DCM SHRIRAM

DCM SHRIRAM INDUSTRIES LTD.

Annual Report 2010-11

DCM SHRIRAM INDUSTRIES LIMITED

Board of Directors	Shri Tilak Dhar	*Chairman and Managing Director*
	Shri Alok B. Shriram	*Dy. Managing Director*
	Shri Madhav B. Shriram	*Whole-Time Director*
	Shri Anil Gujral	*Director & CEO (Chemicals & Alcohol)*
	Shri P.R. Khanna	
	Dr. V.L. Dutt	
	Shri S. B. Mathur	
	Shri Ravinder Narain	
	Shri S. C. Kumar	*IFCI Nominee*
Company Secretary	Shri B.P. Khandelwal	*Sr. Executive Director*
Principal Executives	Shri D.C. Mittal	*President*
	Shri G. Kumar	*Advisor to CMD*
	Shri K.N. Rao	*Chief Operating Officer (Rayons)*
	Shri P.V. Bakre	*Sr. Vice President*
	Shri N.K. Jain	*Chief Financial Officer*
Bankers	State Bank of India	
	Punjab National Bank	
	Oriental Bank of Commerce	
	State Bank of Bikaner & Jaipur	
	Punjab & Sind Bank	
	IDBI Bank Limited	
	Karnataka Bank Limited	
	Syndicate Bank	
	State Bank of Hyderabad	
	Ghaziabad Zila Sahkari Bank Ltd.	
	Bijnor Zila Sahkari Bank Ltd.	
Auditors	A.F. Ferguson & Co. New Delhi	

Registered Office	Kanchenjunga Building,	Tel. No.	: (011) 2375 9300
	6th Floor,	Fax No.	: (011) 2335 0765
	18, Barakhamba Road,	e-mail	: dsil@dcmsr.com
	New Delhi - 110 001	Website	: http://www.dcmsr.com

DCM SHRIRAM INDUSTRIES LIMITED

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

NOTICE

The 20th Annual General Meeting of the Company will be held on Wednesday, the 10th August, 2011 at 10.00 A.M. at the Air Force Auditorium, Subroto Park, New Delhi-110010 for transacting the following business:

1. To consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 2011, and the Profit & Loss Account for the year ended on that date.

2. To appoint a Director in place of Shri Madhav B. Shriram, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Shri Ravinder Narain, 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, as an Ordinary Resolution:

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

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

   "Resolved that, pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for mortgaging and/or charging, on such terms and conditions and at such time or times, and in such form or manner, as it may deem fit, the whole or substantially the whole of the present and future movable and immovable assets of the Company's undertaking/s, more specifically stated herein below, in favour of the following Banks for securing the loan facilities provided by them and mentioned against each of them together with interest or any other charges, expenses and other moneys payable to them :

Banks	Nature of facility	Amount (Rs./Cr.)	Type of Security
State Bank of Hyderabad	Corporate Loan	20.00	1st pari passu charge on the fixed assets of the Company except those of Daurala Organics.
State Bank of Travancore	Corporate Loan	20.00	1st pari passu charge on the fixed assets of the Company except those of Daurala Organics, Vehicles, Furniture & Fixtures and other assets with exclusive charges.

and that the security to be created in the manner aforesaid in favour of the said Banks to secure the said financial facilities shall be by way of first charge, ranking pari passu in all respects with similar charges, if any, already created or to be created on the said properties to secure the existing and/or future borrowings."

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

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

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

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

"Resolved that in supersession of the Resolution No. 10 passed at the Extra-ordinary General Meeting of the Company held on 15th July, 1994 and pursuant to Section 293(1)(d) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing, from time to time, such sums of money as they deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which moneys so borrowed by the Board of Directors shall not exceed Rs. 1000 cr. at any time."

By order of the Board
For DCM SHRIRAM INDUSTRIES LIMITED

New Delhi
30th May, 2011

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

NOTES:

1. Explanatory Statement, as required under Section 173(2) of the Companies Act, 1956, is annexed.

2. Please notify change of address, if any, to the Company/ Registrars/ Depository Participants along with self attested proof of residence and copy of PAN Card.

3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 23.07.2011 to 10.08.2011 (both days inclusive).

4. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IS ATTACHED.

5. **Profile of Directors retiring by rotation**: At the ensuing Annual General Meeting Shri Madhav B. Shriram and Shri Ravinder Narain, retire by rotation and being eligible offer themselves for re-appointment (Item Nos. 2 & 3). Brief resume and other requisite information about these Directors are given below:

   a) Shri Madhav B. Shriram, aged 46 years, has an MBA background. He has 20 years of experience at various levels in the Company and is presently a Whole-time Director.

      Shri Madhav B. Shriram holds 15466 equity shares in the Company. He is a director in Divine Investments Pvt. Ltd. and Varuna Overseas Pvt. Ltd.

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

   b) Shri Ravinder Narain, aged 74 years, is a well known Lawyer practicing in the Supreme Court and High Courts. He was a senior partner of the Law Firm, M/s J.B. Dadachanji, Ravinder Narain Mathur & Co. He has set up his own law firm, M/s Ravinder Narain & Co. His experience in the legal field spans over four decades.

      He is a member of the Remuneration and Shareholders Committees of the Company.

Other Directorships	**Chairman/Member of the Committee of the Board**	
1. Nestle India Ltd.	- Investor Grievance Committee	(Chairman)
	- Audit Committee	(Member)
2. DLF Ltd.	- Shareholders/Investor Grievance Committee	(Member)
	- IPO Committee	(Member)
	- Corporate Governance and Compliance Committee	(Member)
3. Shriram Pistons & Rings Ltd.		
4. Shree Rajasthan Syntex Ltd		

Shri Ravinder Narain holds 570 equity shares in the Company.

Except Shri Ravinder Narain, none of the other directors of the Company is interested in the resolution.

6. **As a Green initiative in corporate governance, the Ministry of Corporate Affairs by circular no.17/2011 dated 21.4.2011 has allowed companies to send official documents to their shareholders through email by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time with the Company's Registrars/ Depository Participant concerned. Accordingly, the members are requested to intimate their email address/changes if any therein to the Company's Registrars, viz. Karvy Computershare Pvt. Ltd. (e-mail ID: einward.ris@karvy.com) or to their depository participants.**

ANNEXURE TO NOTICE

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

ITEM NO. 5

The Company avails financial facilities from Banks and Financial Institutions from time to time. Usually such borrowings, in addition to charge on movable assets, are required to be secured by mortgage/charge on the immovable assets of the Company in the manner desired by the lenders and agreed to by the Company. Creation of mortgage/charge as stated in the Resolution, subject to the approval of the existing charge holders, requires approval of shareholders u/s 293(1)(a) of the Companies Act, 1956.

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

ITEM NO. 6

At present the Board of Directors of the Company is empowered to borrow funds from time to time, up to Rs.750 cr. by resolution passed at the Extra-ordinary General Meeting of the Company held on 15th July, 1994.The Company's borrowings are to the tune of Rs. 450 cr. The working capital and other fund requirements are going up year after year. The Board of Directors has accordingly proposed to seek shareholders approval for increasing the borrowing limit from Rs.750 cr. to Rs.1000 cr.

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

Interest

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

Inspection

a) Copies of terms and conditions of the loans from the Banks (item no.5) will be open for inspection at the Registered Office of the Company at 6th Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi - 110 001 on all working days between 11.00 A.M. to 1.00 P.M.

b) Pursuant to the general permission granted by the Ministry of Corporate Affairs by circular No. 2/2011 dated 08.02.2011 the Annual Accounts of the subsidiary company, Daurala Foods & Beverages Pvt. Ltd., are not annexed to the Annual Report. However, a copy of the Accounts of the subsidiary company and the related detailed information will be made available to the shareholders seeking such information at any point of time. The Annual Accounts of the subsidiary shall also be kept for inspection by any shareholder at the address and during the time mentioned in (a) above.

DIRECTORS' REPORT

The Directors have pleasure in presenting the Annual Report and the Audited Accounts of your Company for the year ended 31st March 2011.

Despite occasional hiccups, the world witnessed the process of economic recovery during the year. Tumultuous conditions prevailed in South East Asia and the devastating earthquake and tsunami followed by a near nuclear catastrophe in Japan dampened the economic scene, which was otherwise on an upswing.

Our Country to a great extent was successful in insulating itself from the economic upheaval by taking timely measures and attained economic growth, envied even by developed countries. However, the momentum was somewhat disturbed by continued high inflation driven by surging global commodity prices and disclosures of a slue of incidents of economic misgovernance in the realm of public affairs, unprecedented in the history of the Country. In light of strong public opinion and growing intolerance to economic misgovernance, the Government is taking/ planning various measures and it is hoped that the Country will emerge stronger.

The recent assembly elections witnessed unprecedented levels of turnout for voting, reflecting the vibrancy of the Country's democracy. The results seem to point towards a desire for more transparent governance and faster progress and development.

For the Company 2010-11 was a difficult year. For most part of the year, the Company's sugar business suffered from the overhang of the severe mismatch of last year's cane and sugar prices, which situation improved in the last quarter. Linkage of these two through rational policy initiatives is an imperative need for survival of the industry. Overall, inflationary pressure and competition were countered by various steps taken during the year.

FINANCIAL RESULTS

Turnover for the year including other income at Rs.913 cr. was at an all time high against Rs.874 cr. in the previous year. There was a gross profit of Rs.10.2 cr. as compared to Rs.76.3 cr. in the previous year and net loss of Rs.5.5 cr. as compared to net profit after tax of Rs.38.9 cr. in the previous year.

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

OPERATIONS

Sugar

During the year your Company achieved a sugar production of 1.38 lac MT by crushing 15.10 lac MT of cane against 1.20 lac MT of sugar and 13.05 lac MT of cane in the previous year. The crushing at the Unit was highest in the State for the second consecutive year. The crushing capacity at the Unit was increased by 500 TCD and it achieved a peak crush of 12,500 TCD during this season. Additionally, a 15 MW TG Set was commissioned, so as to generate more power with the same amount of fuel. With this, the peak export of the power to the grid was around 23 MW, as against 19 MW last year.

The financial year 2010-11 has been a difficult year for the industry because of low sugar prices and high cane prices. The year started with the Government putting pressure and checks on institutional buyers, which drove them to contracting large quantities of imported white sugar (equivalent to 8-9 months of their consumption). The State Government announced an SAP of Rs.205/Qtl. of cane for the season 2010-11, which was relatively high in light of market prices of sugar.

The lack of off-take by the institutional buyers through most of the year impacted the sentiment and the prices remained sluggish and range-bound with a negative bias. This was despite the international prices being high with prices of white sugar touching an all time high of USD 800 per MT. The industry made repeated representations to the Government to lift controls imposed on institutional buyers and also to allow exports. The Government took some minor steps in the later half but they were all too little and too late, to prevent the year from being financially unsatisfactory for the industry. This was a year, wherein the Indian sugar industry lost a golden opportunity to export surplus sugar at attractive prices and recoup some of its losses considering the shortage of sugar in international markets.

Overall, while the Unit's operations were satisfactory, it suffered losses due to the sugar industry's environment. The set back was minimized through appreciable showing in other areas such as power, alcohol and chemicals.

Alcohol

Due to higher availability of captive molasses, and consequently higher production, the sales volumes of bulk alcohol more than doubled as compared to the previous year. As a result, there was a substantial increase in profitability of the alcohol business. The alcohol market remained relatively stable due to resumption of the programme for blending of ethanol with petrol, and slight revival of demand from the alcohol-based chemical industry.

Chemicals

While sales revenue of chemical business of the Company was broadly at last year's level, the profit was lower due to higher cost of raw materials on the one hand, and lower selling prices arising out of intensified international competition on the other.

To mitigate the impact of the above adverse factors, the Company is working on cost reduction, productivity improvement, and product mix changes, as also exploring development of new products.

Various initiatives at the Daurala complex towards conserving water, electricity, fuel and numerous steps towards "going green" have been recognized by various authorities. For our efforts in the direction of environment protection, conservation of natural resources and its utilisation, we were awarded "Frost & Sullivan's – Green Manufacturing Excellence – Aspirants Award 2011" in the large industry category. It is a matter of pride for us that we are the first sugar complex to be given this recognition and award. This is an achievement, which is the result of past and present efforts at being environment friendly.

Rayon

The global recession continued to take its toll on the automobile industry. This was further compounded by the problems in the European economies in the first half of the year. Shriram Rayons, however, was able to improve the export tonnage marginally. The selling prices were also increased, but the Rupee realisations were affected due to adverse exchange movements.

The Unit's efforts to get approval of the value added dipped fabric materialized and it achieved substantial increase in the sale of dipped fabric. Renewed efforts were made to widen the customer base by pursuing approvals from new customers. The Unit has been successful in getting approval from two more European Tyre Manufacturers and the supply of material has commenced. Shriram Rayons also maintained consistent growth in sale of Nylon Chafer.

The prospects in the coming year appear favourable, and in view of higher demand steps have been taken to technologically upgrade the textile operations. These efforts will continue this year also.

SR maintained continued thrust on quality and reduction in wastages. The Unit was accredited with Environmental Management System Certification (ISO 14001 : 2004) during the year. To control the energy cost and also promote clean fuel usage, the Unit undertook modification of Power House. The Unit met 30% of energy requirement from renewable sources during the year.

Subsidiary

The bottling plant of Daurala Foods & Beverages Pvt. Limited, which was leased to the Company, having been relocated to the Company's Distillery for better control and economy, the Company has acquired the super structure and some other equipments of DFBPL for alternate use.

RESEARCH & DEVELOPMENT

At a time of fast changing technology and formulations, Research & Development activities have a pivotal role not only in developing new products but also in innovating measures for upgrading quality, production processes and energy saving measures. This is all the more important in case of chemicals and drug intermediaries having international market. The Company is fully seized of the importance of R&D and has facilities to match its operations, which are kept upgraded from time to time according to the need of the segments in which the Company operates.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

AUDITORS' OBSERVATIONS

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

CORPORATE GOVERNANCE

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

DIRECTORS

Shri G. Kumar, Whole-time Director, retired on 31.1.2011 and Shri Anil Gujral has been appointed as a Whole-time Director from 1.2.2011 for a period of 3 years. His appointment and terms of remuneration were approved by the shareholders by postal ballot.

Shri Madhav B. Shriram and Shri Ravinder Narain, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

OTHER INFORMATION

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

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

New Delhi
May 30, 2011

CHAIRMAN

Annexure - I

CORPORATE GOVERNANCE REPORT

Corporate Governance Philosophy

Corporate Governance (CG) is the set of processes, customs, policies, laws and institutions affecting the way a corporation or company is directed, administered or controlled.

CG practices followed by a company are the basic tenets on which the relationship between the stakeholders and the company rests and guide the objectives pursued by it. In business corporations, the main external stakeholder groups are shareholders, debt-holders, trade creditors, suppliers, customers and communities affected by the corporation's activities. Internal stakeholders are the Board of Directors, executives and employees. The latter are custodians of the interests of the former. The relationship between the two is to be guided by a code of values and principles based on ethics and transparency.

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

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

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

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

The CG Report in respect of the year ended 31.3.2011 as per Clause 49 of the Listing Agreement is given below:

Board of Directors

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

Meetings and attendance

During the year 6 Board meetings were held on 19.4.2010, 29.5.2010, 6.8.2010, 14.8.2010, 13.11.2010 and 12.2.2011. Attendance and other details are given below:

Sl.No.	Name of Director	Category of Directorship	No. of Board Meetings Attended	Atten-dance at last AGM	Other Director-ships *	No. of Committee Memberships@ (other companies)	
						Member	Chairman
1	Shri Tilak Dhar	CMD	6	No	Nil	N.A.	N.A.
2	Shri Alok B. Shriram	DMD	5	Yes	1	1	Nil
3	Shri Madhav B Shriram	WTD	5	Yes	Nil	N.A	N.A
4	Shri Anil Gujral #	WTD	1	No	Nil	N.A	N.A
5	Shri G. Kumar ##	Director (Sugar)	5	Yes	Nil	N.A	N.A
6	Shri P.R. Khanna	Non-executive/ independent	6	Yes	5	4	2
7	Dr. V.L. Dutt	- do -	4	Yes	3	Nil	Nil
8	Shri S.B. Mathur	- do -	6	Yes	12	4	4
9	Shri Ravinder Narain	- do -	5	Yes	4	2	1
10	Shri S.C. Kumar (IFCI Nominee)	- do -	6	Yes	1	2	Nil

Appointed w.e.f. 1.2.2011

Retired on 31.1.2011

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

@ Audit and Shareholders' Grievance Committees

Relationship amongst directors

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

Audit Committee

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

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
  - any changes in accounting policies and practices;
  - major accounting entries based on exercise of judgment by management;
  - qualifications in draft audit report;
  - significant adjustments arising out of audit;
  - the going concern assumption;

- compliance with accounting standards;
- compliance with stock exchange and legal requirements concerning financial statements;
- any related party transactions as per Accounting Standard 18.

- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.

The Audit Committee ensures to the Board of the existence of an effective internal control environment. During the year 5 meetings of the Audit Committee were held on 19.4.2010, 29.5.2010, 14.8.2010, 13.11.2010 and 12.2.2011.

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

Name of the Member	Status	No. of Meetings attended
Shri P.R. Khanna	Chairman	5
Shri S.B. Mathur	Member	5
Shri S.C. Kumar	Member	5
Dr. V.L. Dutt	Member	3
Shri Anil Gujral #	Member	-
Shri G.Kumar ##	Member	4

Nominated on 12.2.2011

Retired on 31.1.2011

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

The Minutes of the Committee are placed before the Board.

Remuneration Committee

The Remuneration Committee comprised of four non-executive independent directors viz. Dr.V.L. Dutt (Chairman), Shri P.R. Khanna, Shri S. C. Kumar (IFCI Nominee) and Shri Ravinder Narain. The Committee meets as needed and reviews the managerial remuneration policy and makes recommendations to the Board for appointment/ re-appointment of managerial personnel. One meeting of the Committee was held during the year on 13.11.2010 and was attended by all Members.

Remuneration Policy

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

The details of remuneration of Executive Directors for the year ended 31.03.2011 are given below:

(Rs./ Lac)

Whole-time Directors	Salary	Commission/ Reward	Perquisites	Retirement benefits
Shri Tilak Dhar (CMD)	15.55	-	8.45	6.03
Shri Alok B. Shriram (DMD)	19.49	-	4.51	5.71
Shri Madhav B. Shriram(WTD)	19.35	-	4.65	5.22
Shri G.Kumar * (Director- Sugar)	9.00	4.75	6.25	1.08
Shri Anil Gujral ** [Director & CEO(Chemicals & Alcohol)]	2.52	-	1.39	0.68

* Upto 31.1.2011 ** From 1.2.2011

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

Non-Executive Directors	Sitting fees (Rs.)	No. of Shares held
Shri P.R. Khanna	202500	960
Dr. V.L. Dutt	80000	3700
Shri S.B. Mathur	180000	-
Shri Ravinder Narain	77500	570
Shri S.C. Kumar	120000	-

Shareholders Committee

There is a Board Committee for considering and approving matters related to transfer/ transmission of shares and investors' grievances headed by a Non-Executive Independent Director. During the year 2 meetings were held on 13.11.2010 and 12.2.2011.

The attendance at these meetings was as follows:

Name of Member	Status	No. of meetings attended
Shri P.R. Khanna	Chairman	2
Shri Tilak Dhar	Member	2
Shri Alok B. Shriram	Member	2
Shri Ravinder Narain	Member	1

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

In order to expedite transfer of shares in physical form, the Board had delegated authority to the Company Secretary to approve transfer/ transmission of shares upto 2000 shares in any one case at a time. The share transfers are registered and the certificates returned, duly endorsed, within 3 to 4 weeks by the Registrars.

During the year the Company received 7 investors' complaints. The complaints related to non-receipt of share certificates, dividend and change of address confirmation. The complaints were resolved generally in a week's time depending on the nature of the complaint.

No share transfer or investors' complaints were pending as on 31.03.2011.

General Body Meetings

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

Financial Year	Date	Venue
2007-2008	25.09.2008	FICCI Auditorium
2008-2009	18.09.2009	FICCI Auditorium
2009-2010	06.08.2010	FICCI Auditorium

No Special resolutions were passed in the last 3 AGMs.

Postal Ballot

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

Disclosures

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

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

Means of communication

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

General Shareholder Information

The AGM will be held on 10.08.2011 at 10.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010.

Financial Calendar

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

Date of Book Closure

The Register of members and other share transfer books will remain closed from 23.07.2011 to 10.08.2011 (both days inclusive).

Dividend

In the absence of allocable surplus, the Board of Directors has not recommended any dividend for the year.

Listing on Stock Exchange

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

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

Market price data (BSE)

Month	April 2010	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2011	Feb.	Mar.
High	110.00	108.00	86.00	100.00	94.90	90.00	91.00	90.00	91.80	84.80	79.80	75.00
Low	91.05	72.50	77.65	77.00	73.75	74.75	82.15	72.00	68.00	70.00	65.30	64.50

B.S.E. Index	1st April, 2010	17,692.62
	31st March, 2011	19,445.22

Share Transfer System

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

Karvy Computershare Pvt. Ltd.

- 17-24, Vittal Rao Nagar, Madhapur,
  Hyderabad – 500 081
  Phone 040-4465500
  e-mail ID: einward.ris@karvy.com
- New Delhi House, 305, 3rd Floor,
  Barakhamba Road, New Delhi - 110001
  Phone 011-43681700
  e-mail ID: delhi@karvy.com

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

CORPORATE GOVERNANCE REPORT (continued)

Annexure - I (contd.)

Distribution of Shareholding

Nominal value of Shareholding (Rs.)		(Rs.)	Shareholders Number	%age	Share Amount (Rs.)	% age
Upto		5000	91357	99.26	18814740	10.81
5001	To	10000	338	0.37	2572650	1.48
10001	To	20000	178	0.19	2512090	1.45
20001	To	30000	50	0.05	1238610	0.71
30001	To	40000	28	0.03	995330	0.57
40001	To	50000	15	0.02	679630	0.39
50001	To	100000	25	0.03	1952500	1.12
100001	&	Above	45	0.05	145218820	83.47
TOTAL			**92036**	**100%**	**173984370**	**100%**

Shareholding pattern

Category	No. of shares held (in lacs)	Percentage
Promoters	75.69	43.50
FIs, Banks & Mutual funds	13.89	7.98
Others (public)	84.41	48.52
TOTAL	**173.99**	**100%**

Dematerialization of shares

The shares in the Company are under compulsory dematerialized trading. Upto 31.03.2011, 14539433 (83.57%) equity shares in the Company have been dematerialized. The Company's ISIN No. is INE843D01019.

Outstanding instruments

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

Non-mandatory requirements

The Company has constituted a Remuneration Committee.

Plant locations

Daurala Sugar Works
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@dcmsr.com

Confirmation of compliance of Code of Business Conduct and Ethics

I declare that all Board members and Senior Management have individually affirmed compliance with the Code of Business Conduct and Ethics adopted by the Company during the year 2010-11.

(Tilak Dhar)
Chairman & Managing Director

May 30, 2011

COMPLIANCE CERTIFICATE

To the Members of
DCM Shriram Industries Limited

I have examined the compliance of conditions of Corporate Governance by DCM Shriram Industries Limited for the year April 1, 2010 to March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

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

I state that in respect to investor grievances received during the year April 1, 2010 to March 31, 2011, no investor grievances are pending against the Company as per the records maintained by the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

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

New Delhi
Date: May 30, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

Sugar

The year 2010-11 began on a low key for the sugar industry with Government imposing tough measures like weekly releases/ stock holding limits etc. This resulted in institutional buyers contracting large quantity of imported sugar and buying only small quantities domestically. The sugar prices remained subdued during the year and kept hovering between Rs.2600-3000 per quintal. The industry was saddled with high cost carryover sugar stocks which impacted margins adversely.

During the year, the domestic production is estimated at around 24 Million MT as against 18 Million MT last year. During the year, except for India, there was tightness in international market as production was low in sugar due to drought in Brazil and floods in Australia. International sugar prices remained high and touched a record high of USD 800 per MT, yet the domestic prices were subdued. This presented an opportunity for the Indian Industry to export its surplus sugar, which Government did not allow for most of the year due to general inflationary pressures. The Government has now allowed export of 5 lac MT of sugar under OGL, but it is a small step too late, as the prices have dropped in the international market with new product from Australia and Brazil expected to reach the markets shortly.

The operations of the Company's sugar Unit during the period were satisfactory with the Unit achieving highest crush of 15.10 lac MT in the State for second consecutive year. The sugar recovery was low for the entire region due to climatic conditions. During this period the Unit has increased its crushing capacity by 500 TCD, which has helped in preventing diversion of cane during peak period. The Unit has been making continuous efforts to optimize its operations and co-generation is one of it's key focus areas. Towards this, the Company has commissioned a 15 MW turbine, which would help in increasing export of power to grid on an ongoing basis.

Presently, there is a confidence deficit domestically with trade/ institutional buyers wary of building inventory. The price uncertainty has been aggravated by different/varying production estimates released by the Industry, Government and Trade. The pressure on Government to rein in inflation is adding to sugar price uncertainty. For the industry to remain viable, there is a need for confidence building steps by all the stakeholders and the Government. The Government needs to have a long term approach and not make arbitrary decisions like imposing stock holding limits etc. and arbitrarily use release mechanism to control prices.

An effective policy accepting the linkage of cane price to sugar prices is a crying need of the day, as also an effective export import policy, aimed at achieving the desired level of sugar / cane prices needs to be mandated.

Alcohol

With the revival of the alcohol based chemical industry, as well as resumption of the programme for blending of petrol with ethanol, the demand for alcohol out-stripped the increased availability in U.P., comparing to the previous year. Consequently, the Company was able to sell larger volumes resulting in a strong performance of the alcohol business.

During the year, the Company initiated exports of alcohol to overseas markets, and it is the intention to develop sales to this segment further. Additionally, the Company's focus continues to be on the production of higher value products, and improvement in efficiencies and productivity.

Chemicals

The lower profit of the chemical business, as compared to the previous year, was mainly due to increase in cost of raw materials and intense international competition.

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

The Company's ongoing focus areas are expansion and diversification wherever viable, introduction of new products, productivity, cost reduction and product mix.

Rayon

Shriram Rayons Unit is engaged in production and export of tyre cord yarn and fabric to international tyre producers.

The effect of the continued global economic recession, further aggravated by problems in European economies in the first half of the year, affected the Automobile and Tyre manufacturers. Sales in the

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

first half of the year were sharply affected. However, off take picked up in the second half and the Unit was able to improve the overall export tonnage marginally over the previous year. The margins were however affected because of adverse exchange rate movements in spite of higher selling prices.

There has been a distinct trend in the market with the tyre manufacturers interest to source dipped material in place of yarn and greige fabric. Perceiving the same, SR had already upgraded its weaving and dipping facilities. The Unit further enhanced the same by installation of two Picanol Airjet looms in the year. In addition, steps are also being taken to increase twisting capacity.

With approvals of the dipped material, SR was able to increase the sale of value added dipped material substantially. The European Greige fabric customers have completely switched over to dipped material, and the yarn customers are also starting to take dipped fabric. The Unit has been actively pursuing to widen its customer base. During the year SR was able to get approvals from two European tyre manufacturers and they have now commenced off take.

Sales of nylon chafer have been increasing consistently. Steps have been taken to upgrade facilities for producing the same to improve quality and also to reduce waste and costs.

The Unit maintained continued TQM thrust on quality and reduction in wastages. SR was accredited with Environmental Management System Certification (ISO 14001 : 2004) during the year.

As a measure of cost reduction and also to promote usage of clean fuel the Unit took steps to modernise its Power House. SR met 30% of its energy requirement from renewable sources during the year. To maintain consistent supply of agro fuel at cheaper price the Unit also established off site husk collection and storage facilities. The Unit also started usage of CNG in place of Kerosene/ LPG. The Unit also has a large bank of Solar Panels to heat Boiler Feed Water.

Internal control systems and the adequacy

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

A periodical review of such controls are undertaken to assess and ensure their efficiency and accuracy. Compliance with statutory requirements at all levels is ensured by a procedure under which the Units/ Offices send reports of compliance to the Occupier director indicating variations/ delays, if any. The Occupier in turn submits his report to the Board of Directors periodically. The Board also monitors the measures taken by the Units in addressing risks and measures taken to minimize risks, if any through a half yearly report.

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

Material Development in human resources/ industrial relations front

The Company believes that the strength of any organization is its employees. A dedicated, enlightened and contended work force is the life-line for any business to achieve its goals. A sense of belongingness enhances responsibility and results in better delivery. The Company's HR measures revolve around this philosophy. Industrial relations remained cordial in all its operations during the year. As on 31.3.2011 the total number of employees on the payrolls of the Company was 2481.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is a subject currently much debated in the corporate sector and between corporate sector and the Government. The bone of contention is whether it should be voluntary or mandatory. Discharge of any social responsibility by an individual or a body corporate should be voluntary and a selfless act towards the betterment of the society.

The Company inherited and follows the philosophy that "give back a part of what you gain to society". At DCM Shriram Industries Limited, we endeavour to contribute to the economic development of the local community and society. The effort is to promote people-centric initiatives with active community participation. The thrust areas are education, health care, rural development and environment protection.

Education

An English Medium School on CBSE pattern under the name of Dr. Bansi Dhar School, located in the Company's Unit Shriram Rayons imparts quality education to children in and around Kota without any discrimination based on caste, religion, gender or social background. Special care is taken for children with special needs. The venture is supported by Shriram Rayons. The Company is also providing rehabilitation and training to differently able persons. Daurala Sugar Works had built Sir Shriram Higher Secondary School at Daurala. This school imparts excellent education to the local children on nominal fees.

Health Care

On the health front a charitable dispensary with qualified doctor and para medical staff caters to the medical requirements of not only the employees of DSW and their families but also to the people in the villages around the factory area. Medical camps for family planning operations and health checkups are conducted at regular intervals. Blood donation camps are also organized with "the Kota Blood Bank Society" in the factory premises and the employees are encouraged to donate blood for the noble cause of saving lives.

Rural Development

Several initiatives are taken in rural development mainly in cane development activities and farmer education on various topics related to agricultural practices, health and sanitation. Construction and maintenance of road and sewerage are regular projects undertaken. Use of agro-waste to generate energy at Kota has resulted in creation of more local employment and income. A large number of labour is engaged in growing, harvesting, processing, transporting and trading the fuels, which generates off farm income for rural population regularly. SR has been actively supporting Kota Administration in building and maintenance of roads, parks, bathing ghats, community halls, hospital wards, school building etc. Such supports have been of immense help in building a better infrastructure and improving the image of Kota city.

Environment Protection

High priority is accorded to the protection of environment for sustainable development. Educating the local population on this aspect is given great importance. Tree plantation, rain water harvesting, conservation of energy and water, etc are practiced and propagated. Bio-compost produced from industrial effluents are also provided to farmers for use as manure. DSW also provides treated spent wash for irrigation through pipeline from the factory, which is contributing to improving fertility of the soil in the area. At SR, Kota, investment is made in plant & machinery and technology on regular basis to reduce emission and maintain clean environment in and around the factory.

The Company supports holding of the annual `Shankar Shad Mushaira' to encourage and maintain the tradition of art of Urdu poetry in Delhi.

Annexure - II

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

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken :

- Installation of a more efficient 15 MW turbine replacing less efficient turbine to reduce fuel consumption.
- Installation of cooling tower for 2nd condensate cooling to increase the reuse of water & reduce the use of fresh underground water.
- Design optimisation and Installation of a 10 MT Pilot bagasse drier, to reduce moisture in fuel, thereby reducing fuel consumption / increasing boiler efficiency.
- Installation of 3 higher efficiency Juice transfer pumps to reduce energy consumption.
- Increasing bio-gas generation per unit of alcohol by optimizing operating conditions.
- Optimization of process parameters in distillery to reduce steam consumption.
- Improving insulation of heating bodies to minimize heat loss.
- Improved Crystallization system to achieve energy saving.
- Modification of drive shafts in twisters resulting in power saving.
- FRP blades installed on main exhaust fan resulting in power saving.
- Optimization of hot stretch flow to conserve energy.
- Installation of VFD in chilling water and cooling tower fans to reduce power consumption.
- Installation of high efficiency vertical pumps replacing horizontal pumps.
- Installation of VAHP in place of screw pumps to reduce energy consumption.

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

- Installation of commercial scale bagasse driers to reduce fuel consumption.
- Replacement of dyno drive with more efficient AC frequency drive to reduce power consumption.
- Addition of Vertical Crystalliser to inter-alia, reduce energy consumption in process.
- Installation of higher efficiency pumps.
- Installation of VAHP system in place of existing compressor based water chilling plant.

c) Impact of the above measures :

- More efficient utilisation of fuels & water.
- Reduction in energy consumption.
- Reduction in refrigerant usage.
- Higher power availability for supply to grid.
- Recovering more energy from distillery waste.

