DCM SHRIRAM INDUSTRIES LTD.

Annual Report 2012-13

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	
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 Executive 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	
	State Bank of Hyderabad	
	Ghaziabad Zila Sahkari Bank Ltd.	
	Bijnor Zila Sahkari Bank Ltd.	
	Meerut Zila Sahkari Bank Ltd.	
Auditors	A.F. Ferguson & Co. New Delhi	

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, 6th Floor, 18, Barakhamba Road, New Delhi - 110 001.

NOTICE

The 22nd Annual General Meeting of the Company will be held on Monday, the 12th August, 2013 at 10.00 A.M. at the Air Force Auditorium, Subroto Park, New Delhi – 110 010 for transacting the following business:

1. To consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2013, and the Statement of Profit & Loss for the year ended on that date.
2. To declare dividend for the financial year ended 31st March, 2013.
3. To appoint a Director in place of Shri P.R. Khanna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.B. Mathur, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:

   "Resolved that Shri S.C. Kumar, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 with effect from 10.02.2013, and whose term of office expires at this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."
6. To consider and, if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:

   "Resolved that Messrs A.F. Ferguson & Co., Chartered Accountants (Regn.No.112066W), be and are hereby re-appointed auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be fixed by the Board of Directors/Audit Committee plus reimbursement of travelling and other incidental expenses, if any, incurred in connection with the audit."
7. To consider and, if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:

   "RESOLVED THAT, pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, if any, required, approval of the Company be and is hereby accorded to the reappointment of Shri Alok B. Shriram as Dy. Managing Director of the Company for a further period of five years, with effect from 01.10.2013 on the terms and conditions and remuneration as set out in the Explanatory Statement."

   "RESOLVED FURTHER THAT the Board of Directors or a Committee thereof, duly authorised by the Board, be and is hereby authorized to alter, increase, vary or modify from time to time, the said terms including as to remuneration as it may deem fit, within the limitations contained in Schedule XIII or other Sections of the said Act and any statutory modifications thereof."

   "RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year Shri Alok B. Shriram be paid the remuneration (excluding commission) as set out in the Explanatory Statement as minimum remuneration subject to the overall ceilings laid down in para 1(A) of Section II of Part II of Schedule XIII of the Companies Act or such higher remuneration as may be decided by the Board from time to time, subject to any amendment to the said Schedule or new schedule/ enactment."

By order of the Board
For DCM SHRIRAM INDUSTRIES LIMITED

New Delhi
May 23, 2013

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

NOTES:

1. Explanatory Statement, as required under Section 173(2) of the Companies Act, 1956, is attached.
2. Those who hold shares in physical form may notify change of address if any to M/s. Karvy Computershare Pvt. Ltd., 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 or 105-108, Arunachal Building, 19, Barakhamba Road, New Delhi - 110 001 along with self attested copies of address proof and PAN card.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 24.07.2013 to 12.08.2013 (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. The interim dividend amount of Rs.6,80,374 pertaining to the year 2005-06, remained unclaimed, has been transferred to the Investor Education and Protection Fund in May, 2012, within the time stipulated by law.
6. At the ensuing Annual General Meeting Shri P.R. Khanna and Shri S.B. Mathur, retire by rotation and being eligible offer themselves for re-appointment (Item Nos.3 & 4). Brief resume and other requisite information about these Directors are given below. They have confirmed that they are not disqualified for being appointed as a director of the Company.

   a) Shri P.R. Khanna aged 79 years, is a Chartered Accountant and was a partner of Khanna & Annadhanam, Chartered Accountants. He has vast experience in the areas of financial management and auditing. He was a director of State Bank of India. He is Chairman of the Audit Sub-Committee and Member of the Remuneration, Shareholders' Grievance and Borrowing Committees of the Board. He is a director on the Board of following other companies:

Directorships	Chairman/Member of the Committee of the Board	
1. Indag Rubber Ltd.	- Audit Committee - Remuneration Committee	(Member) (Member)
2. Ansal Properties & Infrastructure Ltd.	- Shareholder/investor Grievance Committee - Compensation/ Remuneration Committee - Audit Committee - Nomination Committee	(Chairman) (Chairman) (Member) (Member)
3. Uniproducts India Ltd.	- Audit Committee	(Chairman)
4. U.T.I. Asset Management Co. Ltd.	- Committee of Directors - Audit Committee - Risk Management	(Chairman) (Member) (Member)
5. U.T.I. International Ltd. Guernsey Channel Islands		
6. C&S Electric Ltd.	- Audit Committee	(Chairman)
7. Shriram Scientific and Industrial Research Foundation	- Governing Body	(Member)
8. Nabha Foundation		(Trustee)
9. Tara Vati Ram Gopal Mehra Foundation		(Trustee)
10. ICRA Employees Welfare Trust		(Trustee)
11. Indian Trust of Rural Heritage & Development		(Trustee)
12. Jai Narain Vyas University, Jodhpur	- Finance Committee	(Member)

Private Companies

1. Carnation Auto India Pvt. Ltd.	- Audit Committee	(Chairman)
2. Select Infrastructure Pvt. Ltd.		
3. UTI Capital Pvt. Ltd.		
4. UTI International (Singapore) Pvt. Ltd.	- Audit Committee	(Member)

Shri P.R. Khanna holds 960 equity shares in the Company.

Except Shri P.R. Khanna, none of the other directors of the Company is interested in the resolution.

b) Shri S.B. Mathur, aged 69 years is FCA and ICWA (London). He was Chairman of LIC and is presently non-executive chairman of the National Stock Exchange of India Ltd. He has very long experience in Insurance and Financial Sectors. He is a member of the Audit and Borrowing Committees of the Company.

Other Directorships	Chairman/Member of the Committee of the Board	
1. IDFC Trustee Company Ltd.		
2. Cholamandalam MS General Insurance Co. Ltd.	- Audit Committee	(Member)
3. Axis Bank Ltd.	- Audit Committee - Investor Grievance	(Chairman) (Member)
4. Havells India Ltd.	- Audit Committee	(Member)
5. ITC Ltd.	- Audit Committee	(Chairman)
6. National Stock Exchange Ltd.	- Non-executive Chairman	
7. National Collateral Mgt. Services Ltd.		
8. HOEC Ltd.	- Audit Committee	(Member)
9. Infrastructure Finance & Leasing Co. Ltd.		
10.Housing Development & Infrastructure Ltd.		
11. India Mortgage Guarantee Corp. Pvt. Ltd.		
12. Ultra Tech Cements Ltd.		
13. Mindas Corporation Ltd.	- Audit Committee	(Member)
14. Tube Investments of India Ltd.	- Audit Committee	(Member)
15. National Investment Fund		
16. Insurance Regulatory and Dev. Authority		

Private Companies

1. Munich Re India Services Pvt. Ltd.
2. Janalakshmi Financial Services Pvt. Ltd.

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

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

7. As in the last year the Company will be mailing the Annual Report for the year 2012-13 by email to those who have registered their email IDs with the concerned depository participants/ Registrars & Share Transfer Agent.

   Members who have not registered their email IDs are requested to intimate their email ID to the Company's Registrars, viz. Karvy Computershare Pvt. Ltd. (Email ID: einward.ris@karvy.com) or their depository participants.

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

ITEM NO. 5

The Board of Directors in their meeting held on 10.2.2013 co-opted Shri S.C. Kumar as an Additional Director on the Board as per Section 260 of the Companies Act. He holds office until the ensuing Annual General Meeting. Notice u/s 257 of the Companies Act has been received from a Member signifying his intention to propose Shri S.C. Kumar's candidature for the office of Director at the forthcoming Annual General Meeting.

Shri S.C. Kumar aged 70 years is member of ICWA and was a nominee director representing IFCI Limited on the Board till 8.1.2013. He has been nominated to the Audit Committee and Remuneration Committee by the Board. Shri S.C. Kumar is a director on the following other companies:

	Other Directorships	Committee Membership
1.	Simbhaoli Sugars Ltd.	- Audit Committee - Shareholders' Grievance Committee
2.	Simbhaoli Spirits Ltd.	

It is proposed to appoint Shri S.C. Kumar as a director liable to retire by rotation under the “independent” category. The Directors commend the resolution for approval.

Except Shri S.C. Kumar, none of the other directors of the Company is interested in the resolution.

ITEM NO.7

Shri Alok B. Shriram, Dy. Managing Director, whose term of office expires on 30.09.2013, has been reappointed by the Board of Directors on the recommendation of the Remuneration Committee for a period of 5 years with effect from 01.10.2013, subject to the approval of the shareholders.

