi  
Date : May 23, 2017

## **ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**

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

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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) According to the information and explanations given to us and the records examined by us and based on the confirmation obtained by the Company from the custodian of the Company, with whom the title deeds are deposited as security for loans and the examination of the registered sale deed / transfer deed / conveyance deed, provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

(Rs./Lakhs)

Particulars of the land	Amount as on 31-03-2017	Remarks
Land situated at Daurala, Uttar Pradesh	88.37	Vested pursuant to a Scheme of Arrangement of erstwhile DCM Limited, are yet to be endorsed in the name of the Company.
Land Situated at Daurala, Uttar Pradesh	44.95	The title deeds are in the name of Daurala Organics Limited, erstwhile company that was merged with the Company under section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High court of judicature.

In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement except the following.

(Rs./Lakhs)

Particulars of the land	Amount as on 31-03-2017	Remarks
Land situated at Kota, Rajasthan	0.58	Acquired pursuant to a Scheme of Arrangement of erstwhile DCM Limited, are yet to be endorsed in the name of the Company.

- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals other than for stock lying with third parties and/ or goods in transit for which confirmations have been obtained and subsequent receipts have been verified in most of the cases. 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including, Provident Fund, Employees' State Insurance, Entry Tax, Income tax, Tax deducted at source, Sales Tax, Service Tax, Purchase Tax, Customs Duty, Excise Duty, Value Added Tax, Works Contract Tax, Cess and other material statutory dues



## **INDEPENDENT AUDITOR'S REPORT (continued)**

applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Entry Tax, Income-tax, Tax deducted at source, Sales Tax, Service Tax, Purchase Tax, Customs Duty, Excise Duty, Value Added Tax, Works Contract Tax, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

- (b) Details of dues of Excise Duty, Service Tax, Income-tax and Sales Tax matters which have not been deposited as on March 31, 2017 by the Company on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount involved * (Rs. lakhs)	Amount paid under protest (Rs. lakhs)
Central Excise Act, 1944	Excise Duty	Additional Commissioner (Appeals)	2011-12 2013-14	<b>48.50</b>	-
	Modvat Credit	Commissioner (Appeals)	1995-96, November '04 to December '08	<b>31.79</b>	-
Service Tax Laws-Finance Act, 1994	Service Tax	Customs, Excise & Service Tax Appellate Tribunal	July '12 to March '14 and 2011-12	<b>360.02</b>	<b>16.19</b>
		Commissioner (Appeals)	March '12 to February '13 January '14 to December '14, April '14 to May '15	<b>306.71</b>	-
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2003-06	<b>1708.75</b>	<b>1708.75</b>
Sales Tax Laws	Sales Tax	Additional Commissioner (Appeal)	2004-05 2013-14	<b>7.85</b>	<b>0.88</b>

\* 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 favorable orders received by the Company:

Name of the Statute	Nature of dues	Forum where department has preferred appeal	Period to which the amount relates (various years covering the period)	Amount involved * (Rs. lakhs)	Amount paid under protest (Rs. lakhs)
Central Excise Act, 1944	Excise duty	Customs, Excise & Service Tax Appellate Tribunal	2005-06	<b>12.08</b>	-
		High Court	1998-99	<b>3.54</b>	-
	Modvat Credit	High Court	1995-96	<b>15.15</b>	-
Service Tax Laws-Finance Act, 1994	Service Tax	Customs, Excise & Service Tax Appellate Tribunal	2009-14	<b>59.60</b>	<b>1.54</b>
Sales Tax Laws	Sales Tax	High Court	1976-77, 1978-80, 1984-85, 1989-90, 1992-93, 1995-96, 1997-98 and 2008-11	<b>133.10</b>	-
Sales Tax Laws	Sales Tax	Commercial tax Tribunal	2011-13	<b>14.16</b>	-

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

---

We have been further informed that there are no dues in respect of Customs Duty and Value Added Tax which have not been deposited as on March 31, 2017 on account of any dispute.

- (viii) 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 and financial institutions. The Company has neither taken any loans or borrowings from government nor has issued any debentures during the year.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**Jaideep Bhargava**  
Partner  
(Membership No. 90295)

Place : New Delhi  
Date : May 23, 2017

# Balance Sheet as at March 31, 2017

Particulars	Note No.	As at 31.03.2017 Rs.lakhs	As at 31.03.2016 Rs.lakhs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	1,739.84	1,739.84
Reserves and surplus	3	33,504.95	23,788.71
		<b>35,244.79</b>	<b>25,528.55</b>
<b>Non-current liabilities</b>			
Long - term borrowings	4	2,517.15	7,246.38
Deferred tax liabilities (Net)	5	5,789.18	5,941.29
Other long-term liabilities	6	166.36	118.29
Long-term provisions	7	832.20	741.14
		<b>9,304.89</b>	<b>14,047.10</b>
<b>Current liabilities</b>			
Short-term borrowings	8	34,417.36	27,671.88
Trade payables	9		
- Total outstanding dues of Micro and Small enterprises		-	-
- Total outstanding dues of creditors other than Micro and Small enterprises		25,379.15	27,543.34
Other current liabilities	10	7,324.39	10,393.78
Short-term provisions	11	274.83	885.01
		<b>67,395.73</b>	<b>66,494.01</b>
<b>TOTAL</b>		<b>1,11,945.41</b>	<b>1,06,069.66</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	12		
- Tangible assets		31,398.12	31,992.85
- Intangible assets		103.76	124.82
- Capital work in progress		330.93	753.28
		<b>31,832.81</b>	<b>32,870.95</b>
Non - current investments	13	613.40	613.40
Long - term loans and advances	14	4,376.52	4,212.32
		<b>36,822.73</b>	<b>37,696.67</b>
<b>Current assets</b>			
Current investments	15	199.75	895.91
Inventories	16	55,517.70	51,041.46
Trade receivables	17	13,677.67	11,365.10
Cash and cash equivalents	18	1,240.88	908.87
Short - term loans and advances	19	3,729.68	3,505.27
Other current assets	20	757.00	656.38
		<b>75,122.68</b>	<b>68,372.99</b>
<b>TOTAL</b>		<b>1,11,945.41</b>	<b>1,06,069.66</b>

## Significant Accounting Policies

1

## Accompanying notes 1 to 48 form part of the financial statements

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

B.P. Khandelwal  
President

Jaideep Bhargava  
Partner

N.K. Jain  
Chief Financial Officer

Place : New Delhi  
Date : 23.5.2017

Y.D. Gupta  
Chief General Manager &  
Company Secretary

For and on behalf of the Board

Shri Tilak Dhar  
Chairman & Managing Director

Shri Alok B. Shriram  
Vice Chairman &  
Dy. Managing Director

Shri Madhav B. Shriram  
Dy. Managing Director

Shri K.N. Rao  
Shri P.R. Khanna  
Shri S.B. Mathur

Shri Ravinder Narain  
Shri S.C. Kumar  
Shri C. Vikas Rao

Smt. Kavitha Dutt Chitturi  
Directors

# Statement of Profit and Loss for the year ended March 31, 2017



Particulars	Note No.	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs. lakhs
<b>REVENUE</b>			
Revenue from operations	21	1,55,914.18	1,26,412.69
Less: Excise duty		6,332.34	4,800.21
		<u>1,49,581.84</u>	<u>1,21,612.48</u>
Other income	22	932.46	972.32
<b>TOTAL REVENUE</b>		<u>1,50,514.30</u>	<u>1,22,584.80</u>
<b>EXPENSES</b>			
Cost of materials consumed	23	82,027.60	76,975.95
Purchase of traded goods	24	10,775.38	8,432.26
(Increase)/ Decrease in inventories of finished goods, work-in-progress and traded goods	25	(4,064.15)	(8,920.96)
Employee benefits expense	26	13,078.76	10,174.25
Finance costs	27	3,068.03	3,524.09
Depreciation and amortisation	28	1,774.39	1,864.98
Other expenses	29	28,707.97	26,663.44
<b>TOTAL EXPENSES</b>		<u>1,35,367.98</u>	<u>1,18,714.01</u>
<b>Profit before tax</b>		<b>15,146.32</b>	<b>3,870.79</b>
<b>Tax expense:</b>	30		
Current tax		3,246.38	-
Deferred tax (credit) / charge		(152.11)	546.97
		<u>3,094.27</u>	<u>546.97</u>
<b>Profit for the year</b>		<u>12,052.05</u>	<u>3,323.82</u>
<b>Earnings per equity share - basic/ diluted (Rs.)</b>	31	<b>69.27</b>	<b>19.10</b>
<b>Significant Accounting Policies</b>	1		

Accompanying notes 1 to 48 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 : 23.5.2017

B.P. Khandelwal  
President

N.K. Jain  
Chief Financial Officer

Y.D. Gupta  
Chief General Manager &  
Company Secretary

For and on behalf of the Board

Shri Tilak Dhar  
Chairman & Managing Director

Shri Alok B. Shriram  
Vice Chairman &  
Dy. Managing Director

Shri Madhav B. Shriram  
Dy. Managing Director

Shri K.N. Rao  
Shri P.R. Khanna  
Shri S.B. Mathur

Shri Ravinder Narain  
Shri S.C. Kumar  
Shri C. Vikas Rao

Smt. Kavitha Dutt Chitturi  
Directors

# Cash Flow Statement for the year ended March 31, 2017

	Year ended <u>31.03.2017</u> Rs. lakhs	Year ended <u>31.03.2016</u> Rs. lakhs
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>15,146.32</b>	3,870.79
<b>Adjustments for :</b>		
Depreciation and amortisation	1,774.39	1,864.98
Finance costs	3,068.03	3,524.09
Interest income	(85.22)	(99.53)
Profit on sale of fixed assets / discarded assets	(9.20)	(6.05)
Loss on sale of fixed assets	156.71	131.68
Profit on sale of current investments	(43.26)	(142.22)
<b>Operating profit before working capital changes</b>	<b>20,007.77</b>	9,143.74
<b>Adjustments for :</b>		
(Decrease) / Increase in trade payables, other current liabilities and short-term provisions	(2,001.18)	4,636.21
Increase / (Decrease) in long-term liabilities and long-term provisions	104.85	(91.44)
(Increase) / Decrease in trade receivables, short-term loans and advances and other current assets	(2,614.31)	2,333.58
(Increase) / Decrease in long-term loans and advances	153.41	(172.11)
(Increase) in inventories	(4,476.24)	(8,308.13)
<b>Cash generated from operations</b>	<b>11,174.30</b>	7,541.85
Net income tax paid	(3,437.13)	(768.22)
<b>Net cash generated from operating activities ( A )</b>	<b>7,737.17</b>	6,773.63
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(2,697.26)	(2,348.49)
Proceeds from sale of fixed assets	44.45	43.21
Purchase of current investments	-	(3,308.81)
Proceeds from sale of current investments	739.42	3,796.61
Movement in bank balances not considered as cash and cash equivalents	(341.43)	(106.61)
Interest received	61.93	104.24
<b>Net cash (used in) investing activities ( B )</b>	<b>(2,192.89)</b>	(1,819.85)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	318.11	4,877.64
Repayment of long-term borrowings	(8,099.67)	(3,220.62)
(Decrease) / Increase in short-term borrowings	6,745.48	(2,730.69)
Finance costs	(3,183.50)	(3,561.66)
Dividend on equity share capital paid	(1,103.89)	(166.57)
Corporate dividend tax paid	(230.23)	(35.42)
<b>Net cash (used in) financing activities ( C )</b>	<b>(5,553.70)</b>	(4,837.32)
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(9.42)</b>	116.46
<b>Cash and cash equivalents at the beginning of the year</b>	<b>513.52</b>	397.06
<b>Cash and cash equivalents at the close of the year</b>	<b>504.10</b>	513.52

Accompanying notes 1 to 48 form part of the financial statements

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

B.P. Khandelwal  
President

Jaideep Bhargava  
Partner

N.K. Jain  
Chief Financial Officer

Place : New Delhi  
Date : 23.5.2017

Y.D. Gupta  
Chief General Manager &  
Company Secretary

For and on behalf of the Board

Shri Tilak Dhar  
Chairman & Managing Director

Shri Alok B. Shriram  
Vice Chairman &  
Dy. Managing Director

Shri Madhav B. Shriram  
Dy. Managing Director

Shri K.N. Rao  
Shri P.R. Khanna  
Shri S.B. Mathur

Shri Ravinder Narain  
Shri S.C. Kumar  
Shri C. Vikas Rao

Smt. Kavitha Dutt Chitturi  
Directors

**1. Significant Accounting Policies**

a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention as modified to include the revaluation of certain fixed assets upto March 31, 2016 (Refer note 45). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make prudent and reasonable 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 including taxes and other incidental expenses related to acquisition, installation cost, etc. except for certain fixed assets which are revalued and are, therefore, stated at their revalued book values. Financing costs (up to the date the assets are ready for their intended use) 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 (Refer note 45).

ii) 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, the related asset's recoverable amount is estimated and an impairment loss is recognised, if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use which is determined by discounting the estimated future cash flows to their present value based on an appropriate discount factor.

d) Depreciation and amortisation

i) Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets is provided on the straight-line method as per the useful life prescribed in the Schedule II to the Companies Act, 2013.

Amortisation of intangible fixed assets, being computer software is done on straight line method over 5 years.

ii) Depreciation is calculated on a pro-rata basis in respect of additions 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 General Reserve (Refer note 45).

iv) 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, other than temporary, in the value of such investments. Current investments are stated at cost or fair value, whichever is lower.

f) Inventories

Inventories are 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 and the capital expenditure is included in fixed assets.

## Notes forming part of the financial statements (continued)

---

### h) Government Grants, subsidies and export benefits

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the same will be received. Government grants and subsidies are recognised as income and / or as reduction of cost over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

### i) Employee benefits

Provision for employee benefits charged on accrual basis is determined based on Accounting Standard (AS) 15 (Revised) "Employee Benefits" as specified under section 133 of the Companies Act, 2013.

i) Contributions to the provident fund, gratuity fund and superannuation fund are charged to the statement of profit and loss.

ii) Gratuity liability determined at balance sheet date on an actuarial basis is provided to the extent not covered by the funds available in the gratuity fund. Excess funding, if any, is recognised as an asset.

iii) Provision for privilege and medical leave salary is determined on actuarial basis.

iv) Provision for casual leave is determined on arithmetical basis.

v) Actuarial gains / losses are recognised in the Statement of Profit & Loss.

### 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 the 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

Sale of goods is recognised, net of returns and trade discounts on the transfer of significant risks and rewards of ownership to the buyer which generally coincides with the dispatch of goods to customers. Gross sales are inclusive of excise duty and net of value added tax / sales tax.

Sale of Renewable Energy Certificates (RECs) is recognised as income on delivery of the RECs to customer's account as evidenced by confirmation of delivery instructions.

Other income includes interest income accounted on time - proportion basis and dividend income accounted for as and when the right to receive the payment is established.

### l) Income-tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

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 and items relating to capital 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.