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

- Form - A annexed.

B. TECHNOLOGY ABSORPTION :

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

C. FOREIGN EXCHANGE EARNINGS & OUTGO :

Total foreign exchanged earned Rs.186.05 crs. and used Rs. 94.71 crs.

Annexure - II (contd.)

Form - A

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
- Units (Lacs/KWH)	**105**	76
- Total Amount (Rs./lacs)	**515**	348
- Rate (Rs./KWH)	**4.92**	4.57
b) Own generation		
i). Through Diesel Generator		
- Units (Lacs/KWH)		
- Kwh generated per ltr. of Diesel Oil		
- Cost (Rs./KWH)		
ii) Through Steam Turbine/Generator		
- Units (Lacs/KWH)	**1878**	1695
- Kwh generated per kg. of Coal*	**1.42**	1.37
- Cost (Rs./KWH)*	**4.20**	4.47
2. Coal (Mixed grades)		
(used for steam/power generation)		
- Quantity (MT)	**58493**	83872
- Total Cost (Rs./lacs)	**2458**	3545
- Average Rate (Rs./MT)	**4202**	4226
3. Agro Fuel (outside purchase)		
- Quantity (MT)	**78349**	79308
- Total Cost (Rs./lacs)	**2211**	2157
- Average Rate (Rs./MT)	**2822**	2720
4. Other / Internal generation – Bagasse		
- Quantity (MT)	**445906**	353569
- Total Cost	**(By - product)**	(By - product)
- Average Rate	**-**	-
B. CONSUMPTION PER UNIT OF PRODUCTION		
5. Electricity		
- Sugar (KWH/MT Cane)	**39.17**	38.47
- Rayon Yarn (KWH/Kg.)	**2.37**	2.32
6. Steam		
- Sugar (% Cane)	**47.58**	45.36
- Rayon Yarn (MT/MT)	**30.74**	30.84

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

Annexure - II (contd.)

Form - B

RESEARCH & DEVELOPMENT

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

- Evaluation of new sugar cane varieties and optimization of cultivation techniques for getting the best results.
- Setting-up of two different designs of pilot bagasse driers, to optimize the techno-economic feasibility, so as to reduce fuel consumption and increase boiler efficiency. The trials have been successful and we intend to install full scale bagasse driers now.
- Change in the filtration path of viscose to achieve longer accessory life.
- Change in spinneret design.
- Development of new products / intermediates with in-house technology.
- Development work is being done to scale up processes for contract manufacturing.
- Change in process technology to improve efficiency.

2. BENEFITS DERIVED

- Energy saving, better quantity, new product development, cleaner environment, better productivity and yields, reduced wastage, reduced costs, increase in through put, improved competitiveness & flexibility in manufacturing processes / equipment, reduction of raw material / utilities, higher supply to grid.
- Setting-up of a new plant.
- Negotiating to manufacture products on contract basis for MNC.

3. FURTHER PLAN OF ACTION

- Above efforts will continue in various areas of activity.

4. EXPENDITURE ON R&D

		(Rs. / Lacs)
a)	Capital	14.65
b)	Revenue	29.65
c)	Total	44.30

d) Total expenditure as a % of turnover is 0.05% (this represents specific R&D expenditure, but excludes expenditure on developmental activities carried out in the normal course of operations).

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts Made

- Installation of Integration plant for production of ENA.
- Filter Presses provided with Digital Indicators.
- Installed automatic modifier addition system with alarm.
- High temperature audio visual safety alarm provided on Dipping Unit.
- Picanol Air Jet looms provided with hand safety protection.
- Automatic control of screw feeder for Boiler.
- Belt conveyors area provided with electronic tripping device.
- Usage of CNG fuel.
- Lead pipes replaced with FRP pipes.
- New Air Jet looms installed to improve fabric quality.
- Sulzer looms modified to weave chafer fabric.

2. Benefits

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

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

TO THE MEMBERS OF

DCM SHRIRAM INDUSTRIES LIMITED

1. We have audited the attached balance sheet of DCM Shriram Industries Limited ("the Company") as at March 31, 2011, the profit and loss account and the cash flow statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:

   i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   iii) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;

   iv) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in compliance with the accounting standards referred to in section 211(3C) of the Companies Act, 1956;

   v) without qualifying our opinion, we draw attention to note 16 of schedule 11 relating to accounting for cane purchase liability for sugar season 2007-08 at Rs. 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts cannot be determined at this stage.

   vi) *various issues arisen/arising out of the reorganisation arrangement will be settled and accounted for as and when the liabilities/benefits are finally determined. The effect of these cannot be determined at this stage (refer to note 2 (b) of Schedule 11).*

   The matter referred to in paragraph (vi) to the extent covered here above was also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2010.

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

   a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;

   b) in the case of the profit and loss account, of the loss of the Company for the year ended on that date; and

   c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

5 On the basis of written representations received from the directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being

appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

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

Manjula Banerji
Partner
(Membership No. 086423)

Place : New Delhi
Date : 30.5.2011

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

Having regard to the nature of the Company's business / activities / result, clause (xiii) of CARO is not applicable.

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956 (hereinafter referred to as the Act). For this purpose, the Company has taken the view that the transactions which are subjected to the provisions of section 299(6) of the Act are not required to be entered in this register. Notwithstanding the Company's views regarding the provisions of section 299(6) of the Act, in respect of the loan granted by the Company to a promoted company as per the Scheme of Rehabilitation approved by Board for Industrial and Financial Reconstruction (BIFR) in earlier years, the maximum amount outstanding during the year and the year-end balance was Rs. 541.94 lacs.

(b) In our opinion and according to the information and explanations given to us and also in view of the rehabilitation scheme sanctioned by the Board for Industrial and Financial Reconstruction

(BIFR) on May 24, 2007, in respect of the concerned promoted company, the rate of interest and other terms and conditions of loan granted by the Company, as referred to in para (iii)(a) above are not, prima facie, prejudicial to the interest of the Company.

(c) As per the information and explanations given to us and also as per Rehabilitation Scheme sanctioned by the BIFR, in respect of the concerned promoted company, the receipts of principal amount and interest has been as per stipulation.

(d) As per the information and explanations given to us and records of the Company, there are no overdue amounts in respect of above loan, and interest thereon.

(e) According to the information and explanations given to us, the Company has during the year not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraphs (f) and (g) of the Companies (Auditors' Report) Order, 2003 (hereinafter referred to as the CARO) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) According to the information and explanations given to us, during the year, the particulars of contracts / arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section. For this purpose, the Company has taken the view that the transactions which are subjected to the provisions of section 299(6) of the Act are not required to be entered in this register. Notwithstanding the Company's views regarding the provisions of section 299(6) of the Act, in respect of certain transactions, exceeding the value of Rs. 5 lacs entered into with such party during the year have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and section 58AA of the Companies Act, 1956 or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public. According to the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.

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

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

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

(a) The Company has been regular in depositing undisputed dues, including investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, customs duty, excise duty, cess, entry tax, purchase tax and other material statutory dues applicable to it and generally been regular in depositing dues in case of tax deducted at source, sales tax and provident fund with the appropriate authorities. There were no undisputed statutory dues outstanding for a period of more than six months from the date they become payable as at the year end.

(b) Details of dues of excise duty, customs duty, income-tax and sales tax matters which have not been deposited as on March 31, 2011 by the Company on account of disputes are given below:

S. No.	Name of the Statute	Nature of dues	Amount involved * (Rs. lacs)	Amount paid under protest (Rs. lacs)	Period to which the amount relates (various years covering the period)	Forum where dispute is pending
1	Central Excise Laws	Excise Duty	**1.84**	-	1981-82	Assistant Commissioner
			21.90	-	June '05 to December '07	Joint Commissioner
			20.00	-	March '86 to December '89	High Court
		Modvat Credit	**31.79**	-	1995-96, November '04 to December '08	Commissioner (Appeals)
		Service Tax	**216.85**	-	2001-02 to 2005-06	Customs, Excise & Service Tax Appellate Tribunal
			1.44	-	January '08 to October '08	Deputy Commissioner
			4.28	-	December'09 to December'10	Assistant Commissioner, Central Excise & Customs
2	Customs Law	Customs Duty	**143.16**	-	2006-07	Commissioner (Appeals), Customs Duty
3	Income Tax Act, 1961	Income Tax	**193.40**	**193.40**	2005-06	Commissioner of Income Tax (Appeals)
4	Sales Tax Laws	Sales Tax	**1.68**	**0.43**	2008-10	Joint Commissioner (Appeals), Commercial Tax
			0.44	**0.44**	2006-07 & 2009-10	Deputy Commissioner, Commercial Tax
			1.79	-	2009-10	Additional Commissioner
		Purchase Tax	**10.76**	**9.59**	2001-02	Tax Board

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

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

S. No.	Name of the Statute	Nature of dues	Amount involved (Rs. lacs)	Period to which the amount relates (various years covering the period)	Forum where department has preferred appeal
1	Central Excise Laws	Excise duty	**27.25**	2003-08	Customs, Excise & Service Tax Appellate Tribunal
			3.54	1998-99	High Court
			1.00	1994	Commissioner (Appeals)
		Modvat Credit	**15.15**	1995-96	High Court
		Service Tax	**4.25**	2004-08	Customs, Excise & Service Tax Appellate Tribunal
2	Customs Law	Customs Duty	**560.28**	2000-01	High Court
3	Sales Tax Laws	Sales Tax	**151.35**	1976-2002	High Court
			65.00	2000-01	Supreme Court of India
			2.42	2006-07 & 2008-09	Commercial Tax Tribunal

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

(x) The Company does not have accumulated losses at the end of the financial year ended March 31, 2011. Further, the company has not incurred any cash losses during the financial year ended March 31, 2011 and in the immediately preceding financial year ended March 31, 2010.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders during the year.

(xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the CARO is not applicable.

(xiii) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the CARO is not applicable.

(xiv) According to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.

(xv) In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purposes for which they were obtained.

(xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet, we report that funds raised on short term basis have not been used for long term investments.

(xvii) As the Company has not made any preferential allotment during the year, paragraph 4(xviii) of the CARO is not applicable.

(xviii) The Company has not issued any debentures during the year.

(xix) The Company has not raised money by way of public issue during the year.

(xx) To the best of our knowledge and according to the information and explanations given to us by the management, no fraud by the Company has been noticed or reported during the year and with respect to fraud on the Company during the year, there was a fraudulent withdrawl of Rs. 35 lacs from a bank account of the Company by a third party which has subsequently been credited to the Company's account by the concerned bank before the year end.

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

Manjula Banerji
Partner
(Membership No. 086423)

Place : New Delhi
Date : 30.5.2011

Balance Sheet as at March 31, 2011

	Schedule	As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs. lacs
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	**1739.84**	1739.84
Reserves and surplus	2	**20806.44**	21782.29
		22546.28	23522.13
Loan funds	3		
Secured loans		**30137.50**	28916.93
Unsecured loans		**1116.40**	971.11
		31253.90	29888.04
Deferred tax liability (net) (refer note 7 in schedule 11)		**4355.94**	4794.99
Total		**58156.12**	58205.16
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		**56881.30**	53492.99
Less : Depreciation		**27621.15**	25924.22
Net block		**29260.15**	27568.77
Capital work in progress		**1362.58**	2863.89
		30622.73	30432.66
Investments	5	**713.77**	725.73
Current assets, loans and advances	6		
Inventories		**37121.61**	37180.85
Sundry debtors		**6967.16**	6343.64
Cash and bank balances		**670.91**	1236.11
Loans and advances		**4460.25**	4460.32
		49219.93	49220.92
Less : Current liabilities and provisions	7		
Current liabilities		**21409.42**	20600.47
Provisions		**990.89**	1573.68
		22400.31	22174.15
Net current assets		**26819.62**	27046.77
Total		**58156.12**	58205.16
Notes to the accounts	11		

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

Manjula Banerji
Partner

Place : New Delhi
Date : 30.5.2011

D.C. Mittal
President

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

N.K. Jain
Chief Financial Officer

For and on behalf of the Board

Tilak Dhar
Chairman & Managing Director

Alok B. Shriram
Dy. Managing Director

Madhav B. Shriram
Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

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

Profit and Loss account for the year ended March 31, 2011

	Schedule		Year ended 31.03.2011 Rs. lacs		Year ended 31.03.2010 Rs. lacs
INCOME					
Sale of products					
Gross sales		**92271.84**		88004.86	
Less : Excise duty		**4193.29**	**88078.55**	4242.61	83762.25
Other income	8		**3268.93**		3627.93
			91347.48		87390.18
EXPENDITURE					
Manufacturing and other expenses	9		**87212.53**		77435.24
Interest	10		**3119.92**		2328.24
			90332.45		79763.48
PROFIT BEFORE DEPRECIATION AND TAX			**1015.03**		7626.70
Depreciation - Gross		**2265.24**		2222.49	
Less : Transferred from revaluation reserve		**282.57**	**1982.67**	315.23	1907.26
PROFIT / (LOSS) BEFORE TAX			**(967.64)**		5719.44
Provision for tax					
- Current tax		**-**		988.17	
Less : MAT Credit		**-**		586.44	
Add : Current tax of earlier years		**21.52**		-	
		21.52		401.73	
- Deferred tax (credit) / charge		**(439.05)**	**(417.53)**	1424.98	1826.71
PROFIT / (LOSS) AFTER TAX			**(550.11)**		3892.73
Brought forward from the previous year			**11010.45**		8253.61
Debenture redemption reserve written back			**138.15**		278.08
Available for appropriation			**10598.49**		12424.42
APPROPRIATIONS					
Dividend :					
Interim			**-**		260.98
Final proposed			**-**		521.95
Corporate dividend tax			**-**		131.04
General reserve			**-**		500.00
Balance carried to balance sheet			**10598.49**		11010.45
Earnings per share - basic / diluted (Rs.)			**(3.16)**		22.37
(Refer note 8 in schedule 11)					
Notes to the accounts	11				

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

Manjula Banerji
Partner

Place : New Delhi
Date : 30.5.2011

D.C. Mittal
President

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

N.K. Jain
Chief Financial Officer

For and on behalf of the Board

Tilak Dhar
Chairman & Managing Director

Alok B. Shriram
Dy. Managing Director

Madhav B. Shriram
Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

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

Cash Flow Statement for the year ended March 31, 2011

		Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs. lacs
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	(Loss) / Profit before tax	**(967.64)**	5,719.44
	Adjustments for :		
	Depreciation	**1,982.67**	1,907.26
	Interest expense	**3,119.92**	2,328.24
	Interest income	**(140.70)**	(139.69)
	Provision for doubtful debts, loans & advances realised	**(29.93)**	-
	Profit on sale of fixed assets	**(107.44)**	(64.45)
	Write off / loss on sale of fixed assets	**102.39**	80.37
	Provision for diminution in value of current non trade investments written back	**-**	(9.23)
	Profit on sale of current non trade investments	**(33.66)**	(12.43)
	Impairment of fixed assets (refer note 18 in schedule 11)	**-**	99.15
	Dividend income	**(0.32)**	(0.30)
	Operating profit before working capital changes	**3,925.29**	9,908.36
	Adjustments for :		
	Increase in sundry creditors and other payables	**1,209.69**	4,099.36
	(Increase) / Decrease in sundry debtors, loans and advances	**(558.56)**	296.94
	Decrease / (Increase) in inventories	**59.24**	(8,228.71)
	Cash generated from operations	**4,635.66**	6,075.95
	Income tax paid	**(31.84)**	(1,167.18)
	Net cash generated from operating activities	**4,603.82**	4,908.77
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(3,290.69)**	(3,087.72)
	Sale of fixed assets	**219.55**	118.28
	Purchase of current non trade investments	**(5,203.35)**	(609.45)
	Sale of long term non trade investments	**0.03**	-
	Sale of current non trade investments	**5,248.94**	776.80
	Interest received	**167.36**	220.64
	Dividend received	**0.32**	0.30
	Inter corporate deposits made	**-**	(100.00)
	Inter corporate deposits received back	**-**	200.00
	Net cash (used in) investing activities	**(2,857.84)**	(2,481.15)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from borrowings	**6,724.55**	2,711.59
	Repayment of borrowings	**(4,278.89)**	(4,914.21)
	Increase in cash credits	**(1,152.00)**	2,646.13
	Interest paid	**(3,013.98)**	(2,267.23)
	Inter corporate deposits received	**350.00**	-
	Inter corporate deposits paid	**(350.00)**	-
	Dividend paid	**(504.17)**	(587.41)
	Corporate dividend tax paid	**(86.69)**	(103.49)
	Net cash (used in) financing activities	**(2,311.18)**	(2,514.62)
	Net decrease in cash and cash equivalents (A+B+C)	**(565.20)**	(87.00)
	Cash and cash equivalents		
	- At beginning of year	**1,236.11**	1,323.11
	- At end of year *	**670.91**	1,236.11

* Cash and cash equivalents include Rs.48.78 lacs (2009-10 - Rs.52.26 lacs) earmarked for specific purposes.