Remuneration, other terms and conditions proposed and particulars of Shri Alok B. Shriram are as under:

Terms & Conditions / Particulars	
Salary (Rs./pm)-existing	2,20,000
Salary/Grade - proposed	2,20,000 (220000-15000 -295000)
Housing	Co. maintained accommodation or 60% HRA
Gas,Water,Electricity,Furniture, Furnishings and maintenance	Actual

Medical expenses (self & family)	Actual
P.A. Insurance (Rs./p.a.)	4000
L.T.C./Leave / Encashment / PF, Gratuity & Superannuation	As per Co. Rules
Club Fees (Admission/ life membership fee not allowed)	2 Clubs
Date of Annual Increment	1st March
Commission on profits *	As may be decided by the Board provided that the total remuneration shall not exceed 3% of the net profits of the Company in any year.
Age	53 years
Qualification	B.Com. (Hons)
Experience	33 years
Other Directorships	- DCM Hyundai Ltd. (Member– Audit Sub-Committee) (Member – Share Transfer Committee) - MC-Stich Ltd. - Quick Litho-graphers P. Ltd. - Pee Kay Alkalies Pvt. Ltd. - Shriram Midivisana Eng. P. Ltd. - PHD Chamber of Commerce & Industry - Committee Member

* Subject to the above limits, commission on profits to be decided by the Board but not to exceed overall limits of remuneration u/s 198 & 309 of the Cos. Act

Other Terms Applicable to the Re-appointment

1. Salary, perquisites and commission/ reward shall not exceed 10% of the net profits computed in the manner laid down in Section 309(5) of the Companies Act, 1956 for all the managerial personnel in any financial year.

2. Shri Alok B. Shriram will also be entitled for Company maintained chauffeur driven car, communication facilities, and reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company. These will not be considered as perquisites for the purpose of ceiling u/s 198/309 of the Companies Act.

3. Remuneration for part of the year will be computed on pro-rata basis.

4. In the event of absence or inadequacy of profits in any financial year Shri Alok B.Shriram will be paid the above remuneration (excluding commission), subject to the overall ceilings provided in Para 1(A) of Section II of Part II of Schedule XIII of the Companies Act, which presently is Rs.2 lac p.m. or such higher amount as may be permitted by the Central Government or under any amendment/ new legislation, subject to such approvals as may be required as minimum remuneration. (In that event contribution to Provident Fund & Superannuation Fund to the extent these are exempt under the Income-tax Act, 1961 and gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure will not be included for computing the ceiling on remuneration).

5. The managerial personnel shall not become interested or otherwise concerned personally or through spouse, son or unmarried daughter, in any selling agency of the Company, without the prior approval of the Central Govt.

6. The appointment may be terminated by either party giving to the other six calendar months' notice in writing or lesser notice as may be agreed to. In the event of termination of appointment by the Company, the managerial personnel shall be entitled to compensation in accordance with the provisions of the Companies Act.

The Explanatory statement together with the accompanying Notice may be treated as Abstract u/s 302 of the Companies Act as far as these relate to Resolution no.7.

Considering the contribution of Shri Alok B. Shriram to the operations of the Company, the Directors recommend the resolution for your approval.

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

Interest

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

Inspection

Copy of the Notice u/s 257 of the Act proposing the appointment of Shri S.C. Kumar (Item No.5) and the Board Resolution approving the reappointment of Shri Alok B. Shriram as Dy.Managing Director, (Item No.7) 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.

DIRECTORS' REPORT

The Directors have pleasure in presenting the Annual Report and the Audited Accounts of your Company for the year ended 31st March 2013.

The tremors faced by the global economy in the year 2008-09 continue to cause problems for economies world over from time to time. When signs of recovery start showing, one or the other crisis crops up at different places, even affecting those economies, which were feeling insulated earlier. Indian economy which continued to be on a growth path till the year 2011-12, has also felt the impact on its growth and prospects. The GDP growth came down to just about 5% in 2012-13 from over 8%, lowest in a decade. Failure to tame inflation and high interest rates adversely affected every sector. The investment slowdown is one of the major challenges that India faces today. Certain taxation measures adversely impacted foreign investments. Uncertain political climate, failure to put in place progressive policies/ reforms and legislations for lack of consensus, unearthing of scam after scams - all created a sense of pessimism. National interest appears to have taken a back seat to petty political considerations. Unless a national consensus emerges towards inclusive development and all concerned work together to achieve this goal the economy would continue to suffer.