### m) Operating Cycle

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

## 2. Share capital

	As at <u>31.03.2017</u> Rs. lakhs	As at <u>31.03.2016</u> Rs. lakhs
<b>Authorised</b>		
6,50,00,000 (2015-16 - 6,50,00,000) Equity shares of Rs. 10 each	<u>6,500.00</u>	<u>6,500.00</u>
<b>Issued, subscribed and fully paid up</b>		
1,73,98,437 (2015-16 - 1,73,98,437) Equity shares of Rs. 10 each	<u>1,739.84</u>	<u>1,739.84</u>

- (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 <u>31.03.2017</u> No of shares	As at <u>31.03.2016</u> No of shares
a) Bantam Enterprises Private Limited	13,45,320	13,45,320
b) HB Stockholdings Limited	38,94,846	43,46,615
c) Life Insurance Corporation of India	13,31,259	13,31,259
d) Lily Commercial Private Limited	10,44,323	10,44,323
e) Versa Trading Limited	22,24,725	22,24,725

## 3. Reserves and surplus

	As at <u>31.03.2017</u> Rs. lakhs	As at <u>31.03.2016</u> Rs. lakhs
Amalgamation Reserve *	1,411.38	1,411.38
Capital Redemption Reserve	0.10	0.10
Securities Premium Account	3,406.68	3,406.68
Revaluation Reserve	-	1,602.89
General Reserve	13,465.60	13,465.60
Surplus in Statement of Profit and Loss	<u>15,221.19</u>	<u>3,902.06</u>
	<u>33,504.95</u>	<u>23,788.71</u>

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

	As at <u>31.03.2017</u> Rs. lakhs	As at <u>31.03.2016</u> Rs. lakhs
<b>Movement in reserves and surplus is as under :</b>		
<b>(a) Revaluation Reserve</b>		
Opening balance	1,602.89	1,711.27
Less: Revalued amount adjusted in carrying amount of fixed assets ( Refer Note 45 ).	1,602.89	-
Less: Depreciation on revalued amount of fixed assets transferred to General reserve ( Refer Note 1 ( d ) (iii)).	-	107.35
Less: Utilised for set off on deletion of revalued assets	-	1.03
Closing balance	<u>-</u>	<u>1,602.89</u>
<b>(b) General Reserve</b>		
Opening balance	13,465.60	13,358.25
Add : Transferred from revaluation reserve	-	107.35
Closing balance	<u>13,465.60</u>	<u>13,465.60</u>



## Notes forming part of the financial statements (continued)

	As at <u>31.03.2017</u> Rs. lakhs	As at <u>31.03.2016</u> Rs. lakhs
<b>(c) Surplus in Statement of Profit and Loss</b>		
Opening balance	3,902.06	1,206.45
Add: Profit for the year	<u>12,052.05</u>	<u>3,323.82</u>
	15,954.11	4,530.27
Less :Appropriations		
Interim Dividend on equity shares (Dividend per share Rs.3.50 (2015-16 -Rs. Nil))	608.95	-
Tax on Interim Dividend	123.97	-
Proposed Dividend on equity shares *	-	521.95
Tax on Proposed Dividend *	-	106.26
Closing balance	<u>15,221.19</u>	<u>3,902.06</u>

\* The Board of Directors have proposed a final dividend of Rs. 6.50 per share for the financial year 2016-17 (2015-16 - Rs. 3.00 per share) aggregating to Rs. 1361.12 lakhs (including corporate dividend tax). The proposed dividend for 2016-17 is subject to approval of shareholders in the ensuing Annual General Meeting and has not been considered in these accounts in accordance with revised Accounting Standard 4 (AS-4) "Contingencies and events occurring after balance sheet date", effective from April 1, 2016.

### 4. Long - term borrowings

	As at <u>31.03.2017</u> Rs. lakhs	As at <u>31.03.2016</u> Rs. lakhs
<b>Secured</b>		
Term loans		
- From banks	4,868.96	12,299.68
- From others	-	360.99
	<u>4,868.96</u>	<u>12,660.67</u>
<b>Unsecured</b>		
Public deposits	494.99	476.59
	<u>5,363.95</u>	<u>13,137.26</u>
Less : Current maturities of long term borrowings	<u>2,846.80</u>	<u>5,890.88</u>
	<u>2,517.15</u>	<u>7,246.38</u>

#### Details of Current maturities of long term borrowings:

	As at <u>31.03.2017</u> Rs. lakhs	As at <u>31.03.2016</u> Rs. lakhs
<b>Secured</b>		
Term loans		
- From banks	2,846.80	5,296.64
- From others	-	360.99
<b>Unsecured</b>		
Public deposits	-	233.25
	<u>2,846.80</u>	<u>5,890.88</u>

### SECURED

#### I. Banks

- Nil (2015-16 – Rs.625.00 lakhs), Rs.453.12 lakhs (2015-16 – Rs. 815.63 lakhs) and Rs.630.00 lakhs (2015-16 – Rs.840.00 lakhs) currently carrying interest between 7.20% p.a. to 12.25% p.a.(net of interest subvention), repayable in 0, 5 and 12 quarterly installments 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 first charge holders for their respective term loans.
- Nil (2015-16 – Rs.202.39 lakhs) was 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 first charge holders for their respective term loans. Also exclusive charge on assets to be acquired in Daurala Organics, a unit of the Company.

- c) Nil (2015-16 – Rs.120.00 lakhs), Rs.280.00 lakhs (2015-16 – Rs.560.00 lakhs) and Rs.309.37 lakhs (2015-16 – Rs.515.62 lakhs) currently carrying interest between 7.30% p.a. to 8.40% p.a. (net of interest subvention), repayable in 0, 4 and 6 quarterly installments respectively, are secured by first charge on specific movable assets of Shriram Rayons, a unit of the Company.
- d) Rs.122.42 lakhs (2015-16 – Rs.291.17 lakhs) currently carrying interest of 12.30% p.a. repayable in 6 quarterly installments 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, both present and future, excluding the assets exclusively charged 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 first charge holders for their respective term loans.
- e) Rs.1213.89 lakhs (2015-16 – Rs.1900.00 lakhs), Rs.163.19 lakhs (2015-16 – Rs.235.00 lakhs) and Nil (2015-16 – Rs.2000.00 lakhs) carrying Nil interest (net of interest subvention), repayable in 23 and 25 monthly installments respectively, are secured by residual charge on fixed assets of sugar factory at Daurala Sugar Works, a unit of the Company.
- f) Rs.1040.00 lakhs (2015-16 – Rs.1560.00 lakhs) carrying Nil interest (net of interest subvention), repayable in 8 quarterly installments, is 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 first charge holders for their respective term loans and 2nd pari-passu charge on all current assets of sugar division of the Company excluding stocks pledged with Distt. Co-operative Banks.
- g) Nil (2015-16 – Rs.1000.00 lakhs) and Nil (2015-16 – Rs.812.00 lakhs) were secured by a first mortgage and charge on all fixed assets of Sugar factory at Daurala Sugar Works, 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 first charge holders for their respective term loans
- h) Rs.325.19 lakhs (2015-16 – Rs.447.97 lakhs) carrying interest of 12.45% p.a., repayable in 14 quarterly installments, is secured by 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 first charge holders for their respective term loans and exclusive charge on assets acquired / to be acquired out of the loan in Distillery and Chemical divisions of Daurala Sugar Works and Shriram Rayons, units of the Company.
- i) Rs.297.77 lakhs (2015-16 – Rs.322.79 lakhs) carrying interest of 11.15% p.a., repayable in 15 quarterly installments, is secured by first charge on specific movable assets of Distillery division of Daurala Sugar Works, a unit of the Company.
- j) Rs.34.01 lakhs (2015-16 – Rs.52.11 lakhs) currently carrying interest of 10.20% p.a., repayable in 42 monthly installments, is secured by hypothecation of specific assets.

## II. Others

Nil (2015-16 – Rs.360.99 lakhs) was 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 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
<b>(a) Deferred tax liabilities</b>		
- Depreciation	6,781.59	6,461.84
<b>(b) Deferred tax assets</b>		
- Accrued expenses deductible on payment	609.66	159.44
- Provision for gratuity and leave salary	348.51	310.76
- Provision for doubtful debts and advances	10.82	14.05
- Others	23.42	36.30
	<b>992.41</b>	<b>520.55</b>
<b>Net</b>	<b>5,789.18</b>	<b>5,941.29</b>

### 6. Other long - term liabilities

	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
Trade payables		
- Micro and Small enterprises*	-	-
- Others	47.20	45.33
Others		
- Interest accrued but not due on borrowings	36.63	2.35
- Others	82.53	70.61
	<b>166.36</b>	<b>118.29</b>

\* Refer note 36

## Notes forming part of the financial statements (continued)

### 7. Long - term provisions

	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
Provision for employee benefits *		
- Leave salary	732.20	641.14
Provision for contingencies **	100.00	100.00
	<u>832.20</u>	<u>741.14</u>

\* Refer note 43

\*\* Refer note 32

### 8. Short - term borrowings

	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
Loans repayable on demand – Secured from banks *	34,267.36	27,521.88
– Unsecured Others	150.00	150.00
	<u>34,417.36</u>	<u>27,671.88</u>

\* Secured by hypothecation of stocks, stores, book debts and receivables, both present and future / pledge of stocks / third pari passu charge on some of the Company's fixed assets. Some of these are further secured by way of second / third pari-passu mortgage and charge on the fixed assets, both present and future.

### 9. Trade payables

	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
Total outstanding dues of Micro and Small enterprises*	-	-
Total outstanding dues of creditors other than Micro and Small enterprises#	25,379.15	27,543.34
	<u>25,379.15</u>	<u>27,543.34</u>

\* Refer note 36

# Includes acceptances Rs. 3,084.30 lakhs (2015-16 Rs. 3,001.80 lakhs).

### 10. Other current liabilities

	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
Current maturities of long term borrowings *	2,846.80	5,890.88
Interest accrued but not due on borrowings	38.55	186.28
Unclaimed dividends	106.08	79.07
Unclaimed deposits and interest accrued thereon	-	10.27
Payables for fixed assets		
- Micro and Small enterprises **	-	-
- Others	74.34	113.64
Other payables		
- Statutory dues	3,643.38	3,371.07
- Advances from customers	201.36	135.39
- Security deposits	260.61	376.71
- Others	153.27	230.47
	<u>7,324.39</u>	<u>10,393.78</u>

\* Refer note 4

\*\* Refer note 36

### 11. Short - term provisions

	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
Provision for employee benefits *		
- Leave salary	274.83	256.80
Proposed dividend	-	521.95
Tax on dividend	-	106.26
	<u>274.83</u>	<u>885.01</u>

\* Refer note 43

**12. Fixed Assets**

Rs.lakhs

Particulars	Gross block					Depreciation and Amortisation					Net block	
	As at 31.03.2016	Additions	Deductions	Adjustment #	As at 31.03.2017	As at 31.03.2016	For the year	On deductions	Adjustment #	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>Tangible Assets</b>												
Land - Free Hold *	789.26	-	-	323.40	465.86	-	-	-	-	-	465.86	789.26
- Lease Hold *	465.35	-	-	464.77	0.58	-	-	-	-	-	0.58	465.35
Buildings	8,207.33	269.70	-	3,176.74	5,300.29	4,433.47	108.27	-	2,669.55	1,872.19	3,428.10	3,773.86
Plant and equipment	58,450.11	2,373.34	958.18	8,079.59	51,785.68	32,284.39	1,417.63	784.91	7,772.06	25,145.05	26,640.63	26,165.72
Furniture and fixtures	580.86	21.08	7.11	-	594.83	507.53	25.22	6.31	-	526.44	68.39	73.33
Vehicles	880.50	202.97	83.92	-	999.55	414.99	106.39	66.17	-	453.21	546.34	465.51
Office equipment	754.38	76.41	11.74	-	819.05	494.56	85.87	9.60	-	570.83	248.22	259.82
<b>Total Tangible Assets (A)</b>	70,127.79	2,943.50	1,060.95	12,044.50	59,965.84	38,134.94	1,743.38	868.99	10,441.61	28,567.72	31,398.12	-
Previous year	68,460.71	2,171.39	504.31	-	70,127.79	36,540.91	1,835.70	241.67	-	38,134.94	-	31,992.85
<b>Intangible Assets</b>												
Software	154.10	9.95	-	-	164.05	29.28	31.01	-	-	60.29	103.76	124.82
<b>Total Intangible Assets (B)</b>	154.10	9.95	-	-	164.05	29.28	31.01	-	-	60.29	103.76	-
Previous year	-	154.10	-	-	154.10	-	29.28	-	-	29.28	-	124.82
<b>Total Assets (A+B)</b>	70,281.89	2,953.45	1,060.95	12,044.50	60,129.89	38,164.22	1,774.39	868.99	10,441.61	28,628.01	31,501.88	-
Previous year	68,460.71	2,325.49	504.31	-	70,281.89	36,540.91	1,864.98	241.67	-	38,164.22	-	32,117.67
Capital work in progress											330.93	753.28

# The Company had in earlier years, based on independent valuation by an approved valuer, revalued some of its fixed assets at depreciated current replacement values.

The amounts relating to such revaluations, included in Gross block of fixed assets and accumulated depreciation as on 31st March, 2016, have during the year been reversed and adjusted with revaluation reserve (refer note 45).

\* Refer Note 47

## Notes forming part of the financial statements (continued)

### 13. Non-current investments\*

	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
<b>Trade Investments – Unquoted</b>		
<b>Investments in equity instruments</b>		
- Daurala Co-operative Development Union Limited		
2 (2015-2016 - 2) Equity shares of Rs. 10 each, fully paid-up @ (Rs.20)	@	@
<b>Other Investments - Unquoted</b>		
<b>Investments in equity instruments</b>		
- Investment in shares of Subsidiary company		
- Daurala Foods & Beverages Private Limited		
75,00,000 (2015-2016 – 75,00,000) 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 (2015-2016 - 19,72,000) Equity shares of Rs. 10 each, fully paid up	166.00	166.00
<b>Investment in preference shares</b>		
- Versa Trading Limited		
7,00,000 (2015-2016 - 7,00,000) 5% Redeemable non-cumulative		
Preference shares of Rs. 100 each, fully paid-up	700.00	700.00
Less :Provision for diminution in value	700.00	700.00
	<u>613.40</u>	<u>613.40</u>
(i) Aggregate amount of unquoted investments (net of provision for diminution in value)	613.40	613.40
(ii) Aggregate provision for diminution in value of investments	700.00	700.00
* Refer Note 1 (e)		

### 14. Long-term loans and advances

(unsecured, considered good unless otherwise stated)

	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
Capital advances	170.56	43.70
Security deposits	316.49	303.07
MAT Credit entitlement	2,395.24	2,407.84
Advance tax (net of provision) *	1,181.72	978.37
Other loans and advances		
- Excise, Cenvat and VAT receivable	275.08	437.43
- To employees	28.04	29.08
- Others		
- Unsecured - considered good	9.39	12.83
- Unsecured - considered doubtful	1.30	1.30
	<u>4,377.82</u>	<u>4,213.62</u>
Less : Provision for doubtful advances	1.30	1.30
	<u>4,376.52</u>	<u>4,212.32</u>

\* Including adjustment for MAT credit utilised during the year of Rs. 450.11 lakhs (2015-16 Rs. Nil).