Notes to the accounts — Schedule 11

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

Manjula Banerji
Partner

Place : New Delhi
Date : 30.5.2011

D.C. Mittal
President

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

N.K. Jain
Chief Financial Officer

For and on behalf of the Board

Tilak Dhar
Chairman & Managing Director

Alok B. Shriram
Dy. Managing Director

Madhav B. Shriram
Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

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

	As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs. lacs
1. SHARE CAPITAL		
Authorised		
6,50,00,000 (2009-10 - 6,50,00,000) Equity shares of Rs.10 each	**6500.00**	6500.00
Issued, subscribed and fully paid-up		
1,73,98,437 (2009-10 - 1,73,98,437) Equity shares of Rs. 10 each	**1739.84**	1739.84
	1739.84	1739.84

Of the issued, subscribed and fully paid-up capital, following equity shares of Rs.10 each were allotted as fully paid-up without payment being received in cash :

(i) 57,55,076 (2009-10 - 57,55,076) equity shares allotted to shareholders of erstwhile undivided DCM Limited in terms of Scheme of Arrangement (refer note 2 (a) in schedule 11).

(ii) 15,68,200 (2009-10 - 15,68,200) equity shares allotted to shareholders of erstwhile Daurala Organics Limited in terms of Scheme of Amalgamation.

	As at 31.03.2010 Rs. lacs	Deductions Rs. lacs		As at 31.03.2011 Rs. lacs
2. RESERVES AND SURPLUS				
Revaluation reserve	3243.76	**425.74**	*	**2818.02**
Amalgamation reserve	1411.38	**-**		**1411.38**
Share premium account	3406.68	**-**		**3406.68**
Capital redemption reserve	0.10	**-**		**0.10**
Debenture redemption reserve	207.23	**138.15**	**	**69.08**
General reserve	2502.69	**-**		**2502.69**
Profit and loss account	11010.45	**411.96**		**10598.49**
	21782.29	**975.85**		**20806.44**

* Represents
- Rs. 282.57 lacs transferred to profit and loss account.
- Rs. 143.17 lacs in respect of deletion of revalued assets.

** Transferred to profit and loss account.

	As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs. lacs
3. LOAN FUNDS		
Secured loans		
Debentures	**69.08**	207.23
Banks		
Cash credits	**18066.17**	19218.17
Term loans	**9880.10**	7151.31
Others	**2122.15**	2330.39
Finance lease liabilities *	**-**	9.83
	30137.50	28916.93
Unsecured loans		
Deposits		
Fixed	**896.75**	782.87
Others	**219.65**	188.24
	1116.40	971.11
	31253.90	29888.04

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

3. LOAN FUNDS (Continued)

SECURED

I. Debentures

8,98,000 (2009-10 - 8,98,000) privately placed 12.50% secured redeemable non convertible debentures of Rs.100 each allotted w.e.f. June 18, 2001, redeemable at par in 26 equal quarterly instalments commencing from April 15, 2005. The instalments due for redemption have been redeemed. Due within a year Rs.69.08 lacs (2009-10 – Rs.138.15 lacs). These debentures are secured by a first mortgage over all the immovable properties and a first charge by way of hypothecation of all the movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, both present and future (save and except book debts), subject to prior charges created / to be created in favour of the Company's bankers for securing borrowings for working capital requirements, the charges ranking pari-passu with the mortgages and charges created / to be created in favour of existing first charge holders for their respective term loans / debentures. These debentures are also secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company.

II. Banks

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

b) Rs.7029.90 lacs (2009-10 - Rs.3343.38 lacs) are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans / debentures. Due within a year Rs.1834.48 lacs (2009-10 – Rs.1813.48 lacs).

c) Rs.872.62 lacs (2009-10 - Rs. 847.62 lacs) secured by first charge on specific movable assets of Shriram Rayons, a unit of the Company. Due within a year Rs.305.00 lacs (2009-10 - Rs.275.00 lacs).

d) Rs.446.92 lacs (2009-10 – Rs.208.27 lacs) secured / to be secured by first mortgage and charge on specific immovable and movable assets of Shriram Rayons, a unit of the Company. Due within a year Rs.109.20 lacs (2009-10 – Rs.54.60 lacs).

e) Rs.561.00 lacs (2009-10 – Rs.661.00 lacs) are secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans. Due within a year Rs.120.00 lacs (2009-10 – Rs.100.00 lacs).

f) Rs.962.47 lacs (2009-10 – Rs.2066.46 lacs) are secured by residual charge on fixed assets of sugar division of the Company. Due within a year Rs.962.47 lacs (2009-10 - Rs.1068.00 lacs).

g) Rs.7.19 lacs (2009-10 – Rs.24.58 lacs) are secured by hypothecation of specific assets. Due within a year Rs.7.19 lacs (2009-10 – Rs.16.10 lacs).

III. Others

a) Rs.139.71 lacs (2009-10 – Rs.420.15 lacs) secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans / debentures. This is further secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company. Due within a year Rs.139.71 lacs (2009-10 – Rs.280.44 lacs).

b) Rs.1982.44 lacs (2009-10 – Rs.1910.24 lacs) secured by exclusive second charge on immovable and movable assets of sugar factory at Daurala Sugar Works, a unit of the Company. Due within a year Nil (2009-10 - Nil).

IV. Finance Lease

Nil (2009-10 – Rs.9.83 lacs) were secured by hypothecation of specific assets. Due within a year Nil (2009-10 – Rs.9.83 lacs).

Schedules to the accounts (continued)

4. FIXED ASSETS

Rs. lacs

Particulars	Gross block				Depreciation					Net block	
	As at 31.03.2010	**Additions**	**Deductions**	**As at 31.03.2011**	As at 31.03.2010	**For the year**	**Impairment loss ***	**On deductions**	**As at 31.03.2011**	**As at 31.03.2011**	As at 31.03.2010
Land	1235.71	**57.89**	**0.07**	**1293.53**	-	**-**	**-**	**-**	**-**	**1293.53**	1235.71
Buildings	5975.57	**488.66**	**-**	**6464.23**	3173.42	**197.94**	**-**	**-**	**3371.36**	**3092.87**	2802.15
Plant and machinery	45075.25	**3642.18**	**796.71**	**47920.72**	22179.15	**1982.52**	**-**	**533.72**	**23627.95**	**24292.77**	22896.10
Furniture and fixtures	574.98	**27.07**	**20.49**	**581.56**	368.94	**27.19**	**-**	**11.00**	**385.13**	**196.43**	206.04
Vehicles	631.48	**49.54**	**59.76**	**621.26**	202.71	**57.59**	**-**	**23.59**	**236.71**	**384.55**	428.77
This year	53492.99	**4265.34**	**877.03**	**56881.30**	25924.22	**2265.24**	**-**	**568.31**	**27621.15**	**29260.15**	
Previous year	51728.14	2737.42	972.57	53492.99	24357.78	2222.49	127.14	783.19	25924.22		27568.77
Capital work in progress										**1362.58**	2863.89
										30622.73	30432.66

1. The Company had revalued its land and buildings as at March 31, 1993 and plant and machinery (other than office equipment) as at April 1, 1993. Land, buildings and plant and machinery (other than office equipment) were again revalued on March 31, 1999. These revaluations resulted in a net increase in the gross block by Rs.16283.80 lacs of which Rs. 12351.47 lacs (2009-10 Rs.12757.32 lacs) is included in the gross block of fixed assets as on March 31, 2011.

2. Estimated amount of contracts remaining to be executed on capital account not provided for and against which advance has not been paid Rs. 177.83 lacs (2009-10 Rs. 33.96 lacs).

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

4. Assets taken on finance lease (cost Rs. 83.64 lacs and accumulated depreciation Rs. 20.91 lacs as at 31.03.2010) have been reclassified under owned assets consequent to payment of final finance lease installment during the year.

5. Additions to fixed assets during the year include Rs. 22.28 lacs (2009-10 Rs.1.42 lacs) on account of borrowing cost.

6. Refer note 11 A in schedule 11 .

* Refer note 18 in schedule 11.

5. INVESTMENTS *		As at 31.03.2011 Rs. lacs		As at 31.03.2010 Rs. lacs
Long Term Investments				
Quoted				
Trade				
ICICI Bank Limited				
16 (2009-10 - 16) Equity shares of Rs. 10 each, fully paid-up		**0.01**		0.01
		0.01		0.01
Unquoted				
Trade				
Daurala Co-operative Development Union Limited				
2 (2009-10 - 2)Equity shares of Rs. 10 each, fully paid-up @ (Rs.20)		@		@
Non-trade				
Government securities #		**0.11**		0.14
DCM Hyundai Limited				
19,72,000 (2009-10 - 19,72,000) Equity shares of Rs. 10 each, fully paid-up		**166.00**		166.00
Versa Trading Limited				
7,00,000 (2009-10 - 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	-
Investments in shares of subsidiary companies				
Daurala Foods & Beverages Private Limited				
74,99,990 (2009-10 - 74,99,990) Equity shares of Rs. 10 each, fully paid-up		**447.40**		447.40
Current Investments				
Unquoted, Non-trade				
HDFC Cash Management Fund				
481895.315 (2009-10 - Nil) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth units of Rs. 10 each fully paid-up, acquired during the year. Repurchase price Rs. 103.71 lacs (2009-10 - Nil).		**100.25**		-
Birla Sunlife Mutual Fund				
Nil (2009-10 - 766166.017) Birla Sunlife Dynamic Bond Fund - Retail - Growth units of Rs. 10 each fully paid-up, Sold during the year.		**-**		112.18
		713.76		725.72
		713.77		725.73

Market value of quoted investments Rs. 0.18 lac (2009-10 - Rs. 0.15 lac).

* Refer note 1 (e) in schedule 11.

Pledged with Government authorities.

6. CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs. lacs
Current assets		
Inventories		
Stores and spares (at cost or under)	**2978.14**	2827.18
Stock-in-trade		
(at lower of cost and net realisable value)		
Raw materials	**4263.80**	4933.82
Process stocks	**955.48**	961.19
Finished goods	**28924.19**	28458.66
	37121.61	37180.85
Sundry debtors		
Debts over six months		
Unsecured - considered good	**9.60**	41.09
- considered doubtful	**29.97**	35.06
Other debts		
Secured - considered good	**19.35**	4.27
Unsecured - considered good	**6938.21**	6298.28
	6997.13	6378.70
Less : Provision for doubtful debts	**29.97**	35.06
	6967.16	6343.64
Cash and bank balances		
Cash on hand	**43.18**	40.95
Cheques in hand	**31.26**	380.02
With scheduled banks - on current account	**305.70**	85.08
- on deposit account *	**290.77**	730.06
	670.91	1236.11
Loans and advances		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Secured	**541.94**	541.94
Unsecured - considered good **	**1919.34**	1956.51
- considered doubtful	**90.94**	115.94
	2552.22	2614.39
Less : Provision for doubtful advances	**90.94**	115.94
	2461.28	2498.45
Deposits	**189.46**	193.98
With customs and excise authorities	**533.95**	475.99
MAT credit entitlement	**1107.10**	1128.62
Tax (net of provision)	**111.18**	79.34
Interest accrued on investments and deposits	**57.28**	83.94
	4460.25	4460.32
	49219.93	49220.92

* Includes :
Rs. 52.07 lacs (2009-10 - Rs. 118.75 lacs) provided as security for loans from banks / bank guarantees / letters of credit.
Rs. 48.78 lacs (2009-10 - Rs. 52.26 lacs) earmarked for specific purpose.
Rs. 71.50 lacs (2009-10 - Rs. 152.05 lacs) for margin money.

** Includes capital advances Rs. 61.16 lacs (2009-10 - Rs. 9.86 lacs).

7. CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs. lacs
Current liabilities		
Acceptances	**1463.05**	1861.66
Sundry creditors		
Micro, small and medium enterprises *	**1.93**	-
Others	**19736.77**	18582.66
Interest accrued but not due on loans	**161.45**	127.71
Unclaimed dividends	**46.22**	28.44
	21409.42	20600.47
Provisions		
Gratuity	**343.27**	380.89
Leave salary	**647.62**	584.15
Proposed dividend	**-**	521.95
Corporate dividend tax	**-**	86.69
	990.89	1573.68
	22400.31	22174.15

* Refer note 6 in schedule 11.

8. OTHER INCOME

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs. lacs
Income from operations		
Processing charges	**299.68**	301.44
Export incentives	**1515.81**	1630.47
Gain on exchange fluctuations *	**369.64**	284.54
Miscellaneous sales	**565.98**	694.32
	2751.11	2910.77
Other income		
Interest on :		
Income tax refunds	**-**	16.76
Deposits etc. (gross) **	**140.70**	122.93
Profit on sale of fixed assets	**107.44**	64.45
Profit on sale of current non trade investments	**33.66**	12.43
Provision / liabilities no longer required, written back	**70.80**	113.65
Miscellaneous	**165.22**	386.94
	517.82	717.16
	3268.93	3627.93

* Net of loss of Rs. 567.90 lacs (2009-10 Rs. 383.33 lacs)

** Income-tax deducted at source Rs. 8.53 lacs (2009-10 - Rs. 10.97 lacs).

9 . MANUFACTURING AND OTHER EXPENSES

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs. lacs
Raw materials consumed	**54812.22**	51785.82
Goods purchased for resale	**5772.03**	3916.54
Stores and spares *	**6035.77**	6629.19
Power, fuel, etc.	**5602.57**	6111.35
Repairs		
Buildings	**242.23**	310.08
Plant and machinery	**1495.10**	1467.10
Jobs on contract	**104.11**	119.23
Salaries, wages, bonus, etc. **	**7190.00**	7079.31
Contribution to provident and other funds	**685.30**	574.14
Provision for gratuity	**204.86**	168.34
Provision for leave salary	**206.51**	163.37
Welfare	**179.41**	177.40
Rent	**461.84**	438.92
Insurance	**136.43**	133.02
Rates and taxes	**61.85**	61.46
Donations	**2.40**	0.11
Auditors' remuneration		
As auditors	**20.50**	20.50
Limited review of unaudited financial results	**12.90**	12.90
Verification of statements and other reports	**2.85**	5.85
Out-of-pocket expenses	**0.28**	0.51
Directors' sitting fees	**6.60**	4.50
Bad debts/advances written off	**9.78**	2.36
Provision for doubtful debts	**-**	5.08
Write off/loss on sale of fixed assets	**102.39**	80.37
Impairment of fixed assets	**-**	99.15 #
Freight and transport	**638.13**	546.92
Commission to selling agents	**1327.59**	764.64
Brokerage, discounts (other than trade discounts), etc.	**274.43**	215.55
Sales expenses	**186.81**	225.18
Increase / (Decrease) in excise duty on finished goods	**59.10**	32.61
Miscellaneous	**1838.36**	1952.63
	87672.35	83104.13
Increase in finished goods and process stocks		
Opening stocks	**29419.85**	23750.96
Less : Closing stocks	**29879.67**	29419.85
	(459.82)	(5,668.89)
	87212.53	77435.24

* After allocating Rs. 472.74 lacs (2009-10 - Rs. 552.21 lacs) to other revenue accounts.

** After allocating Rs. 108.73 lacs (2009-10 - Rs. 152.51 lacs) to other revenue accounts.

\# Refer note 18 in schedule 11.

10. INTEREST

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs. lacs
On debentures and other fixed loans	**1095.52**	928.63
On others	**2024.40**	1399.61
	3119.92	2328.24

11. NOTES TO THE ACCOUNTS

1. Significant Accounting Policies

a) Accounting convention

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

b) Use of estimates

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

c) Fixed assets

i) Owned assets

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

ii) Assets taken on finance lease

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

iii) Impairment of fixed assets

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

d) Depreciation

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

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

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

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

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

e) Investments

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

f) Inventories

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

g) Research and development

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

h) Export benefits

Export benefits are accounted for on accrual basis.

11. NOTES TO THE ACCOUNTS (continued)

i) Employees' benefits

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

i) Contributions to the provident fund, gratuity fund and superannuation fund are charged to revenue.

ii) Gratuity liability determined on an actuarial basis is provided to the extent not covered by the funds available in the gratuity fund.

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

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

j) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.

Monetary items denominated in foreign currency are reported using the closing exchange rates on the date of the balance sheet.