FINANCIAL RESULTS

Turnover for the year including other income was Rs.1109 cr. against Rs.1001 cr. in the previous year. There was a gross profit of Rs.40.9 cr. as compared to Rs.13.2 cr. (before exceptional item) in the previous year and net profit of Rs.11.2 cr. as compared to net loss of Rs.17.4 cr. in the previous year.

DIVIDEND

The Board is pleased to recommend a dividend of Rs.1.50 per equity share of Rs.10 (15%) for the year ended 31.3.2013. The dividend payout for the year under review, inclusive of Corporate Tax on Dividend distribution, is Rs.3 cr.

After provision for proposed dividend and transfer of Rs.1 cr. to General Reserve (previous year nil) the balance carried forward in the Profit & Loss Account will be Rs.96.5 cr., which includes Rs.89.3 cr. brought forward from the previous year.

OPERATIONS

Sugar

During the year the Unit produced 1.26 lac MT of sugar, by crushing 13.80 lac MT of cane as against 1.32 lac MT of sugar by crushing 15.06 lac MT of cane in the previous year. For the crushing season 2012-13, the crush was the highest in Western U.P. and the second highest amongst the factories in the State. As crushing started somewhat late in November, the crop condition was better and with all round efforts put in, the Unit achieved a sugar recovery of 9.27% in the season as against 8.74% during the last season.

During the current year, the performance of the factory on energy efficiency and that of the power plant also improved. Consequently we exported more power this season.

The financial year 2012-13 continued to be difficult for the industry, in the absence of linkage between cane and sugar prices. The U.P. sugar Industry was further burdened with an unwarranted increase of Rs.40 per qtl. of cane by the State Government. Despite the significant steps taken by the Unit to reduce conversion cost, the cost of production continued to be higher than sugar price realized.

At the end of the year, the Central Government took the much needed steps of abolition of the levy sugar obligation on the sugar mills and disbanding the free sugar release mechanism. This has helped the industry in reducing the substantial burden of Levy subsidy, and given the industry the freedom to sell sugar as per its own sales strategy. The effect of the latter has yet to be seen in terms of its impact on the industry.

Even with the large opening stock of sugar, due to a reasonable quantity of sugar being exported, the sugar prices improved during the first and second quarter of the year and were at a reasonable level in the third quarter also. Moreover, drought like conditions in Maharashtra and Karnataka aided the sugar sentiment. However, due to higher than expected sugar production and import of raw sugar for domestic consumption, sentiments became bearish and sugar prices fell steadily to a level of around Rs.3200 per qtl. in February and March, 2013 after touching a high of Rs. 3700 per qtl. in August, 2012. Internationally, the prices of white sugar are range bound between US$ 500- 530/ MT, at a level where it is not possible for India to export its surplus sugar.

The sugar sentiments can improve only if the demand supply balance is restored. It is reported that in some States the next year's crop might be lower due to drought conditions. However, the trade sentiment and prices can improve only if imports are put on a level playing field by imposition of adequate import duty. Industry has taken up the matter with the Government.

Overall, the performance of the Unit on all operational parameters was better, and efforts will be made to further improve all areas. Extensive efforts are being made to increase the acreage under higher sugared varieties of cane and we hope to improve the sugar recovery further.

Alcohol

The performance and profitability of the Alcohols Business Group improved, relative to the previous year due to higher selling prices and exports. Demand for alcohol remained strong even though the programme for blending alcohol with petrol proceeded at a slow pace. Relatively high international prices made imports unviable and boosted exports.

Efficiencies in use of raw material and energy were maintained at high levels.

Chemicals

The profitability of the Chemicals Business improved relative to the previous year, despite high prices of raw materials. The Company was able to increase selling prices of its major products to more than offset the cost increases, in spite of continued aggressive international competition, mainly from China.

Demand for major products remained stable, except for a few products like Benzyl Alcohol whose demand was depressed due to stagnating requirement of the user industries, both domestic and international.

The Company has commissioned a plant for manufacturing a high value product on contract basis for a large multinational corporation. This could open new opportunities in future.

The Company continues its focus on R & D and process improvements.

Rayon

In the face of the continuing global recession, impacting the automobile industry worldwide, the Unit achieved its highest ever turnover for the second consecutive year. Capability built up in the last few years to supply value added fabric along with a broadened customer base helped the Unit to achieve this.