**15. Current investments \***

	<b>As at</b> <b>31.03.2017</b> <b>Rs. lakhs</b>	<b>As at</b> <b>31.03.2016</b> <b>Rs. lakhs</b>
<b>Investments in Mutual Funds – Fully paid up Unquoted</b>		
70353.178 (2015-16 – 146900.049) Birla Sunlife Saving Fund - Growth Regular Plan units of Rs.10 each	<b>199.75</b>	405.00
Nil (2015-16 – 800234.423) HSBC Ultra Short Term Bond Fund - Growth units of Rs.10 each	-	100.91
Nil (2015-16 – 1572327.044) HSBC Income Fund - Short Plan Growth units of Rs. 10 each	-	390.00
	<b>199.75</b>	<b>895.91</b>
Aggregate repurchase price of units of mutual funds	<b>224.18</b>	927.99
* Refer note 1(e)		

**16. Inventories \***

	<b>As at</b> <b>31.03.2017</b> <b>Rs. lakhs</b>	<b>As at</b> <b>31.03.2016</b> <b>Rs. lakhs</b>
Raw materials **	<b>6,319.78</b>	5,631.88
Work-in-progress	<b>1,372.29</b>	1,257.21
Finished goods ***	<b>44,677.80</b>	40,728.73
Stores and spares	<b>3,147.83</b>	3,423.64
	<b>55,517.70</b>	<b>51,041.46</b>

\* Refer note 1(f)

\*\* Includes raw materials in transit Rs. 356.95 lakhs (2015-16 Rs.25.15 lakhs)

\*\*\* Includes finished goods in transit Rs. 686.24 lakhs (2015-16 Rs.581.07 lakhs)

**17. Trade receivables**

	<b>As at</b> <b>31.03.2017</b> <b>Rs. lakhs</b>	<b>As at</b> <b>31.03.2016</b> <b>Rs. lakhs</b>
<b>Outstanding for a period exceeding 6 months from the date they are due for payment</b>		
Unsecured - considered good	-	7.39
- considered doubtful	<b>29.97</b>	39.32
	<b>29.97</b>	46.71
Less : Provision for doubtful receivables	<b>29.97</b>	39.32
	-	7.39
<b>Others</b>		
Secured - considered good	-	5.37
Unsecured - considered good	<b>13,677.67</b>	11,352.34
	<b>13,677.67</b>	<b>11,357.71</b>
	<b>13,677.67</b>	11,365.10

## Notes forming part of the financial statements (continued)

### 18. Cash and cash equivalents

	As at <u>31.03.2017</u> Rs. lakhs	As at <u>31.03.2016</u> Rs. lakhs
Cash and cash equivalents :		
- Cash in hand	30.34	33.02
- Balances with banks – in current accounts	473.76	480.50
Cash and cash equivalents (As per AS-3 Cash Flow Statement) (A)	<u>504.10</u>	<u>513.52</u>
Other bank balances :		
In deposit accounts		
- Original maturity more than 3 months and upto 12 months	103.59	126.74
- Original maturity more than 12 months *	6.42	25.44
In earmarked accounts		
- Unpaid dividend accounts	106.08	79.07
- Balances held as margin money or security against borrowings, guarantees and other commitments		
- Original maturity more than 3 months and upto 12 months	62.48	18.19
- Original maturity more than 12 months *	438.49	138.34
- Other earmarked accounts	19.72	7.57
Other bank balances	(B) <u>736.78</u>	<u>395.35</u>
Cash and cash equivalents	(A+B) <u>1,240.88</u>	<u>908.87</u>
* Balances with banks include deposits with remaining maturity of more than 12 months from the balance sheet date	328.04	126.67

### 19. Short - term loans and advances

(Unsecured considered good unless otherwise stated)

	As at <u>31.03.2017</u> Rs. lakhs	As at <u>31.03.2016</u> Rs. lakhs
Other loans and advances		
- Security deposits	0.02	0.23
- Excise, Cenvat, VAT receivable and other Govt. dues	2,051.85	1,878.49
- To employees	24.03	25.94
- Others	1,653.78	1,600.61
	<u>3,729.68</u>	<u>3,505.27</u>

### 20. Other current assets

	As at <u>31.03.2017</u> Rs. lakhs	As at <u>31.03.2016</u> Rs. lakhs
Interest accrued on deposits	42.66	19.37
Unbilled revenue	714.34	637.01
	<u>757.00</u>	<u>656.38</u>

**21. Revenue from operations**

	Year ended <u>31.03.2017</u> Rs. lakhs	Year ended <u>31.03.2016</u> Rs. lakhs
<b>Sale of products</b>		
- Export	38,839.21	34,165.36
- Domestic	1,10,845.47	87,644.16
	<u>1,49,684.68</u>	<u>1,21,809.52</u>
<b>Sale of services</b>		
- Processing charges	2,622.93	1,929.82
- Others	30.36	29.56
	<u>2,653.29</u>	<u>1,959.38</u>
	<u>1,52,337.97</u>	<u>1,23,768.90</u>
<b>Other operating revenues</b>		
- Sale of scrap	373.04	366.48
- Duty Draw back and Other export benefits	2,073.30	1,200.67
- Sale of Renewable Energy Certificates	1,126.88	1,074.86
- Others	2.99	1.78
	<u>3,576.21</u>	<u>2,643.79</u>
	<u>1,55,914.18</u>	<u>1,26,412.69</u>
Less: Excise duty	<u>6,332.34</u>	<u>4,800.21</u>
	<u>1,49,581.84</u>	<u>1,21,612.48</u>
<b>Product-wise particulars of sales are as under :</b>	<b>Year ended <u>31.03.2017</u> Rs. lakhs</b>	<b>Year ended <u>31.03.2016</u> Rs. lakhs</b>
Sugar	69,385.40	48,631.88
Alcohol	18,530.77	14,321.36
Organic / Fine chemicals	22,448.63	24,938.31
Industrial fibres	33,499.48	27,288.15
Others	5,820.40	6,629.82
	<u>1,49,684.68</u>	<u>1,21,809.52</u>

**22. Other income**

	Year ended <u>31.03.2017</u> Rs. lakhs	Year ended <u>31.03.2016</u> Rs. lakhs
Interest income *	85.22	99.53
Profit on sale of fixed assets	9.20	6.05
Provisions / Liabilities no longer required, written back	105.35	5.72
Rent	34.55	37.38
Profit on sale of current investments	43.26	142.22
Gain on foreign exchange fluctuation (net)	539.37	625.57
Miscellaneous income	115.51	55.85
	<u>932.46</u>	<u>972.32</u>

\* Income-tax deducted at source Rs.1.94 lakhs (2015-16 Rs.3.37 lakhs)

**23. Cost of materials consumed**

	Year ended <u>31.03.2017</u> Rs. lakhs	Year ended <u>31.03.2016</u> Rs. lakhs
Opening stock	5,631.88	5,742.64
Add: Purchases	82,715.50	76,865.19
	<u>88,347.38</u>	<u>82,607.83</u>
Less : Closing stock	6,319.78	5,631.88
	<u>82,027.60</u>	<u>76,975.95</u>
<b>Particulars of materials consumed are as under :</b>	<b>Year ended <u>31.03.2017</u> Rs. lakhs</b>	<b>Year ended <u>31.03.2016</u> Rs. lakhs</b>
Sugarcane	56,279.31	50,842.05
Wood pulp	7,849.74	7,282.73
Others	17,898.55	18,851.17
	<u>82,027.60</u>	<u>76,975.95</u>



## Notes forming part of the financial statements (continued)

### 24. Purchase of traded goods

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs.lakhs
Grain Spirits	10,775.38	8,432.26
	<u>10,775.38</u>	<u>8,432.26</u>

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

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs.lakhs
Opening stock		
Finished goods	40,728.73	31,645.84
Work in progress	1,257.21	1,395.13
Traded goods	-	24.01
	<u>41,985.94</u>	<u>33,064.98</u>
Closing stock		
Finished goods	44,677.80	40,728.73
Work in progress	1,372.29	1,257.21
Traded goods	-	-
	<u>46,050.09</u>	<u>41,985.94</u>
	<u>(4,064.15)</u>	<u>(8,920.96)</u>

#### Particulars of Stocks of Finished / Traded Goods & Work-in-progress are as under :

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs.lakhs
Stocks of Finished Goods / Traded Goods		
Sugar	41,936.71	36,944.34
Alcohol	800.81	352.11
Organic / Fine chemicals	689.58	584.66
Industrial fibres	1,181.60	2,781.87
Others	69.10	65.75
	<u>44,677.80</u>	<u>40,728.73</u>
Work-in-progress		
Sugar	623.91	430.16
Alcohol	51.92	82.25
Organic / Fine chemicals	358.02	368.10
Industrial fibres	338.44	376.70
	<u>1,372.29</u>	<u>1,257.21</u>

### 26. Employee benefits expense

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs.lakhs
Salaries,wages etc.	11,404.11	8,910.49
Contribution to provident and other funds	1,277.38	882.91
Staff welfare expenses	397.27	380.85
	<u>13,078.76</u>	<u>10,174.25</u>

### 27. Finance costs

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs.lakhs
Interest expense	2,648.30	3,200.69
Other borrowing costs	419.73	323.40
	<u>3,068.03</u>	<u>3,524.09</u>

**28. Depreciation and amortisation**

	Year ended <u>31.03.2017</u> Rs. lakhs	Year ended <u>31.03.2016</u> Rs. lakhs
Depreciation on tangible assets	1,743.38	1,835.70
Amortisation on intangible assets	31.01	29.28
	<u>1,774.39</u>	<u>1,864.98</u>

**29. Other expenses**

	Year ended <u>31.03.2017</u> Rs. lakhs	Year ended <u>31.03.2016</u> Rs. lakhs
Stores and spares	7,575.62	6,553.64
Power and fuel	8,136.26	7,432.78
Repairs - Building	929.55	249.69
- Plant and machinery	3,272.63	2,728.11
Rent	521.72	489.06
Auditors' remuneration		
- As auditors	41.50	39.00
- Limited review of unaudited financial results	23.40	21.33
- Verification of statements and other records	9.40	6.72
- Out-of-pocket expenses	1.62	1.37
Insurance	175.03	163.63
Rates and taxes	158.01	135.21
Increase / (decrease) in excise duty on finished goods	71.51	1,448.50
Freight and transport	913.73	706.20
Commission to selling agents	1,946.88	1,673.95
Loss on sale of fixed assets/ discarded assets	156.71	131.68
Donation	1.25	1.00
Corporate Social Responsibility	64.66	48.88
Bad debts and advances provided / written off	0.37	10.46
Miscellaneous expenses	4,708.12	4,822.23
	<u>28,707.97</u>	<u>26,663.44</u>

**30. Tax expense**

	Year ended <u>31.03.2017</u> Rs. lakhs	Year ended <u>31.03.2016</u> Rs. lakhs
Current Tax		
- Provision for tax	3,683.89	857.18
- MAT (credit) / reversal	(437.51)	(857.18)
	<u>3,246.38</u>	<u>-</u>
Deferred tax (credit) / charge	(152.11)	546.97
	<u>3,094.27</u>	<u>546.97</u>

	This year	Previous year
<b>31. Earnings per share</b>		
Profit after tax as per Statement of Profit and Loss (Rs.lakhs)	12,052.05	3,323.82
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.)	69.27	19.10

**32.** Provision for contingencies of Rs. 100 lakhs (2015-16 Rs. 100 lakhs) in Note 7 represents the maximum possible exposure on ultimate settlement of issues relating to reorganisation arrangement of the Company.

## Notes forming part of the financial statements (continued)

	As at <u>31.03.2017</u> (Rs. lakhs)	As at <u>31.03.2016</u> (Rs. lakhs)
<b>33. Contingent liabilities not provided for:-</b>		
a) Income tax matters*	196.55	196.55
b) Excise and Service tax matters*	777.78	482.09
c) Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	678.86	731.61
d) Bills discounted	1121.32	989.24
e) Sugarcane related matters	4201.70	-

\* 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.

34. a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs. 519.02 lakhs (2015-16 – Rs. 207.46 lakhs).
- 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 benefits including union agreement in normal course of business. The Company does not have any long term commitments / contracts including derivative contracts for which there will be any material foreseeable losses.
35. Research and development expenses amounting to Rs. 170.33 lakhs (2015-16 - Rs. 165.27 lakhs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. 18.05 lakhs (2015-16 - Rs. Nil) 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 Rs. Nil (2015-16 – Rs. Nil). Further no interest during the year has been paid or is 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" Specified under Section 133 of the Act, 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 statement, 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. lakhs)

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
<b>Segment revenue</b>										
External sales	92990.65	68249.36	34481.15	28322.98	24866.17	27196.56	-	-	152337.97	123768.90
Less : Excise Duty	4185.17	2533.98	310.45	318.92	1836.72	1947.31	-	-	6332.34	4800.21
Net External sales	88805.48	65715.38	34170.70	28004.06	23029.45	25249.25	-	-	1460005.63	118968.69
Other operating revenue	1930.68	1221.51	1267.10	1035.10	378.43	387.18	-	-	3576.21	2643.79
Inter segment revenue	5.88	41.86	-	-	-	2.70	(5.88)	(44.56)	-	-
Other Income	99.64	124.91	512.53	506.08	245.07	187.87	(3.14)	-	854.10	818.86
Unallocable income									78.36	153.46
<b>Total revenue</b>	<b>90841.68</b>	<b>67103.66</b>	<b>35950.33</b>	<b>29545.24</b>	<b>23652.95</b>	<b>25827.00</b>	<b>(9.02)</b>	<b>(44.56)</b>	<b>150514.30</b>	<b>122584.80</b>
<b>Segment results</b>	<b>16433.18</b>	<b>3467.32</b>	<b>4181.84</b>	<b>3697.03</b>	<b>941.08</b>	<b>2062.21</b>			<b>21556.10</b>	<b>9226.56</b>
Unallocated expenses (net of unallocable income)									3341.75	1831.68
Operating profit									18214.35	7394.88
Finance costs									3068.03	3524.09
<b>Profit before tax</b>									<b>15,146.32</b>	<b>3870.79</b>
<b>Tax expense</b>										
- Current tax									3246.38	-
- Deferred tax charge									(152.11)	546.97
<b>Profit after tax</b>									<b>12,052.05</b>	<b>3,323.82</b>
<b>Other information</b>										
Segment assets	67059.05	61425.22	27274.78	27243.20	12598.57	11598.18			106932.40	100266.60
Unallocated assets									5013.01	5803.06
<b>Total assets</b>	<b>67059.05</b>	<b>61425.22</b>	<b>27274.78</b>	<b>27243.20</b>	<b>12598.57</b>	<b>11598.18</b>			<b>111945.41</b>	<b>106069.66</b>
Segment liabilities	18137.02	22919.26	7219.92	6593.78	3463.77	2558.23			28820.71	32071.27
Share capital & reserves									35244.79	25528.55
Unallocated liabilities									47879.91	48469.84
<b>Total liabilities</b>	<b>18137.02</b>	<b>22919.26</b>	<b>7219.92</b>	<b>6593.78</b>	<b>3463.77</b>	<b>2558.23</b>			<b>111945.41</b>	<b>106069.66</b>
Capital expenditure	876.87	855.45	1352.06	328.05	265.90	972.58				
Depreciation	540.03	590.42	776.68	813.39	408.55	412.49				
Non cash expenses other than depreciation	1.55	127.66	3.44	13.32	151.56	0.01				

\* Comprising sugar, power and alcohol

II. Information about Secondary segments (Geographical segments)

(Rs. lakhs)

Particulars	Domestic		Overseas		Total	
	This year	Previous year	This year	Previous year	This year	Previous year
External Revenue by location of customers	111675.09	88419.44	38839.21	34165.36	150514.30	122584.80
Carrying amount of segment assets by location	99324.42	93731.05	7607.98	6535.55	106932.40	100266.60
Capital expenditure by location of assets	2494.83	2156.08	-	-	2494.83	2156.08

## Notes forming part of the financial statements (continued)

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

#### A. Names of related parties 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. Madhav B. Shriram and Mr. K. N. Rao.