The exchange differences arising on settlement of monetary items or on reporting these items at the rates different from the rates at which these were initially recorded / reported in previous financial statements, are recognised as income / expense in the year in which they arise.

In case of forward exchange contracts, the premium or discount, arising at the inception of such contracts is amortised as income or expense over the life of the contract and the exchange differences on such contracts, i.e., differences between the exchange rates at the reporting/ settlement date and the exchange rates on the date of inception of contract/ the last reporting date, is recognised as income / expense for the year.

k) Revenue recognition

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

l) Income-tax

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

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

2. a) Pursuant to the Scheme of Arrangement as approved by the High Court of Delhi vide its Order dated April 16, 1990 under sections 391 / 394 of the Companies Act, 1956, assets and liabilities relating to certain units, and certain reserves of the undivided DCM Limited were transferred / allocated to the Company w.e.f. April 1, 1990, being the effective date. The excess of net assets acquired over the share capital and reserves had been transferred to the share premium account.

b) There are various issues relating to sales tax, income-tax, interest, etc. arisen / arising out of the reorganisation arrangement which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited as and when the liabilities / benefits are finally determined. The ultimate effect of these is not ascertainable at this stage.

	As at 31.03.2011 (Rs. lacs)	As at 31.03.2010 (Rs. lacs)
3. Contingent liabilities not provided for:-		
Income tax matters*	**193.40**	210.22
Excise / Service tax / Customs Duty matters*	**928.61**	698.39
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	**1088.51**	1000.34
Bills discounted	**1422.50**	2540.73

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

		This year (Rs. lacs)	Previous year (Rs. lacs)
4. a)	Managerial remuneration		
	- Remuneration*	**114.64**	153.31
	- Commission	**-**	384.39
	- Directors sitting fees	**6.60**	4.50
		121.24	542.20

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

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

	Previous year (Rs. lacs)
Profit for the year before tax, as per profit and loss account	5719.44
Add : Managerial remuneration including commission	542.20
Less : Profit on sale of fixed assets, as per section 349(3)(d) of the Companies Act, 1956	21.61
Net profit in accordance with section 198 of the Companies Act, 1956	6240.03
Maximum remuneration to Managing / Whole-time Directors @ 10% of the net profit	624.00
Restricted to	537.70

Computation of net profit in accordance with section 198 of the Companies Act, 1956 for the current year has not been given as no commission is paid to Directors in view of inadequacy of profits.

5. Research and development expenses amounting to Rs. 29.65 lacs (2009-10 - Rs. 33.53 lacs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. 14.65 lacs (2009-10 – Nil) has been included in fixed assets.

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

   Based upon the information available, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is Rs. 1.93 lacs (2009-10 Nil). Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

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

			As at 31.03.2011 (Rs. lacs)	As at 31.03.2010 (Rs. lacs)
a)	Deferred tax assets			
	Accrued expenses deductible on payment		**208.23**	230.48
	Provision for gratuity and leave encashment		**321.49**	320.56
	Provision for doubtful debts and advances		**11.01**	12.95
	Unabsorbed depreciation		**382.13**	-
	Others		**92.62**	82.60
		Total	**1015.48**	646.59
b)	Deferred tax liabilities			
	Depreciation		**5371.42**	5441.58
		Total	**5371.42**	5441.58
	Net		**(4355.94)**	(4794.99)

11. NOTES TO THE ACCOUNTS (continued)

8. Earnings per share

		This year	Previous year
Profit / (Loss) after tax as per profit and loss account	(Rs.lacs)	**(550.11)**	3892.73
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.)	**(3.16)**	22.37

9. Segment reporting

A. Business segments

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

B. Geographical segments

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

C. Segment accounting policies

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

i) Segment assets and liabilities

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

ii) Segment revenue and expenses

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

iii) Unallocated expenses

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

iv) Inter segment sales

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

I. Information about Primary segments (Business segments)

(Rs. lacs)

Particulars	Sugar *		Industrial fibres and related products		Chemicals		Elimination		Total	
	This year	Previous year	**This year**	Previous year	**This Year**	Previous year	**This Year**	Previous year	**This Year**	Previous year
Segment revenue										
External sales	**51713.26**	47583.63	**16239.60**	16541.82	**24318.98**	23879.41			**92271.84**	88004.86
Income from operations	**462.97**	673.53	**1899.46**	1832.21	**388.70**	405.03			**2751.13**	2910.77
Inter segment revenue	**1.90**	1.90					**(1.90)**	(1.90)	**-**	-
Other Income	**222.89**	338.76	**64.21**	107.83	**67.78**	68.98			**354.88**	515.57
Unallocable income									**162.92**	201.59
Total revenue	**52401.02**	48597.82	**18203.27**	18481.86	**24775.46**	24353.42	**(1.90)**	(1.90)	**95540.77**	91632.79
Segment results	**(658.92)**	3761.85	**1872.42**	2403.97	**2048.65**	3319.62			**3262.15**	9485.44
Unallocated expenses (net of unallocable income)									**1109.87**	1437.76
Operating profit									**2152.28**	8047.68
Interest expense									**3119.92**	2328.24
Provision for tax										
- Current tax									**21.52**	401.73
- Deferred tax charge									**(439.05)**	1424.98
Profit after tax									**(550.11)**	3892.73
Other information										
Segment assets	**47903.73**	48134.74	**16883.38**	16411.62	**11900.76**	11351.55			**76687.87**	75897.91
Unallocated assets									**3868.56**	4481.40
Total assets	**47903.73**	48134.74	**16883.38**	16411.62	**11900.76**	11351.55			**80556.43**	80379.31
Segment liabilities	**15035.30**	13624.99	**3741.42**	4048.49	**3155.25**	3132.24			**21931.97**	20805.72
Share capital & reserves									**22546.28**	23522.13
Unallocated liabilities									**36078.18**	36051.46
Total liabilities	**15035.30**	13624.99	**3741.42**	4048.49	**3155.25**	3132.24			**80556.43**	80379.31
Capital expenditure	**1491.34**	1942.54	**868.37**	269.80	**435.64**	907.25				
Depreciation	**875.58**	861.23	**432.34**	419.54	**639.74**	594.19				
Non cash expenses other than depreciation	**45.26**	103.51#	**57.16**	86.36	**5.65**	36.92				

* Comprising sugar, power and alcohols.

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

11. NOTES TO THE ACCOUNTS (continued)

II. Information about Secondary segments (Geographical segments)

(Rs. lacs)

Particulars	Domestic		Overseas		Total	
	This year	Previous year	**This year**	Previous year	**This year**	Previous year
External Revenue by location of customers	**76684.49**	72214.57	**18856.28**	19418.22	**95540.77**	91632.79
Carrying amount of segment assets by location	**73577.04**	73386.51	**3110.83**	2511.40	**76687.87**	75897.91
Capital expenditure by location of assets	**2795.35**	3119.59			**2795.35**	3119.59

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

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

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

Associate : DCM Hyundai Ltd. (DHL)

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

Relatives/HUF of key management personnel : Mrs. Karuna Shriram, Mrs. Kiran Mittal, Mr. Akshay Dhar 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 Pvt. Ltd. (BEPL) and H.R. Travels Pvt. Ltd. (HRTPL).

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

i) Transactions with subsidiary and associate

(Rs. lacs)

Particulars		Subsidiary		Associate		Total	
		This year	Previous year	**This year**	Previous year	**This year**	Previous year
Rental Expenses	- DFBPL	**46.23**	60.00	**-**	-	**46.23**	60.00
Purchase of goods	- DFBPL	**-**	1.00	**-**	-	**-**	1.00
Purchase of fixed assets	- DFBPL	**293.18**	-	**-**	-	**293.18**	-
Interest charged on Loans	- DHL	**-**	-	**59.61 ***	59.61 *	**59.61**	59.61
Interest received on Loans	- DHL	**-**	-	**85.96**	79.74	**85.96**	79.74
Balance outstanding as at the year end from:	- DHL	**-**	-	**586.44**	612.79	**586.44**	612.79

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

Transactions with related parties

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

(Rs. lacs)

Particulars		This year	Previous year
Remuneration (including commission)*			
- Key management personnel	- Mr. Tilak Dhar	**30.03**	187.20
	- Mr. Alok B. Shriram	**29.71**	187.20
	- Mr. D.C. Mittal	**41.93**	39.24
	- Mr. Madhav B. Shriram	**29.23**	140.40
	- Mr. Anil Gujral	**4.59**	-
	- Mr. G. Kumar	**21.08**	22.90
- Relatives of key management personnel		**0.90**	0.90
		157.47	577.84
Rental expenses			
- Relatives/HUF of key management personnel	- BDS	**32.41**	27.37
	- Mrs. Karuna Shriram	**3.86**	3.36
	- Mrs. Kiran Mittal	**13.80**	12.93
- Others	- BEPL	**0.32**	0.32
	- HRTPL	**0.04**	-
		50.43	43.98
Balance outstanding at the year end			
- Receivable	- BDS	**34.91**	21.15
	- Mrs. Kiran Mittal	**13.80**	13.80
		48.71	34.95
- Commission payable	- Mr. Tilak Dhar	**-**	143.70
	- Mr. Alok B. Shriram	**-**	142.37
	- Mr. Madhav B. Shriram	**-**	98.32
		-	384.39

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

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

A. Finance Lease

i) For motor vehicles and plant and machinery taken under finance lease arrangements, the ownership will be transferred to the Company at the end of the finance lease term.

ii) Reconciliation between the total of minimum finance lease payments at the balance sheet date and their present value :

(Rs. lacs)

Particulars	Total		Payments not later than one year		Payments later than one year but not later than five years	
	This Year	Previous year	**This Year**	Previous year	**This Year**	Previous year
Total of minimum finance lease payments at the balance sheet date	**-**	10.33	**-**	10.33	**-**	-
Less : Future finance and other charges	**-**	0.50	**-**	0.50	**-**	-
Present value of minimum finance lease payments at the balance sheet date	**-**	9.83	**-**	9.83	**-**	-

B. Operating Lease

i) The Company generally enters into cancellable operating leases for office premises and residence of its employees, normally renewable on expiry.

ii) Lease rent charged to the profit and loss account relating to operating leases entered or renewed after April 1, 2001 are Rs. 419.51 lacs (2009-10 - Rs. 401.34 lacs).

11. NOTES TO THE ACCOUNTS (continued)

12. The following are the particulars of disputed dues on account of excise duty, customs duty, income-tax and sales tax matters that have not been deposited by the Company as at March 31, 2011:-

S. No.	Name of the Statute	Nature of dues	Amount involved * (Rs. lacs)	Amount paid under protest (Rs. lacs)	Period to which the amount relates (various years covering the period)	Forum where dispute is pending
1	Central Excise Laws	Excise Duty	**1.84**	-	1981-82	Assistant Commissioner
			21.90	-	June '05 to December '07	Joint Commissioner
			20.00	-	March '86 to December '89	High Court
		Modvat Credit	**31.79**	-	1995-96, November '04 to December '08	Commissioner (Appeals)
		Service Tax	**216.85**	-	2001-02 to 2005-06	Customs, Excise & Service Tax Appellate Tribunal
			1.44	-	January '08 to October '08	Deputy Commissioner
			4.28	-	December'09 to December'10	Assistant Commissioner, Central Excise & Customs
2	Customs Law	Customs Duty	**143.16**	-	2006-07	Commissioner (Appeals), Customs Duty
3	Income Tax Act, 1961	Income Tax	**193.40**	**193.40**	2005-06	Commissioner of Income Tax (Appeals)
4	Sales Tax Laws	Sales Tax	**1.68**	**0.43**	2008-10	Joint Commissioner (Appeals), Commercial Tax
			0.44	**0.44**	2009-10	Deputy Commissioner, Commercial Tax
			1.79	-	2009-10	Additional Commissioner
		Purchase Tax	**10.76**	**9.59**	2001-02	Tax Board

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

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

S. No.	Name of the Statute	Nature of dues	Amount involved (Rs./Lacs)	Period to which the amount relates (various years covering the period)	Forum where department has preferred appeal
1	Central Excise Laws	Excise duty	**27.25**	2003-08	Customs, Excise & Service Tax Appellate Tribunal
			3.54	1998-99	High Court
			1.00	1994	Commissioner (Appeals)
		Modvat Credit	**15.15**	1995-96	High Court
		Service Tax	**4.25**	2004-08	Customs, Excise & Service Tax Appellate Tribunal
2	Customs Law	Customs Duty	**560.28**	2000-01	High Court
3	Sales Tax Laws	Sales Tax	**151.35**	1976-2002	High Court
			65.00	2000-01	Supreme Court of India
			2.42	2006-07 & 2008-09	Commercial Tax Tribunal

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

Nature of Derivative	Number of deals		Purpose		Amount in foreign currency			Amount (Rs. lacs)	
	As at 31.03.11	As at 31.03.10	**As at 31.03.11**	As at 31.03.10	**Currency**	**As at 31.03.11**	As at 31.03.10	**As at 31.03.11**	As at 31.03.10
Forward Cover	**11**	-	**Hedging**	-	**Euro**	**1300000**	-	**807.94**	-

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

Particulars	As at 31.3.2011			As at 31.3.2010		
	Amount in foreign currency		Amount (Rs. lacs)	Amount in foreign currency		Amount (Rs. lacs)
- Sundry debtors	**Euro**	**2474908**	**1551.72**	Euro	3221314	1950.83
	US$	**1693089**	**751.18**	US$	1044330	471.41
	GBP	**-**	**-**	GBP	163912	111.51
- Acceptances	**US$**	**3256277**	**1463.05**	US$	4105084	1853.03
- Sundry creditors	**Euro**	**2567**	**1.64**	Euro	348551	211.08
	US$	**1548034**	**698.78**	US$	838394	378.45
	GBP	**-**	**-**	GBP	1430	0.97
- Bank Borrowings	**US$**	**200000**	**89.86**	US$	-	-
- Commission & discount	**US$**	**26137**	**11.79**	US$	15651	7.06
- Royalty	**Euro**	**26264**	**16.81**	Euro	38192	23.13
	US$	**-**	**-**	US$	32000	14.44

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

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

S. No.	Name of the fund	Face Value (Rs.)	Nos. (in lacs)	Cost (Rs.lacs)
1	HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale Growth	10	47.56	973.47
2	HDFC Fixed Maturity Plan – 35(D) Aug'10(1)	10	38.87	388.74
3	HDFC Fixed Maturity Plan – 35(D) Sep'10(1)	10	39.09	390.89
4	Birla Sun Life Cash Plus – Institutional Growth	10	14.86	375.00
5	Birla Sun Life Cash Manager – Institutional Growth	10	24.04	380.00
6	DWS Cash Plus Fund - Institutional Growth	10	33.93	500.00
7	DWS Ultra Short Term Fund - Dividend	10	46.92	470.00
8	ICICI Prudential Liquid Institutional Plus Plan - Growth	100	3.89	905.00
9	HSBC Cash Fund – Institutional Growth	10	47.14	720.00

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

17. Employee benefits

a) Defined contribution plans

Rs. 477.80 lacs (previous year Rs. 397.72 lacs) for provident fund contribution and Rs. 166.58 lacs (previous year Rs. 155.91 lacs) for superannuation contribution have been charged to the profit and loss account. The contributions towards these schemes are at rates specified in the rules of the schemes. In case of Provident Fund administered through a trust, shortfall if any, shall be made good by the Company.

b) Defined benefit plans

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

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

11. NOTES TO THE ACCOUNTS (continued)

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

	As at March 31, 2011 (Rs./lacs)		As at March 31, 2010 (Rs./lacs)	
	Gratuity Scheme	**Privilege and Medical leaves**	Gratuity Scheme	Privilege and Medical leaves
Change in present value of obligation				
1. Present value of obligation as at the beginning of the year	**2373.81**	**503.86**	2169.61	439.96
2. Current service cost	**116.54**	**45.96**	112.80	44.49
3. Interest cost	**189.90**	**40.31**	173.57	35.20
4. Actuarial (gain)/loss	**83.23**	**95.68**	81.13	74.55
5. Benefits paid	**(254.99)**	**(135.19)**	(163.30)	(90.34)
6. Present value of obligation as at the end of the year	**2508.49**	**550.62**	2373.81	503.86
Change in plan assets				
1. Plan assets at the beginning of the year	**1992.92**	**-**	1589.48	-
2. Expected return on plan assets	**184.82**	**-**	208.76	-
3. Contribution by the Company	**-**	**-**	200.00	-
4. Benefits paid	**(12.52)**	**-**	(5.32)	-
5. Actuarial gain / (loss)	**-**	**-**	-	-
6. Plan assets at the end of the year	**2165.22**	**-**	1992.92	-
Liability recognised in the financial statements	**343.27**	**550.62**	380.89	503.86
Cost for the year				
Change in present value of obligation				
1. Current service cost	**116.54**	**45.96**	112.80	44.49
2. Interest cost	**189.90**	**40.31**	173.57	35.20
3. Expected return on plan assets	**(187.32)**	**-**	(149.41)	-
4. Actuarial (gain)/loss	**85.74**	**95.68**	21.78	74.55
5. Net cost	**204.86**	**181.95**	158.74	154.24
Constitution of plan assets				
Other than equity, debt, property and bank account	**-**	**-**	-	-
Funded with LIC *	**2165.22**	**-**	1992.92	-
Main actuarial assumptions				
Discount rate	**8.00% p.a.**	**8.00% p.a.**	8.00% p.a.	8.00% p.a.
Rate of increase in compensation levels	**5.50% p.a.**	**5.50% p.a**.	5.50% p.a.	5.50% p.a.
Rate of return on plan assets	**9.40% p.a.**	**-**	9.40% p.a.	-
Expected average remaining working lives of employees (years)	**12.83**	**14.43**	13.06	14.40

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

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

18. The Company had impaired certain plant & machinery in the previous year based on net realizable value of such assets determined by an independent valuer. The impairment loss was recognised at Rs. 127.14 lacs out of which Rs. 27.99 lacs was adjusted from revaluation reserve being revaluation amount included in carrying value of these assets and the resultant loss (Gross - Rs. 99.15 lacs, net of deferred taxes Rs. 66.21 lacs) was included in Schedule 9- Manufacturing and Other Expenses.

19. Previous year figures have been regrouped / recast, wherever necessary.

20. Schedules 1 to 11 and the statement of additional information form an integral part of the balance sheet and profit and loss account.

1. Particulars of capacity and production

Description	Installed Capacity (a)			Production		
	Unit	**As at 31.03.2011**	As at 31.03.2010	Unit	**Year ended 31.03.2011**	Year ended 31.03.2010
Sugar	Cane crushing Tonnes per day	**12500**	12000	Tonnes	**138173**	120423
Alcohol	K.L. per year	**45000**	45000	K.L.	**18324**	10954
Organic/Fine chemicals	Tonnes per year	**16035**	15536	Tonnes	**9223 (c)**	8601 (c)
Industrial fibres	Tonnes per year	**16200**	16200	Tonnes	**6100 (d) (e)**	6277 (d) (e)

Notes :

(a) As certified by the management and relied upon by the auditors being a technical matter.

(b) Licenced capacity in respect of product which requires industrial licence :

Description	Unit	**As at 31.03.2011**	As at 31.03.2010
Alcohol	K.L. per year	**45000**	45000

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

(c) Production is net of internal transfers.

(d) Production is upto yarn stage only.

(e) Excludes material processed for third parties but includes material processed by third parties.

2. Particulars of stocks and sales

Description	Unit	Stocks			Sales including excise duty	
		As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	**Year ended 31.03.2011**	Year ended 31.03.2010
Sugar	M.T.	**98300**	94931	103750	**134804**	129242
	Rs. lacs	**26149.91**	25496.40	20578.43	**40895.94**	39257.52
Alcohol	K.L.	**380**	954	472	**18898**	10472
	Rs. lacs	**78.46**	251.68	111.17	**10747.72**	8283.62
Organic/Fine chemicals	M.T.	**368**	368	281	**8245**	7766
	Rs. lacs	**876.63**	586.88	314.51	**22906.93**	22788.35
Industrial fibres	M.T.	**834**	982	1223	**6057**	6369
	Rs. lacs	**1739.71**	2041.23	2159.16	**15092.26**	15306.72
Other sales/stocks	Rs. lacs	**79.48**	82.47	131.25	**2628.99**	2368.65
Total	Rs. lacs	**28924.19**	28458.66	23294.52	**92271.84**	88004.86

Statement of Additional Information (continued)

3. Particulars of raw materials consumed

Description	Year ended 31.03.2011 Quantity M.T.	Year ended 31.03.2011 Value Rs. lacs	Year ended 31.03.2010 Quantity M.T.	Year ended 31.03.2010 Value Rs. lacs
Sugarcane	**1509989**	**34265.64**	1305167	32605.30
Molasses *	**3407**	**604.69**	1551	531.15
Wood pulp	**5590**	**3630.55**	5845	4048.21
Others		**16311.34**		14601.16
Total		**54812.22**		51785.82

* Net of internal transfers.

4. Particulars of goods purchased for resale

Description	Year ended 31.03.2011 Quantity K.L.	Year ended 31.03.2011 Value Rs. lacs	Year ended 31.03.2010 Quantity K.L.	Year ended 31.03.2010 Value Rs. lacs
Grain Natural spirit	**3025**	**5747.13**	2559	3899.12
Others		**24.90**		17.42
		5772.03		3916.54

5. Other Additional Information

Description	Year ended 31.03.2011 Rs. lacs	%	Year ended 31.03.2010 Rs. lacs	%
(a) Value of imports on CIF basis				
Raw materials	**8373.42**		9730.04	
Components and spare parts	**314.98**		148.42	
Capital goods	**-**		263.44	
(b) Expenditure in foreign currency				
Royalty (net of tax)	**99.02**		107.54	
Commission, travelling and others	**683.14**		286.31	
(c) Earnings in foreign exchange				
FOB value of exports	**18605.52**		19057.54	
(d) Value of imported/indigenous raw materials, spare parts, components and stores consumed				
(i) Raw materials				
Imported	**8984.16**	**16**	9355.02	18
Indigenous	**45828.06**	**84**	42430.80	82
	54812.22	**100**	51785.82	100
ii) Stores and spares				
Imported	**320.83**	**5**	357.03	5
Indigenous	**5714.94**	**95**	6272.16	95
	6035.77	**100**	6629.19	100

Signatures to schedules 1 to 11

For and on behalf of the Board

D.C. Mittal
President

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

N.K. Jain
Chief Financial Officer

Tilak Dhar
Chairman & Managing Director

Alok B. Shriram
Dy. Managing Director

Madhav B. Shriram
Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

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

Place : New Delhi
Date : 30.5.2011

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No.	35140	State Code	55
Balance Sheet Date	31 03 2011		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	-	Rights Issue	-
Bonus Issue	-	Private Placement	-

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	5815612	Total Assets	5815612
SOURCES OF FUNDS			
Paid up capital	173984	Reserves & Surplus	2080644
Equity Share Warrants	-	Unsecured Loans	111640
Secured Loans	3013750		
Deferred Tax Liability (net)	435594		
APPLICATION OF FUNDS			
Net Fixed Assets	3062273	Investments	71377
Net Current Assets	2681962	Misc. Expenditure	-
Accumulated Losses	-		

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover	9134748	Total Expenditure	9231512
Profit/(Loss) before Tax	(96764)	Profit/(Loss) after Tax	(55011)
Earning per Share in Rs.	(3.16)	Dividend Rate %	- -

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

(As per monetary terms)

Item Code No. (ITC Code)	17.01
Product Description	CANE SUGAR
Item Code No. (ITC Code)	29.42
Product Description	OTHER ORGANIC COMPOUNDS
Item Code No. (ITC Code)	59.02
Product Description	TYRE CORD FABRIC

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF DCM SHRIRAM INDUSTRIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of DCM Shriram Industries Limited ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in an associate accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

3. We did not audit the financial statements of the subsidiary viz., Daurala Foods and Beverages Private Limited, whose financial statements reflect total assets of Rs. 760.51 lacs as at March 31, 2011, total revenues of Rs. 57.86 lacs and net cash inflow amounting to Rs.92.95 lacs for the year ended on that date and an associate viz. DCM Hyundai Limited whose financial statements reflect the Group's share of profit upto March 31, 2011 of Rs. 1011.26 lacs and the Group's share of loss of Rs.88.64 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary and associate, is based solely on the report of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Without qualifying our opinion, we draw attention to note 17 of schedule 11 relating to accounting for cane purchase liability for sugar season 2007-08 at Rs 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts cannot be determined at this stage.

6. *Various issues arisen/arising out of the reorganization arrangement will be settled and accounted for as and when the liabilities/benefits are finally determined. The effect of these cannot be determined at this stage (refer to notes 4(b) of Schedule 11).*

   The matter referred to in paragraph 6 above, to the extent covered here above, was also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2010.

7. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiary and an associate and to the best of our information and according to the explanations given to us and *subject to our comment in paragraph 6 above,* in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with accounting principles generally accepted in India:

   a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;

   b) in the case of the Consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date; and

   c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Manjula Banerji
Partner
(Membership No. 086423)

Place : New Delhi
Date : 30.5.2011

Consolidated Balance Sheet of DCM Shriram Industries Limited as at March 31, 2011

	Schedule	As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs. lacs
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	**1739.84**	1739.84
Reserves and surplus	2	**22078.71**	23125.45
		23818.55	24865.29
Minority interest * [Rs. 101 (2009-10 - Rs. 92)]		*	*
Loan funds	3		
Secured loans		**30137.50**	28916.93
Unsecured loans		**1116.40**	971.11
		31253.90	29888.04
Deferred tax liability (net) (refer note 9 in schedule 11)		**4298.29**	4709.15
		59370.74	59462.48
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		**57419.43**	54395.89
Less : Depreciation		**28074.40**	26403.05
Net block		**29345.03**	27992.84
Capital work in progress		**1362.58**	2863.89
		30707.61	30856.73
Investments	5	**1277.63**	1378.23
Current assets, loans and advances	6		
Inventories		**37125.07**	37184.80
Sundry debtors		**6967.16**	6349.62
Cash and bank balances		**882.97**	1355.22
Loans and advances		**4816.72**	4564.89
		49791.92	49454.53
Less : Current liabilities and provisions	7		
Current liabilities		**21415.53**	20653.33
Provisions		**990.89**	1573.68
		22406.42	22227.01
Net current assets		**27385.50**	27227.52
Total		**59370.74**	59462.48
Notes to the consolidated accounts	11		

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

Manjula Banerji
Partner

Place : New Delhi
Date : 30.5.2011

D.C. Mittal
President

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

N.K. Jain
Chief Financial Officer

For and on behalf of the Board

Tilak Dhar
Chairman & Managing Director
Alok B. Shriram
Dy. Managing Director
Madhav B. Shriram
Whole-Time Director
Anil Gujral
Director & CEO (Chemicals & Alcohol)

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

Consolidated Profit & Loss account of DCM Shriram Industries Ltd. for the year ended March 31, 2011

	Schedule		**Year ended 31.03.2011 Rs. lacs**		Year ended 31.03.2010 Rs. lacs
INCOME					
Sale of products					
Gross sales		**92271.84**		88004.86	
Less : Excise duty		**4193.29**	**88078.55**	4242.61	83762.25
Other income	8		**3325.61**		3635.31
			91404.16		87397.56
EXPENDITURE					
Manufacturing and other expenses	9		**87201.62**		77380.32
Interest	10		**3119.92**		2328.24
			90321.54		79708.56
PROFIT BEFORE DEPRECIATION AND TAX			**1082.62**		7689.00
Depreciation - Gross		**2286.89**		2257.72	
Less : Transferred from revaluation reserve		**282.57**	**2004.32**	315.23	1942.49
PROFIT/ (LOSS) BEFORE TAX			**(921.70)**		5746.51
Provision for tax					
- Current tax		**9.77**		992.35	
Add : Current tax of earlier year		**24.06**		-	
Less : MAT Credit		**12.31**		590.62	
		21.52		401.73	
- Deferred tax charge / (credit)		**(410.86)**	**(389.34)**	1433.58	1835.31
PROFIT / (LOSS) AFTER TAX AND BEFORE MINORITY INTEREST			**(532.36)**		3911.20
Minority interest * [Rs. 8.50 (2009-10 - Rs. (2.46)]			*		*
Net Profit / (Loss) for the year after tax but before share of results of an associate			**(532.36)**		3911.20
Share of net profit / (Loss) of an associate			**(88.64)**		5.35
Net Profit / (Loss) for the year			**(621.00)**		3916.55
Brought forward from the previous year			**12118.72**		9338.06
Debenture redemption reserve written back			**138.15**		278.08
Available for appropriation			**11635.87**		13532.69
APPROPRIATIONS					
Dividend					
Interim			**-**		260.98
Final proposed			**-**		521.95
Corporate dividend tax			**-**		131.04
General reserve			**-**		500.00
Balance carried to balance sheet			**11635.87**		12118.72
Earnings per share - basic / diluted (Rs.) (refer note 10 in schedule 11).			**(3.57)**		22.51
Notes to the consolidated accounts	11				

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

Manjula Banerji
Partner

Place : New Delhi
Date : 30.5.2011

D.C. Mittal
President

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

N.K. Jain
Chief Financial Officer

For and on behalf of the Board

Tilak Dhar
Chairman & Managing Director

Alok B. Shriram
Dy. Managing Director

Madhav B. Shriram
Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

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

Consolidated Cash Flow Statement of DCM Shriram Industries Ltd. for the year ended March 31,2011

		Year ended 31.03.2011 Rs.lacs	Year ended 31.03.2010 Rs.lacs
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	(Loss) / Profit before tax	**(921.70)**	5,746.51
	Adjustments for :		
	Depreciation	**2,004.32**	1,942.49
	Inventory written off	**0.49**	1.30
	Interest expense	**3,119.92**	2,328.24
	Interest income	**(158.15)**	(146.88)
	Profit on sale of fixed assets	**(107.44)**	(64.45)
	Write off / loss on sale of fixed assets	**133.55**	80.80
	Impairment of fixed assets (refer note 19 in schedule 11)	**-**	99.15
	Dividend received	**(0.32)**	(0.30)
	Provision for diminution in vaue of current non trade investments written back	**-**	(9.23)
	Provision for doubtful debts, loans and advances realised	**(29.93)**	-
	Profit on sale of current non trade investments	**(33.66)**	(12.43)
	Operating profit before working capital changes	**4,007.08**	9,965.20
	Adjustments for :		
	Increase in sundry creditors and other payables	**1,162.94**	3,683.54
	(Increase) / Decrease in sundry debtors, loans and advances	**(547.52)**	705.11
	Decrease / (Increase) in inventories	**59.24**	(8,227.71)
	Cash generated from operations	**4,681.74**	6,126.14
	Income tax paid	**(38.82)**	(1,173.34)
	Net cash generated from operating activities	**4,642.92**	4,952.80
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(3,004.29)**	(3,087.72)
	Sale of fixed assets	**219.55**	119.53
	Purchase of current non trade investments	**(5,203.35)**	(609.45)
	Sale of long term non trade investments	**0.03**	-
	Sale of current non trade investments	**5,248.94**	776.80
	Inter Corporate deposits made	**(250.00)**	(125.00)
	Inter Corporate deposits received back	**-**	235.00
	Interest received	**184.81**	227.83
	Dividend received	**0.32**	0.30
	Net cash (used in) investing activities	**(2,803.99)**	(2,462.71)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from borrowings	**6,724.55**	2,711.59
	Repayment of borrowings	**(4,278.89)**	(4,914.21)
	(Decrease) / Increase in cash credits	**(1,152.00)**	2,646.13
	Interest paid	**(3,013.98)**	(2,267.23)
	Inter corporate deposits received	**350.00**	-
	Inter corporate deposits paid	**(350.00)**	-
	Dividend paid	**(504.17)**	(587.41)
	Corporate dividend tax paid	**(86.69)**	(103.49)
	Net cash (used in) financing activities	**(2,311.18)**	(2,514.62)
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(472.25)**	(24.53)
	Cash and cash equivalents		
	- At beginning of year	**1,355.22**	1,379.75
	- At end of year *	**882.97**	1,355.22

* Cash and cash equivalents include Rs.48.78 lacs (2009-10 - Rs.52.26 lacs) earmarked for specific purposes.

Notes to the consolidated accounts Schedule 11

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

Manjula Banerji
Partner

Place : New Delhi
Date : 30.5.2011

D.C. Mittal
President

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

N.K. Jain
Chief Financial Officer

For and on behalf of the Board

Tilak Dhar
Chairman & Managing Director
Alok B. Shriram
Dy. Managing Director
Madhav B. Shriram
Whole-Time Director
Anil Gujral
Director & CEO (Chemicals & Alcohol)

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

Schedules to the Consolidated Financial Statements

		As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs. lacs
1.	**SHARE CAPITAL**		
	Authorised		
	6,50,00,000 (2009-10 - 6,50,00,000) Equity shares of Rs.10 each	**6500.00**	6500.00
	Issued, subscribed and fully paid-up		
	1,73,98,437 (2009-10 - 1,73,98,437) Equity shares of Rs. 10 each	**1739.84**	1739.84
		1739.84	1739.84

1. Of the issued, subscribed and fully paid-up capital, following equity shares of Rs.10 each were allotted as fully paid-up without payment being received in cash:
   (i) 57,55,076 (2009-10 - 57,55,076) equity shares allotted to shareholders of erstwhile undivided DCM Limited in term of Scheme of Arrangement (refer note 4 (a) in schedule 11).
   (ii) 15,68,200 (2009-10 - 15,68,200) equity shares allotted to shareholders of erstwhile Daurala Organics Limited in terms of Scheme of Amalgamation.