Relatives/HUF of key management personnel : Mr. Akshay Dhar, Ms. Kanika Shriram, Mr. Rudra Shriram, Mrs. K. Rao and M/s. Bansi Dhar & Sons - HUF (BDS).

Others (Enterprise 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

(Rs. lakhs)

Particulars	Subsidiary		Total	
	This year	Previous year	This year	Previous year
Rental expenses - DFBPL	-	8.82	-	8.82
Purchase of spare parts - DFBPL	15.23	-	15.23	-

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

(Rs. lakhs)

Particulars	This year	Previous year
Remuneration *		
- Key management personnel		
- Mr. Tilak Dhar	506.70	128.49
- Mr. Alok B. Shriram	506.70	128.49
- Mr. Madhav B. Shriram	506.70	96.35
- Mr. K. N. Rao	46.58	42.18
- Relatives of key management personnel	35.48	30.40
	1,602.16	425.91
Rental expenses		
- Relatives/HUF of key management personnel	115.72	106.20
- Mrs. K. Rao	3.72	3.48
- BEPL	22.88	21.57
- HRTPL	6.59	6.38
	148.91	137.63
Interest expenses		
- Relatives of key management personnel	0.04	-
- Mr. Rudra Shriram	0.03	-
	0.07	-
Public Deposits Received		
- Relatives of key management personnel	3.00	-
- Mr. Rudra Shriram	2.00	-
	5.00	-
Security Deposits given		
- Relatives/HUF of key management personnel	-	0.12
	-	0.12
Advance Rent adjusted		
- Relatives/HUF of key management personnel	1.63	3.90
	1.63	3.90
Balance outstanding at the year end		
- Receivables		
Relatives/HUF of key management personnel		
- BDS	35.10	36.73
- Mrs. K. Rao	0.93	0.93
	36.03	37.66
- Payables		
Public Deposits including interest accrued		
Relatives/HUF of key management personnel		
- Ms. Kanika Shriram	3.04	-
- Mr. Rudra Shriram	2.03	-
	5.07	-
- Remuneration		
- Key management personnel		
- Mr. Tilak Dhar	436.38	65.40
- Mr. Alok B. Shriram	438.82	64.80
- Mr. Madhav B. Shriram	439.60	30.80
	1,314.80	161.00

\* 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.

39. Disclosures in respect of assets taken on Operating Lease under Accounting Standard (AS) 19 "Leases" is as under :

- i) The Company has entered into operating leases agreements for various premises taken for accommodation of Company's officers / directors and various offices of the Company. As at March 31, 2017 the future minimum lease payments under non-cancellable period which is not later than one year are Rs. Nil (2015-16 - Rs. Nil).
- ii) Lease rent charged to the Statement of Profit and Loss relating to operating leases entered or renewed after April 1, 2001 are Rs. 521.72 lakhs (2015-16 - Rs. 489.06 lakhs).

40. The following are the particulars of disputed dues on account of Excise Duty, Service Tax, Income-Tax and Sales Tax matters that have not been deposited by the Company as at March 31, 2017 :-

Name of the Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount involved * (Rs. lakhs)	Amount paid under protest (Rs. lakhs)
Central Excise Act, 1944	Excise Duty	Addl. Commissioner (Appeals)	2011-12 2013-14	48.50	-
	Modvat Credit	Commissioner (Appeals)	1995-96, November '04 to December '08	31.79	-
Service Tax Laws-Finance Act, 1994	Service Tax	Customs, Excise & Service Tax Appellate Tribunal	July '12 to March '14 and 2011-12	360.02	16.19
		Commissioner (Appeals)	March '12 to February '13 January '14 to December '14 April '14 to May '15	306.71	-
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2003-06	1708.75	1708.75
Sales Tax Laws	Sales Tax	Additional Commissioner (Appeals)	2004-05 2013-14	7.85	0.88

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

Name of the Statute	Nature of dues	Forum where department has preferred appeal	Period to which the amount relates (various years covering the period)	Amount involved * (Rs. lakhs)	Amount paid under protest (Rs. lakhs)
Central Excise Act, 1944	Excise duty	Customs, Excise & Service Tax Appellate Tribunal	2005-06	12.08	-
		High Court	1998-99	3.54	-
	Modvat Credit	High Court	1995-96	15.15	-
Service Tax Laws-Finance Act, 1994	Service Tax	Customs, Excise & Service Tax Appellate Tribunal	2009-14	59.60	1.54
Sales Tax Laws	Sales Tax	High Court	1976-77, 1978-80, 1984-85, 1989-90, 1992-93, 1995-96, 1997-98 and 2008-11	133.10	-
		Commercial Tax Tribunal	2011-13	14.16	-

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

There are no dues in respect of Customs Duty, Value Added Tax and Cess which have not been deposited on account of any dispute.

## Notes forming part of the financial statements (continued)

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.lakhs)	
	As at 31.03.17	As at 31.03.16	As at 31.03.17	As at 31.03.16	Currency	As at 31.03.17	As at 31.03.16	As at 31.03.17	As at 31.03.16
Forward Cover	-	18	Hedging	Hedging	Euro	-	2800000	-	2085.72

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

Particulars	As at 31.03.17			As at 31.03.16		
	Amount in foreign currency	Amount (Rs. lakhs)		Amount in foreign currency	Amount (Rs. lakhs)	
- Trade receivables	Euro	1981568	1356.76	Euro	-	-
	US\$	8905598	5733.33	US\$	7140614	4710.31
	GBP	22915	18.24	GBP	23376	22.53
- Sundry advances	Euro	12224	8.37	Euro	50913	37.92
	US\$	13760	8.87	US\$	-	-
	CHF	-	-	CHF	4421	3.01
- Acceptances	US\$	4722855	3084.30	US\$	4503758	3001.80
- Trade payables	Euro	980	0.69	Euro	26475	20.05
	US\$	853525	559.91	US\$	714410	477.01
	GBP	246	0.20	GBP	-	-
- Bank borrowings	Euro	200000	140.06	Euro	450965	340.97
	US\$	-	-	US\$	14654	9.77
- Commission & discount	US\$	634140	414.14	US\$	321677	214.44
	Euro	286042	200.31	Euro	209660	158.52
- Royalty	Euro	11809	8.31	Euro	10965	8.31
- Consultancy	NZ\$	10300	4.75	NZ\$	-	-

42. Proceedings in a Petition challenging the Preferential Issue of equity warrants by the Company filed by a shareholder before the Hon'ble Company Law Board (now National Company Law Tribunal) are continuing since November, 2007.

### 43. Employee benefits

#### a) Defined contribution plans

Rs. 660.72 lakhs (2015-16 - Rs. 516.12 lakhs) for provident fund contribution and Rs. 276.09 lakhs (2015-16 - Rs. 249.51 lakhs) 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

- 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.
- 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, 2017 (Rs./lakhs)		As at March 31, 2016 (Rs./lakhs)	
	Gratuity Scheme	Privilege and medical leaves	Gratuity Scheme	Privilege and medical leaves
<b>Change in present value of obligation</b>				
1. Present value of obligation as at the beginning of the year	3,125.56	758.21	3,048.98	750.95
2. Current service cost	183.32	72.06	161.00	65.57
3. Interest cost	234.42	56.86	236.94	58.36
4. Actuarial (gain)/loss	273.74	219.94	24.83	108.73
5. Benefits paid	(400.65)	(244.17)	(346.19)	(225.40)
6. Present value of obligation as at the end of the year	3,416.39	862.90	3,125.56	758.21
<b>Change in plan assets</b>				
1. Plan assets at the beginning of the year	3264.62	-	2972.27	-
2. Expected return on plan assets	321.24	-	306.14	-
3. Contribution by the Company	6.90	-	4.85	-
4. Benefits paid	(172.70)	-	(17.99)	-
5. Actuarial gain / (loss)	29.67	-	(0.65)	-
6. Plan assets at the end of the year	3449.73	-	3264.62	-
<b>Liability / (Asset) recognised in the financial statements</b>	<b>(33.34)</b>	<b>862.90</b>	<b>(139.06)</b>	<b>758.21</b>
Non-current	-	732.20	-	641.14
Current	(33.34)	130.70	(139.06)	117.07
<b>Cost for the year</b>				
<b>Change in present value of obligation</b>				
1. Current service cost	183.32	72.06	161.00	65.57
2. Interest cost	234.42	56.86	236.94	58.36
3. Expected return on plan assets	(321.24)	-	(306.14)	-
4. Actuarial (gain)/loss	244.07	219.94	25.48	108.73
5. Net cost	340.57	348.86	117.28	232.66
<b>Constitution of plan assets</b>				
Other than equity, debt, property and bank account	-	-	-	-
Funded with LIC *	3449.73	-	3264.62	-
<b>Main actuarial assumptions</b>				
Discount rate	7.25% p.a.	7.25% p.a.	7.50% p.a.	7.50% p.a.
Rate of increase in compensation levels	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.
Rate of return on plan assets	9.84% p.a.	-	10.30% p.a.	-
Expected average remaining working lives of employees (years)	16.07	16.64	15.39	16.56

\* 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.



## Notes forming part of the financial statements (continued)

iv) Disclosure relating to present value of defined benefit obligation and fair value of plan assets and net actuarial gain/(loss): (Rs./lakhs)

Particulars	2016-17		2015-16		2014-15		2013-14		2012-13	
	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves
Present value of obligation as at the end of the year	3,416.39	862.90	3,125.56	758.21	3,048.98	750.95	2,992.25	710.83	2,818.36	641.19
Fair value of plan assets at the end of the year	3,449.73	-	3,264.62	-	2,972.27	-	2,729.33	-	2,521.74	-
Surplus/(Deficit) in plan assets	33.34	(862.90)	139.06	(758.21)	(76.71)	(750.95)	(262.92)	(710.83)	(296.62)	(641.19)
Actuarial Gain/(loss) on plan assets	29.67	-	(0.65)	-	0.73	-	(0.16)	-	1.37	-
Actuarial Gain/(loss) on obligation	(273.74)	(219.94)	(24.83)	(108.73)	20.42	(135.83)	(121.39)	(147.21)	(206.36)	(145.01)

#### 44. Other information

Description	Year ended 31.03.2017		Year ended 31.03.2016	
	Rs.lakhs	%	Rs.lakhs	%
(a) Value of imports on CIF basis				
Raw materials	13420.10		13037.63	
Components and spare parts	177.58		44.49	
Capital goods	257.87		-	
(b) Expenditure in foreign currency				
Royalty (net of tax)	-		72.69	
Commission, travelling and others	1636.56		1311.77	
(c) Earnings in foreign exchange				
FOB value of exports	38511.05		34007.28	
Sale of services	30.36		29.91	
(d) Value of imported/indigenous raw materials, spare parts, components and stores consumed				
i) Raw materials				
Imported	13875.41	17	13611.53	18
Indigenous	68152.19	83	63364.42	82
	82027.60	100	76975.95	100
ii) Stores and spares				
Imported	213.10	3	132.02	2
Indigenous	7362.52	97	6421.62	98
	7575.62	100	6553.64	100

45. The Company has implemented Revised Accounting Standard (AS-10) "Property, Plant and Equipment" applicable w.e.f. 1st April, 2016, and adopted the Cost Model. Consequently, the Revaluation amount of Rs. 1602.89 lakhs as on 31st March, 2016, included in Fixed Assets (Note 12) has been adjusted against corresponding Revaluation Reserve in Reserves and Surplus (Note 3).

46. The details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November 2016 to 30th December, 2016 are as under : (Rs./lakhs)

Particulars	SBNs	Other Denominations Notes	Total
Closing cash in hand as on 8.11.2016	42.63	7.39	50.02
(+) Permitted Receipts	-	82.95	82.95
(-) Permitted Payments	-	66.64	66.64
(-) Amount Deposited in banks	42.63	-	42.63
Closing cash in hand as on 30.12.2016	-	23.70	23.70

47. Immovable properties of Rs. 133.90 lakhs yet to be endorsed in the name of Company are as under : (Rs./lakhs)

Particulars	Amount as on 31/03/17	Remarks
Land situated at Daurala, Uttar Pradesh (UP) and Kota, Rajasthan	88.95 *	Vested in the Company pursuant to a Scheme of Arrangement of erstwhile DCM Limited
Land situated at Daurala, UP	44.95	The title deeds are in the name of Daurala Organics Limited which was merged with the Company under section 391 to 394 of the Companies Act, 1956 in terms of approval of honorable High Court

\* Includes leasehold land Rs. 0.58 lakhs at Kota, Rajasthan

48. Previous year's figures have been regrouped / recast wherever necessary to correspond with the current year's classification / disclosures

Signatures to Notes forming part of Financial Statements

B.P. Khandelwal  
President  
N.K. Jain  
Chief Financial Officer  
Y.D. Gupta  
Chief General Manager & Company Secretary

For and on behalf of the Board

Shri Tilak Dhar  
Chairman & Managing Director  
Shri Alok B. Shriram  
Vice Chairman & Dy. Managing Director  
Shri Madhav B. Shriram  
Dy. Managing Director

Shri K.N. Rao  
Shri P.R. Khanna  
Shri S.B. Mathur  
Shri Ravinder Narain  
Shri S.C. Kumar  
Shri C. Vikas Rao  
Smt. Kavitha Dutt Chitturi  
Directors

Place : New Delhi  
Date : 23.5.2017

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF DCM SHRIRAM INDUSTRIES LIMITED**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **DCM SHRIRAM INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements / financial information of the subsidiary and associate referred to in the Other Matter paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**Emphasis of Matter**

Attention is invited to note 47 to the consolidated financial statements regarding the subsidiary, which in the previous year by virtue of the conditions specified in Reserve Bank of India circular no, 1998-99/1269 dated April 8, 1999, had qualified to be treated as a Non-Banking Financial Company (NBFC). As informed to us by the management, the said subsidiary has no intention of undertaking NBFC activities and, therefore, during the current year, its management has taken necessary steps to keep the subsidiary's financial assets below the limits specified in the said circular.

Our opinion is not modified in respect of this matter.

**Other Matter**

We did not audit the financial statements / financial information of one subsidiary viz., Daurala Foods & Beverages Private Limited whose financial statements / financial information reflect total assets of Rs.1021.26 lakhs as at March 31, 2017, total revenues of Rs. 93.15 lakhs and net cash outflows amounting to Rs.6.56 lakhs for the year ended on that date, as considered in the consolidated

# INDEPENDENT AUDITOR'S REPORT (continued)

---

financial statements. The consolidated financial statements also include the Group's share of net profit of Rs.89.63 for the year ended March 31, 2017, as considered in the consolidated financial statements, in respect of an associate viz., DCM Hyundai Limited, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and associate, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associate is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiary and associate, referred in the Other Matters paragraph above we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**", which is based on the auditors' reports of the Holding company, subsidiary company and associate company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's, subsidiary company's and associate company's incorporated in India.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate. Refer Note 34 and 35(a) to (c) and 35(e) to the consolidated financial statements.
    - ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts. Refer Note 36(b) to the consolidated financial statements.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies incorporated in India.
    - iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 such to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us by the Management of the respective Group entities -Refer Note-49 to the consolidated financial statements.