		As at 31.03.2010 Rs. lacs	**Deductions Rs. lacs**	**As at 31.03.2011 Rs. lacs**
2.	**RESERVES AND SURPLUS**			
	Revaluation reserve	3243.76	**425.74** *	**2818.02**
	Amalgamation reserve	1411.38	-	**1411.38**
	Share premium account	3406.68	-	**3406.68**
	Capital redemption reserve	0.10	-	**0.10**
	Capital reserve	234.89	-	**234.89**
	Debenture redemption reserve	207.23	**138.15** **	**69.08**
	General reserve	2502.69	-	**2502.69**
	Profit and loss account	12118.72	**482.85**	**11635.87**
		23125.45	**1046.74**	**22078.71**

* Represents
- Rs. 282.57 lacs transferred to profit and loss account .
- Rs. 143.17 lacs in respect of deletion of revalued assets.

** Transferred to profit and loss account.

		As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs. lacs
3.	**LOAN FUNDS**		
	Secured loans		
	Debentures	**69.08**	207.23
	Banks		
	Cash credits	**18066.17**	19218.17
	Term loans	**9880.10**	7151.31
	Others	**2122.15**	2330.39
	Finance lease liabilities *	**-**	9.83
		30137.50	28916.93
	Unsecured loans		
	Deposits		
	Fixed	**896.75**	782.87
	Others	**219.65**	188.24
		1116.40	971.11
		31253.90	29888.04

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

SECURED

I. Debentures

8,98,000 (2009-10 - 8,98,000) privately placed 12.50% secured redeemable non convertible debentures of Rs.100 each allotted w.e.f. June 18, 2001, redeemable at par in 26 equal quarterly instalments commencing from April 15, 2005. The instalments due for redemption have been redeemed. Due within a year Rs.69.08 lacs (2009-10 – Rs.138.15 lacs). These debentures are secured by a first mortgage over all the immovable properties and a first charge by way of hypothecation of all the movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, both present and future (save and except book debts), subject to prior charges created / to be created in favour of the Company's bankers for securing borrowings for working capital requirements, the charges ranking pari-passu with the mortgages and charges created / to be created in favour of existing first charge holders for their respective term loans / debentures. These debentures are also secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company.

II. Banks

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

b) Rs.7029.90 lacs (2009-10 - Rs.3343.38 lacs) are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans / debentures. Due within a year Rs.1834.48 lacs (2009-10 – Rs.1813.48 lacs).

c) Rs.872.62 lacs (2009-10 - Rs. 847.62 lacs) secured by first charge on specific movable assets of Shriram Rayons, a unit of the Company. Due within a year Rs.305.00 lacs (2009-10 - Rs.275.00 lacs).

d) Rs.446.92 lacs (2009-10 – Rs.208.27 lacs) secured / to be secured by first mortgage and charge on specific immovable and movable assets of Shriram Rayons, a unit of the Company. Due within a year Rs.109.20 lacs (2009-10 – Rs.54.60 lacs).

e) Rs.561.00 lacs (2009-10 – Rs.661.00 lacs) are secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans. Due within a year Rs.120.00 lacs (2009-10 – Rs.100.00 lacs).

f) Rs.962.47 lacs (2009-10 – Rs.2066.46 lacs) are secured by residual charge on fixed assets of sugar division of the Company. Due within a year Rs.962.47 lacs (2009-10 - Rs.1068.00 lacs).

g) Rs.7.19 lacs (2009-10 – Rs.24.58 lacs) are secured by hypothecation of specific assets. Due within a year Rs.7.19 lacs (2009-10 – Rs.16.10 lacs).

III. Others

a) Rs.139.71 lacs (2009-10 – Rs.420.15 lacs) secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term

Schedules to the Consolidated Financial Statements (continued)

3. LOAN FUNDS (continued)

loans / debentures. This is further secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company. Due within a year Rs.139.71 lacs (2009-10 – Rs.280.44 lacs).

b) Rs.1982.44 lacs (2009-10 – Rs.1910.24 lacs) secured by exclusive second charge on immovable and movable assets of sugar factory at Daurala Sugar Works, a unit of the Company. Due within a year Nil (2009-10 - Nil).

IV. Finance Lease

Nil (2009-10 – Rs.9.83 lacs) were secured by hypothecation of specific assets. Due within a year Nil (2009-10 – Rs.9.83 lacs).

4. FIXED ASSETS

Rs. lacs

Particulars	Gross block				Depreciation					Net block	
	As at 31.03.2010	**Additions**	**Deductions**	**As at 31.03.2011**	As at 31.03.2010	**For the year**	**Impairment loss ***	**On deductions**	**As at 31.03.2011**	**As at 31.03.2011**	As at 31.03.2010
Land	1235.71	**57.89**	**0.07**	**1293.53**	-	**-**	**-**	**-**	**-**	**1293.53**	1235.71
Buildings	6316.86	**252.47**	**-**	**6569.33**	3303.53	**199.65**	**-**	**-**	**3503.18**	**3066.15**	3013.33
Plant and machinery	45617.90	**3591.98**	**875.09**	**48334.79**	22511.66	**2001.60**	**-**	**580.95**	**23932.31**	**24402.48**	23106.24
Furniture and fixtures	593.94	**27.07**	**20.49**	**600.52**	384.30	**28.05**	**-**	**11.00**	**401.35**	**199.17**	209.64
Vehicles	631.48	**49.54**	**59.76**	**621.26**	203.56	**57.59**	**-**	**23.59**	**237.56**	**383.70**	427.92
This year	54395.89	**3978.95**	**955.41**	**57419.43**	26403.05	**2286.89**	**-**	**615.54**	**28074.40**	**29345.03**	
Previous year	52634.04	2737.42	975.57	54395.89	24802.70	2257.72	127.14	784.51	26403.05		27992.84
Capital work in progress										**1362.58**	2863.89
										30707.61	30856.73

1. The Company had revalued its land and buildings as at March 31, 1993 and plant and machinery (other than office equipment) as at April 1, 1993. Land, buildings and plant and machinery (other than office equipment) were again revalued on March 31, 1999. These revaluations resulted in a net increase in the gross block by Rs.16283.80 lacs of which Rs. 12351.47 lacs (2009-10 Rs.12757.32 lacs) is included in the gross block of fixed assets as on March 31, 2011.

2. Estimated amount of contracts remaining to be executed on capital account not provided for and against which advance has not been paid Rs. 177.83 lacs (2009-10 Rs. 33.96 lacs).

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

4. Assets taken on finance lease (cost Rs. 83.64 lacs and accumulated depreciation Rs. 20.91 lacs as at 31.03.10) have been reclassified under owned assets consequent to payment of final finance lease installment during the year.

5. Additions to fixed assets during the year include Rs. 22.28 lacs (2009-10 Rs.1.42 lacs) on account of borrowing cost.

6. Refer note 13 A in schedule 11.

* Refer note 19 in schedule 11.

Schedules to the Consolidated Financial Statements (continued)

		As at 31.03.2011 Rs. lacs		As at 31.03.2010 Rs. lacs
5. INVESTMENTS*				
Long Term Investments				
Quoted				
Trade				
ICICI Bank Limited				
16 (2009-10 - 16) Equity shares of Rs. 10 each, fully paid-up		**0.01**		0.01
		0.01		0.01
Unquoted				
Trade				
Daurala Co-operative Development Union Limited				
2 (2009-10 - 2) Equity shares of Rs.10 each, fully paid-up @ (Rs.20)		**@**		@
Non-trade				
Government securities #		**0.11**		0.14
In Associate				
DCM Hyundai Limited				
19,72,000 (2009-10 - 19,72,000) Equity shares of Rs.10 each fully paid - up	**166.00**		166.00	
Add :Group share of net profit	**1011.26**	**1177.26**	1099.90	1265.90
In Other Companies				
Versa Trading Limited				
7,00,000 (2009-10 - 7,00,000) 5 % redeemable non -cumulative preference shares of Rs. 100 each , fully paid -up.	**700.00**		700.00	
Less :Provision for diminution in value	**700.00**	**-**	700.00	-
Current Investments				
Unquoted, Non-trade				
HDFC Cash Management Fund				
481895.315 (2009-10 - Nil) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth units of Rs. 10 each fully paid-up, acquired during the year. Repurchase price Rs. 103.71 lacs (2009-10 Nil) .		**100.25**		-
Birla Sunlife Mutual Fund				
Nil (2009-10 -766166.017) Birla Sunlife Dynamic Bond Fund - Retail - Growth units of Rs. 10 each fully paid-up, sold during the year.		**-**		112.18
		1277.62		1378.22
		1277.63		1378.23

Market value of quoted investments Rs. 0.18 lac (2009-10 - Rs. 0.15 lac).

* Refer note 3 (e) in schedule 11.

Pledged with Government authorities.

	As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs. lacs
6. CURRENT ASSETS, LOANS AND ADVANCES		
Current assets		
Inventories		
Stores and spares (at cost or under)	**2981.60**	2831.13
Stock-in-trade		
(at lower of cost and net realisable value)		
Raw materials	**4263.80**	4933.82
Process stocks	**955.48**	961.19
Finished goods	**28924.19**	28458.66
	37125.07	37184.80
Sundry debtors		
Debts over six months		
Unsecured - considered good	**9.60**	47.07
- considered doubtful	**29.97**	74.28
Other debts		
Secured - considered good	**19.35**	4.27
Unsecured - considered good	**6938.21**	6298.28
	6997.13	6423.90
Less : Provision for doubtful debts	**29.97**	74.28
	6967.16	6349.62
Cash and bank balances		
Cash in hand	**43.19**	40.95
Cheques in hand	**31.26**	381.15
With scheduled banks - on current account	**337.22**	107.96
- on deposit account *	**471.30**	825.16
	882.97	1355.22
Loans and advances		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Secured	**541.94**	541.94
Unsecured - considered good **	**2188.09**	2005.22
- considered doubtful **	**90.94**	115.94
	2820.97	2663.10
Less : Provision for doubtful advances	**90.94**	115.94
	2730.03	2547.16
Deposits	**216.26**	218.98
With customs and excise authorities	**543.40**	486.17
MAT credit entitlement	**1143.23**	1128.62
Tax (net of provision)	**126.52**	100.02
Interest accrued on investments and deposits	**57.28**	83.94
	2086.69	2017.73
	4816.72	4564.89
	49791.92	49454.53

* Includes :
Rs. 52.07 lacs (2009-10 - Rs. 118.75 lacs) provided as security for loans from banks / bank guarantees / letters of credit.
Rs. 48.78 lacs (2009-10 - Rs. 52.26 lacs) earmarked for specific purpose.
Rs. 71.50 lacs (2009-10 - Rs. 152.05 lacs) for margin money.
Rs. 1.00 lac (2009-10 - Rs. 1.00 lac) pledged with excise authorities.

** Includes capital advances Rs. 61.16 lacs (2009-10 - Rs. 9.86 lacs).

Schedules to the Consolidated Financial Statements (continued)

	As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs. lacs
7. CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Acceptances	**1463.05**	1861.66
Sundry creditors		
Micro small and medium enterprises *	**1.93**	-
Others	**19742.88**	18635.52
Interest accrued but not due on loans	**161.45**	127.71
Unclaimed dividend	**46.22**	28.44
	21415.53	20653.33
Provisions		
Gratuity	**343.27**	380.89
Leave salary	**647.62**	584.15
Proposed dividend	**-**	521.95
Corporate dividend tax	**-**	86.69
	990.89	1573.68
	22406.42	22227.01

* Refer Note 8 in schedule 11.

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs. lacs
8. OTHER INCOME		
Income from operations		
Processing charges	**299.68**	301.44
Export incentives	**1515.81**	1630.47
Gain on exchange fluctuations *	**369.64**	284.54
Miscellaneous sales	**565.98**	694.32
	2751.11	2910.77
Other income		
Interest on :		
Income tax refunds	**-**	16.76
Deposits etc. (gross) **	**158.16**	130.31
Profit on sale of fixed assets	**107.44**	64.45
Profit on sale of current non trade investments	**33.66**	12.43
Provision / liabilities no longer required, written back	**110.02**	113.65
Miscellaneous	**165.22**	386.94
	574.50	724.54
	3325.61	3635.31

* Net of loss of Rs. 567.90 lacs (2009-10 Rs. 383.33 lacs)

** Income -tax deducted at source Rs. 10.28 lacs (2009-10 - Rs. 11.91 lacs)

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs. lacs
9. MANUFACTURING AND OTHER EXPENSES		
Raw materials consumed	**54812.22**	51785.82
Goods purchased for resale	**5772.03**	3916.54
Stores and spares *	**6035.77**	6629.19
Power, fuel, etc.	**5602.57**	6111.35
Repairs		
Buildings	**242.23**	310.08
Plant and machinery	**1495.10**	1467.10
Jobs on contract	**104.11**	119.23
Salaries, wages, bonus, etc. **	**7190.00**	7079.31
Contribution to provident and other funds	**685.30**	574.14
Provision for gratuity	**204.86**	168.34
Provision for leave salary	**206.51**	163.37
Welfare	**179.41**	177.40
Rent	**416.84**	378.92
Insurance	**137.10**	133.73
Rates and taxes	**62.00**	61.52
Donations	**2.40**	0.11
Auditors' remuneration ***		
As auditors	**20.94**	20.94
As Tax auditors	**0.22**	0.22
Limited review of unaudited financial results	**12.90**	12.90
Verification of statements and other reports	**2.85**	5.85
Out-of-pocket expenses	**0.28**	0.51
Directors' sitting fees	**6.74**	4.64
Bad debts/advances written off	**9.78**	2.36
Provision for doubtful debts & advances	**-**	5.08
Write off/loss on sale of fixed assets	**133.55**	80.80
Impairment of fixed assets	**-**	99.15 #
Freight and transport	**638.13**	546.92
Commission to selling agents	**1327.59**	764.64
Brokerage, discounts (other than trade discounts), etc.	**274.43**	215.55
Sales expenses	**186.81**	225.18
Increase / (Decrease) in excise duty on finished goods	**59.10**	32.61
Miscellaneous	**1839.67**	1955.71
	87661.44	83049.21
Increase in finished goods and process stocks		
Opening stocks	**29419.85**	23750.96
Less : Closing stocks	**29879.67**	29419.85
	(459.82)	(5,668.89)
	87201.62	77380.32

* After allocating Rs. 472.74 lacs (2009-10 - Rs. 552.21 lacs) to other revenue accounts.

** After allocating Rs. 108.73 lacs (2009-10 - Rs. 152.51 lacs) to other revenue accounts.

*** Including Rs. 0.66 lac (2009-10-Rs. 0.66 lac) paid to other auditors of subsidiary Company.

\# Refer note 19 in schedule 11.

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs. lacs
10. INTEREST		
On debentures and other fixed loans	**1095.52**	928.63
On others	**2024.40**	1399.61
	3119.92	2328.24

Schedules to the Consolidated Financial Statements (continued)

11. NOTES TO THE CONSOLIDATED ACCOUNTS

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

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

   a) DFBPL, which is incorporated in India, is a subsidiary of the Company and percentage of voting power therein as on March 31, 2011 is 99.99% (2009-10 : 99.99%). The consolidated financial statements are based, in so far as they relate to amounts included in respect of the subsidiary on the audited financial statements prepared for consolidation in accordance with the requirements of AS 21 by the concerned subsidiary.

   b) DHL, which is incorporated in India, is an associate of the Company and percentage of voting power therein as on March 31, 2011 is 49.28% (2009-10 : 49.28%). The consolidated financial statements are based, in so far as they relate to amounts included in respect of the associate, on the audited financial statements for the year ended March 31, 2011.