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

**Jaideep Bhargava**  
Partner  
(Membership No. 090295)

Place : New Delhi  
Date : May 23, 2017

---

**ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **DCM SHRIRAM INDUSTRIES LIMITED** (hereinafter referred to as “the Holding Company”), its subsidiary company and its associate company, which are companies incorporated in India, as of that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company and associate company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary company and its associate companies, which are companies incorporated in India.

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

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

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

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

**Opinion**

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company, its subsidiary company and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on “the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

**Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company and one associate company, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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

**Jaideep Bhargava**  
Partner  
(Membership No. 090295)

Place : New Delhi  
Date : May 23, 2017

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## Consolidated Balance Sheet of DCM Shriram Industries Limited as at March 31, 2017

Particulars	Note No.	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	1,739.84	1,739.84
Reserves and surplus	5	<u>34,873.13</u>	<u>24,997.53</u>
		<b>36,612.97</b>	<b>26,737.37</b>
<b>Non-current liabilities</b>			
Long - term borrowings	6	2,517.15	7,246.38
Deferred tax liabilities (Net)	7	5,788.51	5,940.57
Other long-term liabilities	8	166.36	118.29
Long-term provisions	9	<u>832.20</u>	<u>741.14</u>
		<b>9,304.22</b>	<b>14,046.38</b>
<b>Current liabilities</b>			
Short-term borrowings	10	34,417.36	27,671.88
Trade payables	11		
- Total outstanding dues of Micro and Small enterprises		-	-
- Total outstanding dues of creditors other than Micro and Small enterprises		<b>25,379.78</b>	27,543.97
Other current liabilities	12	7,324.45	10,393.85
Short-term provisions	13	<u>274.83</u>	<u>885.01</u>
		<b>67,396.42</b>	<b>66,494.71</b>
<b>TOTAL</b>		<b><u>1,13,313.61</u></b>	<b><u>1,07,278.46</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	14		
- Tangible assets		31,358.65	31,961.95
- Intangible assets		103.76	124.82
- Capital work in progress		<u>330.93</u>	<u>753.28</u>
		<b>31,793.34</b>	<b>32,840.05</b>
Non - current investments	15	1,007.47	917.84
Long - term loans and advances	16	<u>4,437.54</u>	<u>4,296.74</u>
		<b>37,238.35</b>	<b>38,054.63</b>
<b>Current assets</b>			
Current investments	17	199.75	895.91
Inventories	18	55,517.70	51,041.46
Trade receivables	19	13,677.67	11,365.10
Cash and cash equivalents	20	1,721.37	1,248.53
Short - term loans and advances	21	4,169.71	3,985.33
Other current assets	22	<u>789.06</u>	<u>687.50</u>
		<b>76,075.26</b>	<b>69,223.83</b>
<b>TOTAL</b>		<b><u>1,13,313.61</u></b>	<b><u>1,07,278.46</u></b>
<b>Significant Accounting Policies</b>	3		
<b>Accompanying notes 1 to 50 form part of the financial statements</b>			

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

B.P. Khandelwal  
President

Jaideep Bhargava  
Partner

N.K. Jain  
Chief Financial Officer

Place : New Delhi  
Date : 23.5.2017

Y.D. Gupta  
Chief General Manager &  
Company Secretary

For and on behalf of the Board

Shri Tilak Dhar  
Chairman & Managing Director

Shri Alok B. Shriram  
Vice Chairman &  
Dy. Managing Director

Shri Madhav B. Shriram  
Dy. Managing Director

Shri K.N. Rao  
Shri P.R. Khanna  
Shri S.B. Mathur

Shri Ravinder Narain  
Shri S.C. Kumar  
Shri C. Vikas Rao

Smt. Kavitha Dutt Chitturi  
Directors

**Consolidated Statement of Profit and Loss for the year ended March 31, 2017**

Particulars	Note No.	Year ended <u>31.03.2017</u> Rs. lakhs	Year ended <u>31.03.2016</u> Rs. lakhs
<b>REVENUE</b>			
Revenue from operations	23	1,55,914.18	1,26,412.69
Less: Excise duty		<u>6,332.34</u>	4,800.21
		1,49,581.84	1,21,612.48
Other income	24	<u>1,025.61</u>	1,059.92
<b>TOTAL REVENUE</b>		<u>1,50,607.45</u>	<u>1,22,672.40</u>
<b>EXPENSES</b>			
Cost of materials consumed	25	82,027.60	76,975.95
Purchase of traded goods	26	10,775.38	8,432.26
(Increase)/ Decrease in inventories of finished goods, work-in-progress and traded goods	27	(4,064.15)	(8,920.96)
Employee benefits expense	28	13,078.76	10,174.25
Finance costs	29	3,068.08	3,524.09
Depreciation and amortisation	30	1,772.50	1,863.68
Other expenses	31	28,710.57	26,656.16
<b>TOTAL EXPENSES</b>		<u>1,35,368.74</u>	<u>1,18,705.43</u>
<b>Profit before tax</b>		15,238.71	3,966.97
<b>Tax expense:</b>	32		
Current tax		3,268.99	40.28
Deferred tax (credit) / charge		(152.06)	547.57
		<u>3,116.93</u>	<u>587.57</u>
<b>Profit for the year after tax</b>		12,121.78	3,379.40
<b>Profit for the year after tax but before share of results of an associate</b>		12,121.78	3,379.40
Share of net Profit of an associate		89.63	29.00
<b>Profit for the year</b>		<u>12,211.41</u>	<u>3,408.40</u>
<b>Earnings per equity share - basic/ diluted (Rs.)</b>	33	70.19	19.59
<b>Significant Accounting Policies</b>	3		

Accompanying notes 1 to 50 form part of the financial statements

In terms of our report attached <b>For A. F. FERGUSON &amp; CO.</b> Chartered Accountants	B.P. Khandelwal President	For and on behalf of the Board Shri Tilak Dhar Chairman & Managing Director	Shri K.N. Rao Shri P.R. Khanna Shri S.B. Mathur Shri Ravinder Narain Shri S.C. Kumar Shri C. Vikas Rao Smt. Kavitha Dutt Chitturi Directors
Jaideep Bhargava Partner	N.K. Jain Chief Financial Officer	Shri Alok B. Shriram Vice Chairman & Dy. Managing Director	
Place : New Delhi Date : 23.5.2017	Y.D. Gupta Chief General Manager & Company Secretary	Shri Madhav B. Shriram Dy. Managing Director	

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## Consolidated Cash Flow Statement for the year ended March 31, 2017

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs. lakhs
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>15,238.71</b>	<b>3,966.97</b>
<b>Adjustments for :</b>		
Depreciation and amortisation	1,772.50	1,863.68
Finance Costs	3,068.08	3,524.09
Interest income	(172.93)	(187.13)
Profit on sale of fixed assets	(14.64)	(6.05)
Loss on sale of fixed assets / discarded assets	158.10	131.68
Profit on sale of current investments	(43.26)	(142.22)
<b>Operating profit before working capital changes</b>	<b>20,006.56</b>	<b>9,151.02</b>
<b>Adjustments for :</b>		
(Decrease) / Increase in trade payables, other current liabilities and short-term provisions	(2,001.19)	4,636.22
Increase / (Decrease) in long-term liabilities & long-term provisions	104.85	(91.43)
(Increase) / Decrease in trade receivables, short-term loans & advances and other current assets	(2,614.28)	2,333.58
Decrease / (Increase) in long-term loans and advances	153.41	(172.11)
(Increase) in inventories	(4,476.24)	(8,308.13)
<b>Cash generated from operations</b>	<b>11,173.11</b>	<b>7,549.15</b>
Net income tax paid	(3,436.34)	(765.57)
<b>Net cash generated from operating activities ( A )</b>	<b>7,736.77</b>	<b>6,783.58</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(2,697.26)	(2,348.49)
Proceeds from sale of fixed assets	58.96	43.21
Purchase of current investments	-	(3,308.81)
Proceeds from sale of current investments	739.42	3,796.61
Movement in bank balances not considered as cash and cash equivalents	(488.83)	(204.99)
Interest received	148.70	181.53
Investment in bank deposits	-	-
Inter Corporate deposits received back	40.00	-
<b>Net cash (used in) investing activities ( B )</b>	<b>(2,199.01)</b>	<b>(1,840.94)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	318.11	4,877.64
Repayment of long-term borrowings	(8,099.67)	(3,220.62)
Increase / (Decrease) in short-term borrowings	6,745.48	(2,730.69)
Finance Costs	(3,183.55)	(3,561.66)
Dividend on equity share capital paid	(1,103.89)	(166.57)
Corporate dividend tax paid	(230.23)	(35.42)
<b>Net cash (used in) financing activities ( C )</b>	<b>(5,553.75)</b>	<b>(4,837.32)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(15.99)</b>	<b>105.32</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>531.13</b>	<b>425.81</b>
<b>Cash and cash equivalents at the close of the year</b>	<b>515.14</b>	<b>531.13</b>
<b>Accompanying notes 1 to 50 form part of the financial statements</b>		

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

Jaideep Bhargava  
Partner

Place : New Delhi  
Date : 23.5.2017

B.P. Khandelwal  
President

N.K. Jain  
Chief Financial Officer

Y.D. Gupta  
Chief General Manager &  
Company Secretary

For and on behalf of the Board

Shri Tilak Dhar  
Chairman & Managing Director

Shri Alok B. Shriram  
Vice Chairman &  
Dy. Managing Director

Shri Madhav B. Shriram  
Dy. Managing Director

Shri K.N. Rao  
Shri P.R. Khanna  
Shri S.B. Mathur

Shri Ravinder Narain  
Shri S.C. Kumar  
Shri C. Vikas Rao

Smt. Kavitha Dutt Chitturi  
Directors

---

**Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2017**

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" specified under section 133 of the Companies Act, 2013.

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) alongwith its subsidiary 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, 2017 is 100% (2015-16 : 100%). 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, 2017 is 49.28% (2015-16 : 49.28%). The consolidated financial statements are based, in so far as they relate to amounts included in respect of the associate, on the consolidated audited financial statements for the year ended March 31, 2017.

**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 lakhs.
- 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 lakhs (2015-16 : Rs 166 lakhs). The Company's share in accumulated profits of DHL based on its consolidated financial statements is Rs.841.47 lakhs (2015-16 : Rs. 751.84 lakhs) and has been accordingly reflected in these financial statements.

**3. Significant Accounting Policies**

- a) Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiary (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant Provisions of the Companies Act, 1956 / 2013, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention as modified to include the revaluation of certain fixed assets upto March 31, 2016 (Refer Note 45). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

- b) Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires management to make prudent and reasonable 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.



## CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

---

### c) Fixed assets

#### i) Owned assets

All fixed assets are stated at cost of acquisition or construction including taxes and other incidental expenses related to acquisition, installation cost, etc. except for certain fixed assets which are revalued and are, therefore, stated at their revalued book values. Financing costs (up to the date the assets are ready for their intended use) 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 (Refer Note 45).

#### ii) 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, the related asset's recoverable amount is estimated and impairment loss is recognised, if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use, which is determined by discounting the estimated future cash flows to their present value based on an appropriate discount factor.

### d) Depreciation

#### i) Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets is provided on the straight-line method as per the useful life prescribed in the Schedule II to the Companies Act, 2013.

Amortisation of intangible fixed assets, being computer software is done on straight line method over 5 years.

#### ii) Depreciation is calculated on a pro-rata basis in respect of additions 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 General Reserve (Refer Note 45).

#### iv) 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, other than temporary, in the value of such investments. Current investments are stated at cost or fair value, whichever is lower.

### f) Inventories

Inventories are 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 and the capital expenditure is included in fixed assets.

### h) Government Grants, subsidies and export benefits

Government grants and subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the same will be received. Government grants and subsidies are recognised as income and / or as reduction of cost over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

---

**Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2017 (continued)**

i) Employee benefits

Provision for employee benefits charged on accrual basis is determined based on Accounting Standard (AS) 15 (Revised) "Employee Benefits" as specified under section 133 of the Companies Act, 2013.

- i) Contributions to the provident fund, gratuity fund and superannuation fund are charged to the statement of profit and loss.
- ii) Gratuity liability determined at balance sheet date on an actuarial basis is provided to the extent not covered by the funds available in the gratuity fund. Excess funding, if any, is recognised as an asset.
- iii) Provision for privilege and medical leave salary is determined on actuarial basis.
- iv) Provision for casual leave is determined on arithmetical basis.
- v) Actuarial gains / losses are recognised in the Statement of Profit & Loss.

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

Sale of goods is recognised, net of returns and trade discounts on the transfer of significant risks and rewards of ownership to the buyer which generally coincides with the dispatch of goods to customers. Gross sales are inclusive of excise duty and net of value added tax / sales tax.

Sale of Renewable Energy Certificates (RECs) is recognised as income on delivery of the RECs to customer's account as evidenced by confirmation of delivery instructions.

Other income includes interest income accounted on time - proportion basis and dividend income accounted for as and when the right to receive the payment is established.

l) Income-tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

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 and items relating to capital 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.

m) Operating Cycle

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

## CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

### 4. Share Capital

	<u>As at</u> <u>31.03.2017</u> Rs. lakhs	<u>As at</u> <u>31.03.2016</u> Rs. lakhs
<b>Authorised</b>		
6,50,00,000 (2015-16 - 6,50,00,000) Equity shares of Rs. 10 each	6,500.00	6,500.00
<b>Issued, subscribed and fully paid up</b>		
1,73,98,437 (2015-16 - 1,73,98,437) Equity shares of Rs. 10 each	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 :

	<u>As at</u> <u>31.03.2017</u> No of shares	<u>As at</u> <u>31.03.2016</u> No of shares
Name of the shareholder		
a) Bantam Enterprises Private Limited	13,45,320	13,45,320
b) HB Stockholdings Limited	38,94,846	43,46,615
c) Life Insurance Corporation of India	13,31,259	13,31,259
d) Lily Commercial Private Limited	10,44,323	10,44,323
e) Versa Trading Limited	22,24,725	22,24,725

### 5. Reserves and surplus

	<u>As at</u> <u>31.03.2017</u> Rs. lakhs	<u>As at</u> <u>31.03.2016</u> Rs. lakhs
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
Revaluation Reserve	-	1,602.89
General Reserve	13,465.60	13,465.60
Surplus in Statement of Profit and Loss	16,354.48	4,875.99
	<u>34,873.13</u>	<u>24,997.53</u>

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

	<u>As at</u> <u>31.03.2017</u> Rs. lakhs	<u>As at</u> <u>31.03.2016</u> Rs. lakhs
<b>Movement in reserves and surplus is as under :</b>		
<b>(a) Revaluation Reserve</b>		
Opening balance	1,602.89	1,711.27
Less: Revaluation amount adjusted in carrying amount of fixed assets ( Refer Note 45 ).	1,602.89	-
Less: Depreciation on revalued amount of fixed assets transferred to General reserve ( Refer Note 3 ( d ) (iii)).	-	107.35
Less: Utilised for set off on deletion of revalued assets	-	1.03
Closing balance	-	1,602.89
<b>(b) General Reserve</b>		
Opening balance	13,465.60	13,358.25
Add : Transferred from revaluation reserve	-	107.35
Closing balance	13,465.60	13,465.60
<b>(c) Surplus in Statement of Profit and Loss</b>		
Opening balance	4,875.99	2,095.80
Add: Profit for the year	12,211.41	3,408.40
	17,087.40	5,504.20
Less :Appropriations		
Interim Dividend on equity shares (Dividend per share Rs.3.50 (2015-16 -Rs. Nil))	608.95	-
Tax on Interim Dividend	123.97	-
Proposed Dividend on equity shares *	-	521.95
Tax on Proposed Dividend *	-	106.26
Closing balance	16,354.48	4,875.99

\* The Board of Directors have proposed a final dividend of Rs.6.50 per share for the financial year 2016-17 (2015-16 - Rs. 3.00 per share) aggregating to Rs.1361.12 lakhs (including corporate dividend tax). The proposed dividend for 2016-17 is subject to approval of shareholders in the ensuing Annual General Meeting and has not been considered in these accounts in accordance with revised Accounting Standard 4 (AS-4) "Contingencies and events occurring after balance sheet date", effective from April 1, 2016.

**Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2017 (continued)**
**6. Long - term borrowings**

	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
<b>Secured</b>		
Term loans		
- From banks	4,868.96	12,299.68
- From others	-	360.99
	<b>4,868.96</b>	<b>12,660.67</b>
<b>Unsecured</b>		
Public deposits	494.99	476.59
	<b>5,363.95</b>	<b>13,137.26</b>
Less : Current maturities of long term borrowings	<b>2,846.80</b>	<b>5,890.88</b>
	<b>2,517.15</b>	<b>7,246.38</b>
<b>Details of Current maturities of long term borrowings:</b>		
	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
<b>Secured</b>		
Term loans		
- From banks	2,846.80	5,296.64
- From others	-	360.99
<b>Unsecured</b>		
Public deposits	-	233.25
	<b>2,846.80</b>	<b>5,890.88</b>

**SECURED**
**I. Banks**

- a) Nil (2015-16 – Rs.625.00 lakhs), Rs.453.12 lakhs (2015-16 – Rs. 815.63 lakhs) and Rs.630.00 lakhs (2015-16 – Rs.840.00 lakhs) currently carrying interest between 7.20% p.a. to 12.25% p.a.(net of interest subvention), repayable in 0, 5 and 12 quarterly installments 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 first charge holders for their respective term loans.
- b) Nil (2015-16 – Rs.202.39 lakhs) was 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 first charge holders for their respective term loans. Also exclusive charge on assets to be acquired in Daurala Organics, a unit of the Company.
- c) Nil (2015-16 – Rs.120.00 lakhs), Rs.280.00 lakhs (2015-16 – Rs.560.00 lakhs) and Rs.309.37 lakhs (2015-16 – Rs.515.62 lakhs) currently carrying interest between 7.30% p.a. to 8.40% p.a. (net of interest subvention), repayable in 0, 4 and 6 quarterly installments respectively, are secured by first charge on specific movable assets of Shriram Rayons, a unit of the Company.
- d) Rs.122.42 lakhs (2015-16 – Rs.291.17 lakhs) currently carrying interest of 12.30% p.a. repayable in 6 quarterly installments 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, both present and future, excluding the assets exclusively charged 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 first charge holders for their respective term loans.
- e) Rs.1213.89 lakhs (2015-16 – Rs.1900.00 lakhs), Rs.163.19 lakhs (2015-16 – Rs.235.00 lakhs) and Nil (2015-16 – Rs.2000.00 lakhs) carrying Nil interest (net of interest subvention), repayable in 23 and 25 monthly installments respectively, are secured by residual charge on fixed assets of sugar factory at Daurala Sugar Works, a unit of the Company.
- f) Rs.1040.00 lakhs (2015-16 – Rs.1560.00 lakhs) carrying Nil interest (net of interest subvention), repayable in 8 quarterly installments, is 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 first charge holders for their respective term loans and 2nd pari-passu charge on all current assets of sugar division of the Company excluding stocks pledged with Distt. Co-operative Banks.
- g) Nil (2015-16 – Rs.1000.00 lakhs) and Nil (2015-16 – Rs.812.00 lakhs) were secured by a first mortgage and charge on all fixed assets of Sugar factory at Daurala Sugar Works, 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 first charge holders for their respective term loans

## CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

- h) Rs.325.19 lakhs (2015-16 – Rs.447.97 lakhs) carrying interest of 12.45% p.a., repayable in 14 quarterly installments, is secured by 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 first charge holders for their respective term loans and exclusive charge on assets acquired / to be acquired out of the loan in Distillery and Chemical divisions of Daurala Sugar Works and Shriram Rayons, units of the Company.
- i) Rs.297.77 lakhs (2015-16 – Rs.322.79 lakhs) carrying interest of 11.15% p.a., repayable in 15 quarterly installments, is secured by first charge on specific movable assets of Distillery division of Daurala Sugar Works, a unit of the Company.
- j) Rs.34.01 lakhs (2015-16 – Rs.52.11 lakhs) currently carrying interest of 10.20% p.a., repayable in 42 monthly installments, is secured by hypothecation of specific assets.

### II. Others

Nil (2015-16 – Rs.360.99 lakhs) was 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)

	<b>As at</b>	<b>As at</b>
	<b><u>31.03.2017</u></b>	<b><u>31.03.2016</u></b>
	<b>Rs. lakhs</b>	<b>Rs. lakhs</b>
<b>(a) Deferred tax liabilities</b>		
- Depreciation	<b>6,780.92</b>	6,461.12
<b>(b) Deferred tax assets</b>		
- Accrued expenses deductible on payment	<b>609.66</b>	159.44
- Provision for gratuity and leave Salary	<b>348.51</b>	310.76
- Provision for doubtful debts and advances	<b>10.82</b>	14.05
- Others	<b>23.42</b>	36.30
	<b><u>992.41</u></b>	<u>520.55</u>
<b>Net</b>	<b><u>5,788.51</u></b>	<u>5,940.57</u>

### 8. Other long - term liabilities

	<b>As at</b>	<b>As at</b>
	<b><u>31.03.2017</u></b>	<b><u>31.03.2016</u></b>
	<b>Rs. lakhs</b>	<b>Rs. lakhs</b>
Trade payables		
- Micro and Small enterprises*	-	-
- Others	<b>47.20</b>	45.33
Others		
- Interest accrued but not due on borrowings	<b>36.63</b>	2.35
- Others	<b>82.53</b>	70.61
	<b><u>166.36</u></b>	<u>118.29</u>

\* Refer Note 38.

### 9. Long - term provisions

	<b>As at</b>	<b>As at</b>
	<b><u>31.03.2017</u></b>	<b><u>31.03.2016</u></b>
	<b>Rs. lakhs</b>	<b>Rs. lakhs</b>
Provision for employee benefits *		
- Leave salary	<b>732.20</b>	641.14
Provision for contingencies **	<b>100.00</b>	100.00
	<b><u>832.20</u></b>	<u>741.14</u>

\* Refer note 44.

\*\* Refer note 34

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2017 (continued)

**10. Short - term borrowings**

	<b>As at</b> <b>31.03.2017</b>	As at <u>31.03.2016</u>
	<b>Rs. lakhs</b>	Rs. lakhs
Loans repayable on demand – Secured from banks *	<b>34,267.36</b>	27,521.88
– Unsecured Others	<b>150.00</b>	150.00
	<b><u>34,417.36</u></b>	<u>27,671.88</u>

\* Secured by hypothecation of stocks, stores, book debts and receivables, both present and future / pledge of stocks/ third pari-passu charge on some of the Company's fixed assets. Some of these are further secured by way of second/ third pari-passu mortgage and charge on the fixed assets, both present and future.

**11. Trade payables**

	<b>As at</b> <b>31.03.2017</b>	As at <u>31.03.2016</u>
	<b>Rs. lakhs</b>	Rs. lakhs
Total outstanding dues of Micro and Small enterprises*	-	-
Total outstanding dues of creditors other than Micro and Small enterprises#	<b>25,379.78</b>	27,543.97
	<b><u>25,379.78</u></b>	<u>27,543.97</u>

\* Refer note 38.

# Includes acceptances Rs. 3,084.30 lakhs (2015-16 Rs. 3,001.80 lakhs).

**12. Other current liabilities**

	<b>As at</b> <b>31.03.2017</b>	As at <u>31.03.2016</u>
	<b>Rs. lakhs</b>	Rs. lakhs
Current maturities of long term borrowing *	<b>2,846.80</b>	5,890.88
Interest accrued but not due on borrowings	<b>38.55</b>	186.28
Unclaimed dividends	<b>106.08</b>	79.07
Unclaimed deposits and interest accrued thereon	-	10.27
Payables for fixed assets		
- Micro and Small enterprises ** -	-	
- Others	<b>74.34</b>	113.64
Other payables		
- Statutory dues	<b>3,643.44</b>	3,371.14
- Advances from customers	<b>201.36</b>	135.39
- Security deposits	<b>260.61</b>	376.71
- Others	<b>153.27</b>	230.47
	<b><u>7,324.45</u></b>	<u>10,393.85</u>

\* Refer note 6 .

\*\* Refer note 38.

**13. Short - term provisions**

	<b>As at</b> <b>31.03.2017</b>	As at <u>31.03.2016</u>
	<b>Rs. lakhs</b>	Rs. lakhs
Provision for employee benefits *		
- Leave salary	<b>274.83</b>	256.80
Proposed dividend	-	521.95
Tax on dividend	-	106.26
	<b><u>274.83</u></b>	<u>885.01</u>

\* Refer note 44.

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Rs.lakhs

## 14. Fixed Assets

Particulars	Gross block				Depreciation and Amortisation				Net block	
	As at 31.03.2016	Additions	Deductions	Adjustment#	As at 31.03.2017	For the year	On deductions	Adjustment#	As at 31.03.2017	As at 31.03.2016
<b>Tangible Assets</b>										
Land - Free Hold *	789.26	-	-	323.40	465.86	-	-	-	-	789.26
- Lease Hold *	465.35	-	-	464.77	0.58	-	-	-	-	465.35
Buildings	8,312.43	269.70	-	3,176.74	5,405.39	108.27	-	2,669.55	2,007.43	3,743.72
Plant and equipment	58,817.56	2,373.34	1,156.04	8,079.59	51,955.27	1,415.74	972.31	7,772.06	25,323.97	26,164.96
Furniture and fixtures	596.57	21.08	7.11	-	610.54	25.22	6.31	-	542.15	73.33
Vehicles	880.50	202.97	83.92	-	999.55	106.39	68.17	-	453.21	465.51
Office equipment	754.38	76.41	11.74	-	819.05	85.87	9.60	-	570.83	259.82
<b>Total Tangible Assets</b>	70,616.05	2,943.50	1,258.81	12,044.50	60,256.24	1,741.49	1,056.39	10,441.61	28,897.59	31,358.65
Previous year	68,948.97	2,171.39	504.31	-	70,616.05	1,834.40	241.67	-	38,654.10	31,961.95
<b>Intangible Assets</b>										
Software	154.10	9.95	-	-	164.05	31.01	-	-	60.29	103.76
<b>Total Intangible Assets</b>	154.10	9.95	-	-	164.05	31.01	-	-	60.29	103.76
Previous year	-	154.10	-	-	154.10	29.28	-	-	29.28	124.82
<b>Total Assets</b>	70,770.15	2,953.45	1,258.81	12,044.50	60,420.29	1,772.50	1,056.39	10,441.61	28,957.88	31,462.41
Previous year	68,948.97	2,325.49	504.31	-	70,770.15	1,863.68	241.67	-	38,683.38	32,086.77
Capital work in progress										
										330.93
										753.28

# The Company had in earlier years, based on independent valuation by an approved valuer, revalued some of its fixed assets at depreciated current replacement values.

The amounts relating to such revaluations, included in Gross block of fixed assets and accumulated depreciation as on 31st March, 2016, have during the year been reversed and adjusted with revaluation reserve (refer note 45).

\* Refer Note 46

**Notes Forming Part of the Consolidated Financial Statements for the Year Ended March 31, 2017 (continued)**
**15. Non-current investments\***

	<b>As at</b> <b>31.03.2017</b> <b>Rs. lakhs</b>	<b>As at</b> <b>31.03.2016</b> <b>Rs. lakhs</b>
<b>Trade Investments – Unquoted</b>		
<b>Investments in equity instruments</b>		
- Daurala Co-operative Development Union Limited 2 (2015-16 - 2) Equity shares of Rs. 10 each, fully paid-up @ (Rs.20)	@	@
<b>Other Investments - Unquoted</b>		
<b>Investments in equity instruments</b>		
- Investment in shares of Associate company		
- DCM Hyundai Limited 19,72,000 (2015-16 - 19,72,000) Equity shares of Rs. 10 each, fully paid up	<b>166.00</b>	166.00
Add- Group share of net profit	<b>841.47</b>	751.84
	<b>1007.47</b>	917.84
<b>Investment in preference shares</b>		
- Versa Trading Limited 7,00,000 (2015-16 - 7,00,000) 5% Redeemable non-cumulative Preference shares of Rs. 100 each, fully paid-up	<b>700.00</b>	700.00
Less : Provision for diminution in value	<b>700.00</b>	700.00
	<b>1007.47</b>	917.84
(I) Aggregate amount of unquoted investments (net of provision for diminution in value)	<b>1007.47</b>	917.84
(ii) Aggregate provision for diminution in value of investments	<b>700.00</b>	700.00
* Refer Note 3 (e)		

**16 Long-term loans and advances**

(unsecured, considered good unless otherwise stated)

	<b>As at</b> <b>31.03.2017</b> <b>Rs. lakhs</b>	<b>As at</b> <b>31.03.2016</b> <b>Rs. lakhs</b>
Capital advances	<b>170.56</b>	43.70
Security deposits	<b>316.49</b>	303.07
MAT Credit entitlement	<b>2,454.55</b>	2,480.83
Advance tax (net of provision)	<b>1,183.43</b>	989.80
Other loans and advances		
- Excise, Cenvat and VAT receivable	<b>275.08</b>	437.43
- To employees	<b>28.04</b>	29.08
- Others		
- Unsecured - considered good	<b>9.39</b>	12.83
- Unsecured - considered doubtful	<b>1.30</b>	1.30
	<b>4,438.84</b>	4,298.04
- Less : Provision for doubtful advances	<b>1.30</b>	1.30
	<b>4,437.54</b>	4,296.74

\* Including adjustment for MAT credit utilised during the year of Rs. 450.11 lakhs (2015-16 Rs. Nil).



## CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

### 17. Current investments \*

	<b>As at</b>	<b>As at</b>
	<b><u>31.03.2017</u></b>	<b><u>31.03.2016</u></b>
	<b>Rs. lakhs</b>	<b>Rs. lakhs</b>
<b>Investments in Mutual Funds – Fully paid up Unquoted</b>		
70353.178 (2015-16 – 146900.049) Birla Sunlife Saving Fund	<b>199.75</b>	405.00
- Growth Regular Plan units of Rs. 10 each		
Nil (2015-16 – 800234.423) HSBC Ultra Short Term Bond Fund	-	100.91
- Growth units of Rs.10 each		
Nil (2015-16 – 1572327.044) HSBC Income Fund	-	390.00
- Short Plan Growth units of Rs. 10 each		
	<b><u>199.75</u></b>	<b><u>895.91</u></b>
Aggregate repurchase price of units of mutual funds	<b>224.18</b>	927.99

\* Refer note 3 (e)

### 18. Inventories \*

	<b>As at</b>	<b>As at</b>
	<b><u>31.03.2017</u></b>	<b><u>31.03.2016</u></b>
	<b>Rs. lakhs</b>	<b>Rs. lakhs</b>
Raw materials **	<b>6,319.78</b>	5,631.88
Work-in-progress	<b>1,372.29</b>	1,257.21
Finished goods ***	<b>44,677.80</b>	40,728.73
Stores and spares	<b>3,147.83</b>	3,423.64
	<b><u>55,517.70</u></b>	<b><u>51,041.46</u></b>

\* Refer note 3(f)

\*\* Includes raw materials in transit Rs.356.95 lakhs (2015-16 Rs.25.15 lakhs)

\*\*\* Includes finished goods in transit Rs. 686.24 lakhs (2015-16 Rs.581.07 lakhs)

### 19. Trade receivables

	<b>As at</b>	<b>As at</b>
	<b><u>31.03.2017</u></b>	<b><u>31.03.2016</u></b>
	<b>Rs. lakhs</b>	<b>Rs. lakhs</b>
<b>Outstanding for a period exceeding 6 months from the date they are due for payment</b>		
Unsecured - considered good	-	7.39
- considered doubtful	<b>29.97</b>	39.32
	<b>29.97</b>	46.71
Less : Provision for doubtful receivables	<b>29.97</b>	39.32
	<b>-</b>	<b>7.39</b>
<b>Others</b>		
Secured - considered good	-	5.37
Unsecured - considered good	<b>13,677.67</b>	11,352.34
	<b><u>13,677.67</u></b>	<b><u>11,357.71</u></b>
	<b><u>13,677.67</u></b>	<b><u>11,365.10</u></b>

**Notes Forming Part of the Consolidated Financial Statements for the Year Ended March 31, 2017 (continued)**
**20. Cash and Cash Equivalents\***

	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
Cash and cash equivalents :		
- Cash in hand	30.34	33.02
- Balances with banks – in current accounts	484.80	498.11
Cash and cash equivalents (As per AS-3 cash flow Statement) (A)	515.14	531.13
Other bank balances :		
In deposit accounts		
- Original maturity more than 3 months and upto 12 months	573.04	448.79
- Original maturity more than 12 months *	6.42	25.44
In earmarked accounts		
- Unpaid dividend accounts	106.08	79.07
- Balances held as margin money or security against borrowings, guarantees and other commitments		
- Original maturity more than 3 months and upto 12 months	62.48	18.19
- Original maturity more than 12 months *	438.49	138.34
- Other earmarked accounts	19.72	7.57
Other bank balances (B)	1,206.23	717.40
Cash and cash equivalents (A+B)	1,721.37	1,248.53
* Balances with banks include deposits with remaining maturity of more than 12 months from the balance sheet date	328.04	126.67

**21. Short - term loans and advances**  
(Unsecured considered good unless otherwise stated)

	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
Other loans and advances		
- Security deposits	0.02	0.23
- Excise, Cenvat, VAT receivable and other Govt. dues	2,051.85	1,878.49
- To employees	24.03	25.94
- Inter corporate deposits	440.00	480.00
- Others	1,653.81	1,600.67
	4,169.71	3,985.33

**22. Other current assets**

	As at 31.03.2017 Rs. lakhs	As at 31.03.2016 Rs. lakhs
Interest accrued on deposits	74.72	50.49
Unbilled revenue	714.34	637.01
	789.06	687.50

**23. Revenue from operations**

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs. lakhs
<b>Sale of products</b>		
- Export	38,839.21	34,165.36
- Domestic	1,10,845.47	87,644.16
	1,49,684.68	1,21,809.52
<b>Sale of services</b>		
- Processing charges	2,622.93	1,929.82
- Others	30.36	29.56
	2,653.29	1,959.38
<b>Other operating revenues</b>		
- Sale of scrap	373.04	366.48
- Duty Draw back and Other export benefits	2,073.30	1,200.67
- Sale of Renewable Energy Certificates	1,126.88	1,074.86
- Others	2.99	1.78
	3,576.21	2,643.79
Less: Excise duty	1,55,914.18	1,26,412.69
	6,332.34	4,800.21
	1,49,581.84	1,21,612.48
<b>Product-wise particulars of sales are as under :</b>		
	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs. lakhs
Sugar	69,385.40	48,631.88
Alcohol	18,530.77	14,321.36
Organic / Fine chemicals	22,448.63	24,938.31
Industrial fibres	33,499.48	27,288.15
Others	5,820.40	6,629.82
	1,49,684.68	1,21,809.52

## CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

### 24. Other income

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs. lakhs
Interest income *	172.93	187.13
Profit on sale of fixed assets	14.64	6.05
Provisions / Liabilities no longer required, written back	105.35	5.72
Rent	34.55	37.38
Profit on sale of current investments	43.26	142.22
Gain on foreign exchange fluctuation (net)	539.37	625.57
Miscellaneous income	115.51	55.85
	<b>1,025.61</b>	<b>1,059.92</b>

\* Income-tax deducted at source Rs. 1.94 lakhs (2015-16 Rs.3.37 lakhs)

### 25. Cost of materials consumed

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs. lakhs
Opening stock	5,631.88	5,742.64
Add: Purchases	82,715.50	76,865.19
	88,347.38	82,607.83
Less : Closing stock	6,319.78	5,631.88
	<b>82,027.60</b>	<b>76,975.95</b>

#### Particulars of materials consumed are as under :

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs. lakhs
Sugarcane	56,279.31	50,842.05
Wood pulp	7,849.74	7,282.73
Others	17,898.55	18,851.16
	<b>82,027.60</b>	<b>76,975.95</b>

### 26. Purchase of traded goods

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs. lakhs
Grain Spirits	10,775.38	8,432.26
	<b>10,775.38</b>	<b>8,432.26</b>

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

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs. lakhs
Opening stock		
Finished goods	40,728.73	31,645.84
Work-in-progress	1,257.21	1,395.13
Traded goods	-	24.01
	<b>41,985.94</b>	<b>33,064.98</b>
Closing stock		
Finished goods	44,677.80	40,728.73
Work-in-progress	1,372.29	1,257.21
Traded goods	-	-
	<b>46,050.09</b>	<b>41,985.94</b>
	<b>(4,064.15)</b>	<b>(8,920.96)</b>

#### Particulars of Stocks of Finished / Traded Goods & Work-in-progress are as under :

	Year ended 31.03.2017 Rs. lakhs	Year ended 31.03.2016 Rs. lakhs
Stocks of Finished Goods / Traded Goods		
Sugar	41,936.71	36,944.34
Alcohol	800.81	352.11
Organic / Fine chemicals	689.58	584.66
Industrial fibres	1,181.60	2,781.87
Other	69.10	65.75
	<b>44,677.80</b>	<b>40,728.73</b>
Work-in-progress		
Sugar	623.91	430.16
Alcohol	51.92	82.25
Organic / Fine chemicals	358.02	368.10
Industrial fibres	338.44	376.70
	<b>1,372.29</b>	<b>1,257.21</b>

**Notes Forming Part of the Consolidated Financial Statements for the Year Ended March 31, 2017 (continued)**
**28. Employee benefits expense**

	Year ended <u>31.03.2017</u>	Year ended <u>31.03.2016</u>
	Rs. lakhs	Rs. lakhs
Salaries, wages etc.	11,404.11	8,910.49
Contribution to provident and other funds	1,277.38	882.91
Staff welfare expenses	397.27	380.85
	<u>13,078.76</u>	<u>10,174.25</u>

**29. Finance costs**

	Year ended <u>31.03.2017</u>	Year ended <u>31.03.2016</u>
	Rs. lakhs	Rs. lakhs
Interest expense	2,648.35	3,200.69
Other borrowing costs	419.73	323.40
	<u>3,068.08</u>	<u>3,524.09</u>

**30. Depreciation and amortisation**

	Year ended <u>31.03.2017</u>	Year ended <u>31.03.2016</u>
	Rs. lakhs	Rs. lakhs
Depreciation on tangible assets	1,741.49	1,834.40
Amortisation on intangible assets	31.01	29.28
	<u>1,772.50</u>	<u>1,863.68</u>

**31. Other expenses**

	Year ended <u>31.03.2017</u>	Year ended <u>31.03.2016</u>
	Rs. lakhs	Rs. lakhs
Stores and spares	7,575.62	6,553.64
Power and fuel	8,136.26	7,432.78
Repairs - Building	929.55	249.69
- Plant and machinery	3,272.63	2,728.11
Rent	521.72	480.66
Auditors' remuneration		
- As auditors	41.96	39.46
- Tax Audit	0.23	0.23
- Limited review of unaudited financials results	23.40	21.33
- Verification of statements and other records	9.57	6.86
- Out-of-pocket expenses	1.62	1.37
Insurance	175.06	163.68
Rates and taxes	158.02	135.25
Increase / (decrease) in excise duty on finished goods	71.51	1,448.50
Freight and transport	913.73	706.20
Commission to selling agents	1,946.88	1,673.95
Loss on sale of fixed assets / discarded assets	158.10	131.68
Donation	1.25	1.00
Corporate Social Responsibility	64.66	48.88
Bad debts and advances provided / written off	0.37	10.46
Miscellaneous expenses	4,708.43	4,822.43
	<u>28,710.57</u>	<u>26,656.16</u>

**32. Tax expense**

	Year ended <u>31.03.2017</u>	Year ended <u>31.03.2016</u>
	Rs. lakhs	Rs. lakhs
Current Tax		
- Provision for tax *	3,706.50	897.46
- MAT (credit) / reversal	(437.51)	(857.18)
	<u>3,268.99</u>	<u>40.28</u>
Deferred tax (credit) / charge	(152.06)	547.29
	<u>3,116.93</u>	<u>587.57</u>

\* Includes (Rs. 8.03) lakhs ( 2015-16 Rs. 11.28 lakhs ) for earlier year.

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## Notes Forming Part of the Consolidated Financial Statements for the Year Ended March 31, 2017 (continued)

		This year	Previous year
<b>33. Earnings per share</b>			
Profit after tax as per Statement of Profit and Loss	(Rs.lakhs)	<b>12,211.41</b>	3,408.40
Weighted average number of Equity shares outstanding	(Nos.)	<b>173,98,437</b>	173,98,437
Earnings per share - basic / diluted (face value - Rs. 10 per share)	(Rs.)	<b>70.19</b>	19.59
<b>34. Provision for contingencies of Rs. 100 lakhs (2015-16 Rs. 100 lakhs) in Note 9 represents the maximum possible exposure on ultimate settlement of issues relating to reorganisation arrangement of the Company.</b>			
		<b>As at</b>	As at
		<b>31.03.2017</b>	31.03.2016
<b>35. Contingent liabilities not provided for:-</b>		<b>(Rs. lakhs)</b>	(Rs. lakhs)
a) Income tax matters*		<b>215.51</b>	217.51
b) Excise and Service tax matters*		<b>778.21</b>	500.51
c) Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*		<b>845.79</b>	880.80
d) Bills discounted		<b>1121.32</b>	989.24
e) Sugarcane related matters		<b>4201.70</b>	-

\* 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.

- 36. a)** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs. 519.02 lakhs (2015-16 – Rs. 207.46 lakhs).
- b)** The Group has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits including union agreement in normal course of business. The Group does not have any long term commitments / contracts including derivative contracts for which there will be any material foreseeable losses.
- 37.** Research and development expenses amounting to Rs. 170.33 lakhs (2015-16 - Rs. 165.27 lakhs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. 18.05 lakhs (2015-16 - Rs. Nil) 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 Rs. Nil (2015-16 – Rs. Nil). Further no interest during the year has been paid or is 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" specified under section 133 of the Act, the Group 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 Group 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 financial statement, 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 Group level and relate to the Group 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. lakhs)

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
<b>Segment revenue</b>										
External sales	92990.65	68249.36	34481.15	28322.98	24866.17	27196.56	-	-	152337.97	123768.90
Less : Excise Duty	4185.17	2533.98	310.45	318.92	1836.72	1947.31	-	-	6332.34	4800.21
<b>Net external sales</b>	<b>88805.48</b>	<b>65715.38</b>	<b>34170.70</b>	<b>28004.06</b>	<b>23029.45</b>	<b>25249.25</b>	-	-	<b>146005.63</b>	<b>118968.69</b>
Other operating revenue	1930.68	1221.51	1267.10	1035.10	378.43	387.18	-	-	3576.21	2643.79
Inter segment revenue	5.88	41.86	-	-	-	2.70	(5.88)	(44.56)	-	-
Other Income	99.64	124.91	512.53	506.08	245.07	187.87	(3.14)	-	854.10	818.86
Unallocable income									171.51	241.06
<b>Total revenue</b>	<b>90841.68</b>	<b>67103.66</b>	<b>35950.33</b>	<b>29545.24</b>	<b>23652.95</b>	<b>25827.00</b>	<b>(9.02)</b>	<b>(44.56)</b>	<b>150607.45</b>	<b>122672.40</b>
<b>Segment results</b>										
Unallocated expenses (net of unallocated income)	16433.18	3467.32	4181.84	3697.03	941.08	2062.21			21556.10	9226.56
Operating profit									3249.31	1735.50
Finance Costs									18306.79	7491.06
<b>Profit Before Tax</b>									<b>3068.08</b>	<b>3524.09</b>
Tax expenses									15238.71	3966.97
- Current tax									3268.99	40.28
- Deferred tax charge									(152.06)	547.29
Profit after tax before results of an associate									12121.78	3379.40
Share of net profit of associate									89.63	29.00
<b>Profit after tax</b>									<b>12211.41</b>	<b>3408.40</b>
<b>Other information</b>										
Segment assets	67059.05	61425.22	27274.78	27243.20	12598.57	11598.18			106932.40	100266.60
Unallocated assets									6381.21	7011.86
<b>Total assets</b>	<b>67059.05</b>	<b>61425.22</b>	<b>27274.78</b>	<b>27243.20</b>	<b>12598.57</b>	<b>11598.18</b>			<b>113313.61</b>	<b>107278.46</b>
Segment liabilities	18137.02	22919.26	7219.92	6593.78	3463.77	2558.23			28820.71	32071.27
Share capital & reserves									36612.97	26737.37
Unallocated liabilities									47879.93	48469.82
<b>Total liabilities</b>	<b>18137.02</b>	<b>22919.26</b>	<b>7219.92</b>	<b>6593.78</b>	<b>3463.77</b>	<b>2558.23</b>			<b>113313.61</b>	<b>107278.46</b>
Capital expenditure	876.87	855.45	1352.06	328.05	265.90	972.58				
Depreciation	540.03	590.42	776.68	813.39	408.55	412.49				
Non cash expenses other than depreciation	1.55	127.66	3.44	13.32	151.56	0.01				

\* Comprising sugar, power and alcohol.