2. Principles of consolidation

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

   i) the financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

   ii) the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

   iii) the excess of Company's portion of the equity of the subsidiary at the date on which investment in the subsidiary is made over the cost to the Company of its investment in the subsidiary company is recognised in the financial statements as capital reserve amounting to Rs. 234.89 lacs.

   iv) Investment in associate i.e. DHL has been accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets. Accordingly, the original cost of the Company's investment in DHL is Rs. 166 lacs (2009-10 : Rs 166 lacs). The Company's share in accumulated profits of DHL is Rs. 1011.26 lacs (2009-10 : Rs. 1099.90 lacs) and has been accordingly reflected in these financial statements.

3. Significant Accounting Policies

   a) Accounting Convention

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

   b) Use of estimates

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

   c) Fixed assets

      i) Owned assets

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

ii) Assets taken on finance lease

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

iii) Impairment of fixed assets

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

d) Depreciation

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

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

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

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

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

e) Investments

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

f) Inventories

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

g) Research and development

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

h) Export benefits

Export benefits are accounted for on accrual basis.

i) Employees' benefits

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

i) Contributions to the provident fund, gratuity fund and superannuation fund are charged to revenue.

ii) Gratuity liability determined on an actuarial basis is provided to the extent not covered by the funds available in the gratuity fund.

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

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

j) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.

Monetary items denominated in foreign currency are reported using the closing exchange rates on the date of the balance sheet.

The exchange differences arising on settlement of monetary items or on reporting these items at the rates different from the rates at which these were initially recorded/ reported in previous financial statements, are recognised as income/ expense in the year in which they arise.

Schedules to the Consolidated Financial Statements (continued)

11. NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

In case of forward exchange contracts, the premium or discount, arising at the inception of such contracts is amortised as income or expense over the life of the contract and the exchange differences on such contracts, i.e., differences between the exchange rates at the reporting/ settlement date and the exchange rates on the date of inception of contract/ the last reporting date, is recognised as income/ expense for the year.

k) Revenue recognition

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

l) Income-tax

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

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

4. a) Pursuant to the Scheme of Arrangement as approved by the High Court of Delhi vide its Order dated April 16, 1990 under sections 391/394 of the Companies Act, 1956, assets and liabilities relating to certain units, and certain reserves of the undivided DCM Limited were transferred/ allocated to DSIL w.e.f. April 1, 1990, being the effective date. The excess of net assets acquired over the share capital and reserves had been transferred to the share premium account.

b) There are various issues relating to sales tax, income-tax, interest, etc. arisen/arising out of the reorganisation arrangement which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited as and when the liabilities/benefits are finally determined. The ultimate effect of these is not ascertainable at this stage.

	As at 31.03.2011 (Rs. lacs)	As at 31.03.2010 (Rs. lacs)
5. Contingent liabilities not provided for:-		
Income tax matters*	**193.40**	210.22
Excise / Service tax / Customs Duty matters*	**933.06**	698.39
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	**1088.51**	1000.34
Bills discounted	**1422.50**	2540.73

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

	This year (Rs. lacs)	Previous year (Rs. lacs)
6. Managerial remuneration		
- Remuneration*	**114.64**	153.31
- Commission	**-**	384.39
- Directors sitting fees	**6.74**	4.64
	121.38	542.34

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

7. Research and development expenses amounting to Rs. 29.65 lacs (2009-10 - Rs. 33.53 lacs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. 14.65 lacs (2009-10 – Nil) has been included in fixed assets.

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

Based upon the information available, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is Rs. 1.93 lacs. Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

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

		As at 31.03.2011 (Rs.Lacs)	As at 31.03.2010 (Rs.Lacs)
a) Deferred tax assets			
Accrued expenses deductible on payment		**208.23**	230.48
Provision for gratuity and leave encashment		**321.49**	320.56
Provision for doubtful debts and advances		**11.01**	25.07
Unabsorbed depreciation		**478.99**	161.50
Others		**92.62**	82.60
	Total	**1112.34**	820.21
b) Deferred tax liabilities			
Depreciation		**5410.63**	5529.36
	Total	**5410.63**	5529.36
Net		**(4298.29)**	(4709.15)

		This year	Previous year
10. Earnings per share			
Profit / (loss) after tax as per profit and loss account	(Rs.lacs)	**(621.00)**	3916.55
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.)	**(3.57)**	22.51

11. Segment reporting

A. Business segments

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

B. Geographical segments

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

C. Segment accounting policies

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

i) Segment assets and liabilities

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

ii) Segment revenue and expenses

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

iii) Unallocated expenses

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

iv) Inter segment sales

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

Schedules to the Consolidated Financial Statements (continued)

11. NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

I. Information about Primary segments (Business segments)

(Rs. lacs)

Particulars	Sugar *		Industrial fibres and related products		Chemicals		Elimination		Total	
	This year	Previous year	**This year**	Previous year	**This Year**	Previous year	**This Year**	Previous year	**This Year**	Previous year
Segment revenue										
External sales	**51713.26**	47583.63	**16239.60**	16541.82	**24318.98**	23879.41			**92271.84**	88004.86
Income from operations	**462.97**	673.53	**1899.46**	1832.21	**388.70**	405.03			**2751.13**	2910.77
Inter segment revenue	**1.90**	1.90					**(1.90)**	(1.90)	**-**	-
Other Income	**279.57**	346.14	**64.21**	107.83	**67.78**	68.98			**411.56**	522.95
Unallocable income									**162.92**	201.59
Total revenue	**52457.70**	48605.20	**18203.27**	18481.86	**24775.46**	24353.42	**(1.90)**	(1.90)	**95597.45**	91640.17
Segment results	**(612.98)**	3788.92	**1872.42**	2403.97	**2048.65**	3319.62			**3308.09**	9512.51
Net unallocated income / (expenses)									**1198.51**	(1432.41)
Operating profit									**2109.58**	8080.10
Interest expense									**3119.92**	2328.24
Provision for tax										
- Current tax									**21.52**	401.73
- Deferred tax charge									**(410.86)**	1433.58
Profit after tax									**(621.00)**	3916.55
Other information										
Segment assets	**47901.14**	48311.75	**16883.38**	16411.62	**11900.76**	11351.55			**76685.28**	76074.92
Unallocated assets									**5091.88**	5614.57
Total assets	**47901.14**	48311.75	**16883.38**	16411.62	**11900.76**	11351.55			**81777.16**	81689.49
Segment liabilities	**14983.76**	13677.85	**3741.42**	4048.49	**3155.25**	3132.24			**21880.43**	20858.58
Share capital & reserves									**23818.55**	24865.29
Unallocated liabilities									**36078.18**	35965.62
Total liabilities	**14983.76**	13677.85	**3741.42**	4048.49	**3155.25**	3132.24			**81777.16**	81689.49
Capital expenditure	**1491.34**	1942.54	**868.37**	269.80	**435.64**	907.25				
Depreciation	**893.25**	896.46	**432.34**	419.54	**639.74**	594.19				
Non cash expenses other than depreciation	**45.26**	103.51 #	**57.16**	86.36	**5.65**	36.92				

* Comprising sugar, power and alcohols.

Includes impairment of fixed assets Rs. 99.15 lacs. (refer note 19 in Schedule 11)

II. Information about Secondary segments (Geographical segments)

(Rs. lacs)

Particulars	Domestic		Overseas		Total	
	This year	Previous year	**This year**	Previous year	**This year**	Previous year
External Revenue by location of customers	**76741.17**	72221.95	**18856.28**	19418.22	**95597.45**	91640.17
Carrying amount of segment assets by location	**73574.45**	73563.52	**3110.83**	2511.40	**76685.28**	76074.92
Capital expenditure by location of assets	**2795.35**	3119.59	**-**	-	**2795.35**	3119.59

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

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

Associates : DCM Hyundai Ltd. (DHL).

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

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

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

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

i) Transactions with associates

(Rs. lacs)

Particulars			This Year	Previous Year
Interest charged on Loans	-	DHL	**59.61***	59.61 *
Interest received on Loans	-	DHL	**85.96**	79.74
Balance outstanding as at the year end from	-	DHL	**586.44**	612.79

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

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

(Rs. lacs)

Particulars		This year	Previous year
Remuneration (including commission)*			
- Key management personnel	- Mr. Tilak Dhar	**30.03**	187.20
	- Mr. Alok B. Shriram	**29.71**	187.20
	- Mr. D.C. Mittal	**41.93**	39.24
	- Mr. Madhav B. Shriram	**29.23**	140.40
	- Mr. Anil Gujral	**4.59**	-
	- Mr. G. Kumar	**21.08**	22.90
- Relatives of key management personnel		**0.90**	0.90
		157.47	577.84
Rental expenses			
- Relatives/HUF of key management personnel	- BDS	**32.41**	27.37
	- Mrs. Karuna Shriram	**3.86**	3.36
	- Mrs. Kiran Mittal	**13.80**	12.93
- Others	- BEPL	**0.32**	0.32
	- HRTPL	**0.04**	-
		50.43	43.98
Balance outstanding at the year end			
- Receivable	- BDS	**34.91**	21.15
	- Mrs. Kiran Mittal	**13.80**	13.80
		48.71	34.95
- Commission payable	- Mr. Tilak Dhar	**-**	143.70
	- Mr. Alok B. Shriram	**-**	142.37
	- Mr. Madhav B. Shriram	**-**	98.32
		-	384.39

* 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.

Schedules to the Consolidated Financial Statements (continued)

11. NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

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

A. Finance Lease

i) For motor vehicles and plant and machinery taken under finance lease arrangements, the ownership will be transferred to the Company at the end of the finance lease term.

ii) Reconciliation between the total of minimum finance lease payments at the balance sheet date and their present value :

(Rs.lacs)

Particulars	Total		Payments not later than one year		Payments later than one year but not later than five years	
	This Year	Previous year	**This Year**	Previous year	**This Year**	Previous year
Total of minimum finance lease payments at the balance sheet date	**-**	10.33	**-**	10.33	**-**	-
Less : Future finance and other charges	**-**	0.50	**-**	0.50	**-**	-
Present value of minimum finance lease payments at the balance sheet date	**-**	9.83	**-**	9.83	**-**	-

B. Operating Lease

i) The Company generally enters into cancellable operating leases for office premises and residence of its employees, normally renewable on expiry.

ii) Lease rent charged to the profit and loss account relating to operating leases entered or renewed after April 1, 2001 are Rs. 374.51 lacs (2009-10 – Rs. 341.34 lacs).

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

Nature of Derivative	Number of deals		Purpose		Amount in foreign currency			Amount (Rs. lacs)	
	As at 31.03.11	As at 31.03.10	**As at 31.03.11**	As at 31.03.10	**Currency**	**As at 31.03.11**	As at 31.03.10	**As at 31.03.11**	As at 31.03.10
Forward Cover	**11**	-	**Hedging**	-	**Euro**	**1300000**	-	**807.94**	-

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

Particulars	**As at 31.03.2011**			As at 31.03.2010		
	Amount in foreign currency		**Amount (Rs. lacs)**	Amount in foreign currency		Amount (Rs. lacs)
- Sundry debtors	**Euro**	**2474908**	**1551.72**	Euro	3221314	1950.83
	US$	**1693089**	**751.18**	US$	1044330	471.41
	GBP	**-**	**-**	GBP	163912	111.51
- Acceptances	**US$**	**3256277**	**1463.05**	US$	4105084	1853.03
- Sundry creditors	**Euro**	**2567**	**1.64**	Euro	348551	211.08
	US$	**1548034**	**698.78**	US$	838394	378.45
	GBP	**-**	**-**	GBP	1430	0.97
- Bank Borrowings	**US$**	**200000**	**89.86**	US$	-	-
- Commission & discount	**US$**	**26137**	**11.79**	US$	15651	7.06
- Royalty	**Euro**	**26264**	**16.81**	Euro	38192	23.13
	US$	**-**	**-**	US$	32000	14.44

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

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

S. No.	Name of the fund	Face Value (Rs.)	Nos. (in lacs)	Cost (Rs.lacs)
1	HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale Growth	10	47.56	973.47
2	HDFC Fixed Maturity Plan – 35(D) Aug'10(1)	10	38.87	388.74
3	HDFC Fixed Maturity Plan – 35(D) Sep'10(1)	10	39.09	390.89
4	Birla Sun Life Cash Plus – Institutional Growth	10	14.86	375.00
5	Birla Sun Life Cash Manager – Institutional Growth	10	24.04	380.00
6	DWS Cash Plus Fund - Institutional Growth	10	33.93	500.00
7	DWS Ultra Short Term Fund - Dividend	10	46.92	470.00
8	ICICI Prudential Liquid Institutional Plus Plan - Growth	100	3.89	905.00
9	HSBC Cash Fund – Institutional Growth	10	47.14	720.00

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

18. Employee benefits

a) Defined contribution plans

Rs. 477.80 lacs (previous year Rs. 397.72 lacs) for provident fund contribution and Rs. 166.58 lacs (previous year Rs. 155.91 lacs) for superannuation contribution have been charged to the profit and loss account. The contributions towards these schemes are at rates specified in the rules of the schemes. In case of Provident Fund administered through a trust, shortfall if any, shall be made good by the Company.

b) Defined benefit plans

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

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

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

	As at March 31, 2011 (Rs./lacs)		As at March 31, 2010 (Rs./lacs)	
	Gratuity Scheme	**Privilege and Medical leaves**	Gratuity Scheme	Privilege and Medical leaves
Change in present value of obligation				
1. Present value of obligation as at the beginning of the year	**2373.81**	**503.86**	2169.61	439.96
2. Current service cost	**116.54**	**45.96**	112.80	44.49
3. Interest cost	**189.90**	**40.31**	173.57	35.20
4. Actuarial (gain)/loss	**83.23**	**95.68**	81.13	74.55
5. Benefits paid	**(254.99)**	**(135.19)**	(163.30)	(90.34)
6. Present value of obligation as at the end of the year	**2508.49**	**550.62**	2373.81	503.86
Change in plan assets				
1. Plan assets at the beginning of the year	**1992.92**	**-**	1589.48	-
2. Expected return on plan assets	**184.82**	**-**	208.76	-
3. Contribution by the Company	**-**	**-**	200.00	-
4. Benefits paid	**(12.52)**	**-**	(5.32)	-
5. Actuarial gain / (loss)	**-**	**-**	-	-
6. Plan assets at the end of the year	**2165.22**	**-**	1992.92	-
Liability recognised in the financial statements	**343.27**	**550.62**	380.89	503.86
Cost for the year				
Change in present value of obligation				
1. Current service cost	**116.54**	**45.96**	112.80	44.49
2. Interest cost	**189.90**	**40.31**	173.57	35.20
3. Expected return on plan assets	**(187.32)**	**-**	(149.41)	-
4. Actuarial (gain)/loss	**85.74**	**95.68**	21.78	74.55
5. Net cost	**204.86**	**181.95**	158.74	154.24
Constitution of plan assets				
Other than equity, debt, property and bank account	**-**	**-**	-	-
Funded with LIC *	**2165.22**	**-**	1992.92	-
Main actuarial assumptions				
Discount rate	**8.00% p.a.**	**8.00% p.a.**	8.00% p.a.	8.00% p.a.
Rate of increase in compensation levels	**5.50% p.a.**	**5.50% p.a.**	5.50% p.a.	5.50% p.a.
Rate of return on plan assets	**9.40% p.a.**	**-**	9.40% p.a.	-
Expected average remaining working lives of employees (years)	**12.83**	**14.43**	13.06	14.40

* 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.

Schedules to the Consolidated Financial Statements (continued)

11. NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

19. The Company had impaired certain plant & machinery in the previous year based on net realizable value of such assets determined by an independent valuer. The impairment loss was recognised at Rs. 127.14 lacs out of which Rs. 27.99 lacs was adjusted from revaluation reserve being revaluation amount included in carrying value of these assets and the resultant loss (Gross - Rs. 99.15 lacs, net of deferred taxes Rs. 66.21 lacs) was included in Schedule 9- Manufacturing and Other Expenses.

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

		(Rs. lacs)
	As at 31.03.11	As at 31.03.10
Share Capital	**750.00**	750.00
Reserves & Surplus	**919.90**	919.90
Total Assets *	**1669.90**	1669.90
Total Liabilities	**1669.90**	1669.90
Investments	**-**	-
	Year ended 31.03.11	Year ended 31.03.10
Turnover	**144.90**	68.38
Profit before taxation	**91.94**	27.07
Provision for Taxation	**28.19**	8.61
Profit after taxation	**63.75**	18.46
Proposed dividend	**-**	-

* Net of Current Liabilities of Rs. 6.10 lacs (2009-10 Rs. 52.86 lacs) and includes debit balance of Profit & Loss A/c Rs. 915.49 lacs (2009-10 Rs. 979.25 lacs).

21. Previous year figures have been regrouped / recast, wherever necessary.

22. Schedules 1 to 11 form an integral part of the consolidated financial statements.