## II. Information about Secondary segments (Geographical segments)

(Rs. lakhs)

Particulars	Domestic		Overseas		Total	
	This year	Previous year	This year	Previous year	This year	Previous year
External Revenue by location of customers	111768.24	88507.04	38839.21	34165.36	150607.45	122672.40
Carrying amount of segment assets by location	99324.42	93731.05	7607.98	6535.55	106932.40	100266.60
Capital expenditure by location of assets	2494.83	2156.08	-	-	2494.83	2156.08

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

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

Associate : DCM Hyundai Limited (DHL).

Key management personnel : Mr. Tilak Dhar, Mr. Alok B. Shriram, Mr. Madhav B. Shriram and Mr. K. N. Rao.

Relatives/HUF of key management personnel : Mr. Akshay Dhar, Ms. Kanika Shriram, Mr. Rudra Shriram, Mrs. K. Rao and M/s. Bansi Dhar &amp; Sons - HUF (BDS).

Others (Enterprise 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).

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## Notes Forming Part of the Consolidated Financial Statements for the Year Ended March 31, 2017 (continued)

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

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

(Rs. lakhs)

Particulars	This year	Previous year
<b>Remuneration *</b>		
- Key management personnel		
- Mr. Tilak Dhar	506.70	128.49
- Mr. Alok B. Shriram	506.70	128.49
- Mr. Madhav B. Shriram	506.70	96.35
- Mr. K. N. Rao	46.58	42.18
- Relatives of key management personnel	35.48	30.40
	<b>1,602.16</b>	425.91
<b>Rental expenses</b>		
- Relatives/HUF of key management personnel		
- BDS	115.72	106.20
- Mrs. K. Rao	3.72	3.48
- Others		
- BEPL	22.88	21.57
- HRTPL	6.59	6.38
	<b>148.91</b>	137.63
<b>Interest expenses</b>		
- Relatives of key management personnel		
- Ms. Kanika Shriram	0.04	-
- Mr. Rudra Shriram	0.03	-
	<b>0.07</b>	-
<b>Public Deposits Received</b>		
- Relatives of key management personnel		
- Ms. Kanika Shriram	3.00	-
- Mr. Rudra Shriram	2.00	-
	<b>5.00</b>	-
<b>Security Deposits given</b>		
- Relatives/HUF of key management personnel		
- Mrs. K. Rao	-	0.12
	-	0.12
<b>Advance Rent adjusted</b>		
- Relatives/HUF of key management personnel		
- BDS	1.63	3.90
	<b>1.63</b>	3.90
<b>Balance outstanding at the year end</b>		
- Receivables		
Relatives/HUF of key management personnel		
- BDS	35.10	36.73
- Mrs. K. Rao	0.93	0.93
	<b>36.03</b>	37.66
- Payables		
Public Deposits including interest accrued		
Relatives/HUF of key management personnel		
- Ms. Kanika Shriram	3.04	-
- Mr. Rudra Shriram	2.03	-
	<b>5.07</b>	-
Remuneration		
- Key management personnel		
- Mr. Tilak Dhar	436.38	65.40
- Mr. Alok B. Shriram	438.82	64.80
- Mr. Madhav B. Shriram	439.60	30.80
	<b>1,314.80</b>	161.00

\* 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.

41. Disclosures in respect of assets taken on Operating Lease under Accounting Standard (AS) 19 "Leases" is as under :
- The Group has entered into operating leases agreements for various premises taken for accommodation of Group officers / directors and various offices of the Group. As at March 31, 2017 the future minimum lease payments under non-cancellable period which is not later than one year are Rs. Nil (2015-16 - Rs. Nil).
  - Lease rent charged to the Statement of Profit and Loss relating to operating leases entered or renewed after April 1, 2001 are Rs. 521.72 lakhs (2015-16 - Rs. 489.06 lakhs).
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.lakhs)	
	As at 31.03.17	As at 31.03.16	As at 31.03.17	As at 31.03.16	Currency	As at 31.03.17	As at 31.03.16	As at 31.03.17	As at 31.03.16
Forward Cover	-	18	Hedging	Hedging	Euro	-	2800000	-	2085.72

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

Particulars	As at 31.03.17		As at 31.03.16	
	Amount in foreign currency	Amount (Rs. lakhs)	Amount in foreign currency	Amount (Rs. lakhs)
- Trade receivables	Euro	1981568	1356.76	-
	US\$	8905598	5733.33	7140614
	GBP	22915	18.24	23376
- Sundry advances	Euro	12224	8.37	50913
	US\$	13760	8.37	-
	CHF	-	-	4421
- Acceptances	US\$	4722855	3084.30	4503758
- Trade payables	Euro	980	0.69	26475
	US\$	853525	559.91	714410
	GBP	246	0.20	-
- Bank borrowings	Euro	200000	140.06	450965
	US\$	-	-	14654
- Commission & discount	US\$	634140	414.14	321677
	Euro	286042	200.31	209660
- Royalty	Euro	11809	8.31	10965
- Consultancy	NZ\$	10300	4.74	-

43. Proceedings in a Petition challenging the Preferential Issue of equity warrants by the Company filed by a shareholder before the Hon'ble Company Law Board (now National Company Law Tribunal) are continuing since November, 2007.

#### 44. Employee benefits

##### a) Defined contribution plans

Rs. 660.72 lakhs (2015-16 - Rs. 516.12 lakhs) for provident fund contribution and Rs. 276.09 lakhs (2015-16 - Rs. 249.51 lakhs) 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 Group.

##### b) Defined benefit plans

- 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.
- 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.



## CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

### Notes Forming Part of the Consolidated Financial Statements for the Year Ended March 31, 2017 (continued)

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

	As at March 31, 2017 (Rs./lakhs)		As at March 31, 2016 (Rs./lakhs)	
	Gratuity Scheme	Privilege and medical leaves	Gratuity Scheme	Privilege and medical leaves
<b>Change in present value of obligation</b>				
1. Present value of obligation as at the beginning of the year	3,125.56	758.21	3,048.98	750.95
2. Current service cost	183.32	72.06	161.00	65.57
3. Interest cost	234.42	56.86	236.94	58.36
4. Actuarial (gain)/loss	273.74	219.94	24.83	108.73
5. Benefits paid	(400.65)	(244.17)	(346.19)	(225.40)
6. Present value of obligation as at the end of the year	3,416.39	862.90	3,125.56	758.21
<b>Change in plan assets</b>				
1. Plan assets at the beginning of the year	3264.62	-	2972.27	-
2. Expected return on plan assets	321.24	-	306.14	-
3. Contribution by the Company	6.90	-	4.85	-
4. Benefits paid	(172.70)	-	(17.99)	-
5. Actuarial gain / (loss)	29.67	-	(0.65)	-
6. Plan assets at the end of the year	3449.73	-	3264.62	-
<b>Liability / (Asset) recognised in the financial statements</b>	<b>(33.34)</b>	<b>862.90</b>	<b>(139.06)</b>	<b>758.21</b>
Non current	-	732.20	-	641.14
Current	(33.34)	130.70	(139.06)	117.07
<b>Cost for the year</b>				
<b>Change in present value of obligation</b>				
1. Current service cost	183.32	72.06	161.00	65.57
2. Interest cost	234.42	56.86	236.94	58.36
3. Expected return on plan assets	(321.24)	-	(306.14)	-
4. Actuarial (gain)/loss	244.07	219.94	25.48	108.73
5. Net cost	340.57	348.86	117.28	232.66
<b>Constitution of plan assets</b>				
Other than equity, debt, property and bank account	-	-	-	-
Funded with LIC *	3449.73	-	3264.62	-
<b>Main actuarial assumptions</b>				
Discount rate	7.25% p.a.	7.25% p.a.	7.50% p.a.	7.50% p.a.
Rate of increase in compensation levels	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.
Rate of return on plan assets	9.84% p.a.	-	10.30% p.a.	-
Expected average remaining working lives of employees (years)	16.07	16.64	15.39	16.56

\* 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.

iv) Disclosure relating to present value of defined benefit obligation and fair value of plan assets and net actuarial gain (loss): (Rs./lakhs)

Particulars	2016-17		2015-16		2014-15		2013-14		2012-13	
	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves
Present value of obligation as at the end of the year	3,416.39	862.90	3,125.56	758.21	3,048.98	750.95	2,992.25	710.83	2,818.36	641.19
Fair value of plan assets at the end of the year	3,449.73	-	3,264.62	-	2,972.27	-	2,729.33	-	2,521.74	-
Surplus/(Deficit) in plan assets	33.34	(862.90)	139.06	(758.21)	(76.71)	(750.95)	(262.92)	(710.83)	(296.62)	(641.19)
Actuarial Gain/(loss) on plan assets	29.67	-	(0.65)	-	0.73	-	(0.16)	-	1.37	-
Actuarial Gain/(loss) on obligation	(273.74)	(219.94)	(24.83)	(108.73)	20.42	(135.83)	(121.39)	(147.21)	(206.36)	(145.01)

45. The company has implemented Revised Accounting Standard (AS-10) "Plant, Property and Equipment" applicable w.e.f. 1st April, 2016, and adopted the Cost Model. Consequently, the Revaluation amount of Rs. 1602.89 lakhs as on 31st March, 2016, included in Fixed Assets (Note 14) has been adjusted against corresponding Revaluation Reserve in Reserves and Surplus (Note 5).

46. Immovable properties of Rs. 133.90 lakhs yet to be endorsed in the name of Company are as under : (Rs./lakhs)

Particulars	Amount as on 31/03/17	Remarks
Land situated at Daurala, Uttar Pradesh (UP) and Kota, Rajasthan	88.95 *	Vested in the Company pursuant to a Scheme of Arrangement of erstwhile DCM Limited
Land situated at Daurala, UP	44.95	The title deeds are in the name of Daurala Organics Limited which was merged with the Company under section 391 to 394 of the Companies Act, 1956 in terms of approval of honorable High Court

\* Includes leasehold land Rs. 0.58 lakhs at Kota, Rajasthan

47. For identification of a particular company as a Non-Banking Financial Company (NBFC), RBI circular no. 1998-99 / 1269 dated April 8, 1999 specifies that "the Company will be treated as an NBFC if its financial assets are more than 50% of its total assets and income from financial assets should be more than 50% of the gross income". Based on the last audited financial statements of the subsidiary company as on March 31, 2016, both the conditions were fulfilled. However, its principal business of bottling operations was temporarily suspended and surplus funds parked in their Inter Corporate Deposits. The subsidiary company has no intention of undertaking NBFC activities. Thus during the financial year ended March 31, 2017, the management of the subsidiary company has taken necessary steps to keep the financial assets below the specified limit.

48. Additional Information as required by paragraph 2 of the General Instructions for preparation of Consolidated Financial Statements to Schedule III of the Companies Act, 2013. (Rs./lakhs)

Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in Profit or Loss	
	As % of consolidated net assets	Amount	As % of consolidated Profit or Loss	Amount
1	2	3	4	5
1 Parent – DCM Shriram Industries Ltd.	96.26%	35244.79	98.70%	12052.05
2 Subsidiary - Daurala Foods & Beverages Pvt. Ltd.	2.79%	1020.58	0.54%	66.31
3 Associate – DCM Hyundai Ltd.	2.30%	841.47	0.73%	89.63
4. Consolidation Adjustments	(1.35%)	(493.87)	0.03%	3.42
<b>Total</b>	<b>100%</b>	<b>36612.97</b>	<b>100%</b>	<b>12211.41</b>

49. The details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November 2016 to 30th December, 2016 are as under : (Rs./lakhs)

Particulars	SBNs	Other Denominations Notes	Total
Closing cash in hand as on 8.11.2016	42.88	7.46	50.34
(+) Permitted Receipts	-	85.77	85.77
(-) Permitted Payments	-	69.00	69.00
(-) Amount Deposited in banks	42.88	-	42.88
Closing cash in hand as on 30.12.2016	-	24.23	24.23

50. Previous year's figures have been regrouped / recast wherever necessary to correspond with the current year's classification / disclosures.

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

Jaideep Bhargava  
Partner

Place : New Delhi  
Date : 23.5.2017

B.P. Khandelwal  
President

N.K. Jain  
Chief Financial Officer

Y.D. Gupta  
Chief General Manager &  
Company Secretary

For and on behalf of the Board

Shri Tilak Dhar  
Chairman & Managing Director

Shri Alok B. Shriram  
Vice Chairman &  
Dy. Managing Director

Shri Madhav B. Shriram  
Dy. Managing Director

Shri K.N. Rao  
Shri P.R. Khanna  
Shri S.B. Mathur

Shri Ravinder Narain  
Shri S.C. Kumar  
Shri C. Vikas Rao

Smt. Kavitha Dutt Chitturi  
Directors

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

### Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

1. Sl. No.		-
2. Name of the subsidiary	Daurala Foods & Beverages Pvt. Ltd.	
3. The date since when subsidiary was acquired	6th February, 2007	
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	
6. Share capital	7,50,00,000	
7. Reserves & surplus	2,70,57,497	
8. Total assets	10,21,26,497	
9. Total Liabilities	10,21,26,497	
10. Investments	-	
11. Turnover	93,14,976	
12. Profit before taxation	88,96,915	
13. Provision for taxation	22,66,038	
14. Profit after taxation	66,30,877	
15. Proposed Dividend	-	
16. % of shareholding	100%	

Note: There is no subsidiary which is yet to commence operations or which has been liquidated or sold during the year.

### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:

(Rs.)

Name of Associates /Joint Ventures	DCM Hyundai Ltd.
1. Latest audited Balance Sheet Date	March 31, 2017
2. Date on which the Associate was associated	July 17, 1995
3. Shares of Associate/Joint Ventures held by the company on the year end:	19,72,000
- No.	Rs. 1,66,00,005/-
- Amount of Investment in Associates/Joint Venture	49.28%
- Extent of Holding %	
4. Description of how there is significant influence	Holding more than 20% Equity Share Capital
5. Reason why the associate/joint venture is not consolidated	N.A.
6. Networth attributable to Shareholding as per latest audited Balance Sheet	Rs. 10,38,70,597/-
7. Profit / Loss for the year	
i) Considered in Consolidation	Rs. 89,63,661/-
i) Not Considered in Consolidation	Rs. 92,24,980/-

Note : There is no associate or joint venture which is yet to commence operations or which has been liquidated or sold during the year.

For and on behalf of the Board

B.P. Khandelwal  
President

N.K. Jain  
Chief Financial Officer

Y.D. Gupta  
Chief General Manager &  
Company Secretary

Shri Tilak Dhar  
Chairman & Managing Director

Shri Alok B. Shriram  
Vice Chairman &  
Dy. Managing Director

Shri Madhav B. Shriram  
Dy. Managing Director

Shri K.N. Rao  
Shri P.R. Khanna  
Shri S.B. Mathur

Shri Ravinder Narain  
Shri S.C. Kumar  
Shri C. Vikas Rao

Smt. Kavitha Dutt Chitturi  
Directors

Place : New Delhi  
Date : 23.5.2017

# Route Map Kamani Auditorium, 1, Copernicus Marg