The Unit’s improved and consistent product quality is well established in the market, making it one of the preferred sources by the international tyre manufacturers in the high performance segment.

Our products are currently at advanced stages of trials with new consumers. Based on the expected approvals, the requirement of our product is expected to increase. To meet the anticipated increased requirement, the Unit is currently debottlenecking its Rayon capacity.

Nylon Chafer production facilities have also been upgraded. The Unit achieved its highest Nylon Chafer sale during the year. The Unit continues efforts to diversify the product base.

To control the energy cost and to protect the environment, thrust on enhancing agro fuel consumption continued. Shriram Rayons met 40% of its fuel requirement from renewable sources during the year.

Subsidiary

The bottling facilities having been acquired by the Company earlier and the remaining plant & machinery leased to it, the operations of Daurala Foods & Beverages Pvt. Limited remain temporarily suspended.

RESEARCH & DEVELOPMENT

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

UNCLAIMED SHARES SUSPENSE ACCOUNT

As required under Clause 5A of Listing Agreement, the Company had transferred 84620 unclaimed equity shares, which were standing registered under 6107 folios into the Unclaimed Shares Demat Suspense Account, after sending three reminders to those shareholders.

DIRECTORS’ RESPONSIBILITY STATEMENT

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

- While preparing annual accounts the applicable accounting standards had been followed.
- The Company had selected such accounting policies and applied them consistently and made judgements that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the period.

- That the Company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Company had prepared the annual accounts on a going concern basis.

AUDITORS’ OBSERVATIONS

The explanations/ information in respect of the observations of the Auditors in their Report on the standalone Accounts are given in detail in Note 31(b) of notes to the financial statements. The said note read with the relevant audit observations are self-explanatory.

CORPORATE GOVERNANCE

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

DIRECTORS

Shri P.R. Khanna and Shri S.B. Mathur, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

On the Company clearing all its dues, IFCI Limited has withdrawn the nomination of Shri S.C. Kumar on the Board w.e.f. 08.01.2013. Considering Shri S.C. Kumar’s wide experience and in-depth knowledge of the segments in which the Company operates, the Board co-opted him on the Board as an Additional Director under independent category and also nominated him to the Audit and Remuneration Sub-committees of the Board. Proposal is being placed before the shareholders for approval to his appointment as a regular director, liable to retire by rotation.

AUDIT

M/s. A.F. Ferguson & Co., Chartered Accountants, 9, Scindia House, Kasturba Gandhi Marg, New Delhi, who are Statutory Auditors of the Company, hold office up to the forthcoming Annual General Meeting and are recommended for re-appointment to audit the accounts of the Company for the financial year 2013-14. As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has obtained written confirmation from M/s. A.F. Ferguson & Co. that their appointment, if made, would be in conformity with the limits specified in the Section.

As per the requirement of Central Government and pursuant to Section 233B of the Companies Act, 1956 your Company was required to carry out cost audit of sugar, industrial alcohol and rayon. M/s. Ramanath Iyer & Co., Cost Auditors, 808, Pearls Business Park, Netaji Subhash Place, Delhi - 110034, had carried out the cost audit of the above products for the F.Y. 2011-12. The Company’s cost audit report due for filing on or before 31.1.2013 was filed on 3.1.2013.

The said firm was reappointed as Cost Auditors for the F.Y. 2012-13 and subject to the approval of the Government, has been reappointed for the F.Y. 2013-14.

OTHER INFORMATION

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

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

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

New Delhi
May 23, 2013

CHAIRMAN

Annexure - I

CORPORATE GOVERNANCE REPORT

Corporate Governance Philosophy

The Company has been dwelling in detail about its Corporate Governance (CG) philosophy in the previous years' Annual Reports.

CG essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. CG ensures fairness, transparency and integrity of the management. CG is a way of life rather than a mere legal compulsion. It inspires and strengthens investors' confidence and commitment to the Company.

The Company's CG philosophy is based on the principles of equity, fairness, transparency, spirit of law and honest communication. CG philosophy is a continuous process, which evolves over a period of time and undergoes changes to suit the changing need of business, society and the nation.

The CG Report in respect of the year ended 31.3.2013 is given below:

Board of Directors

The Company's Board comprises of an ideal combination of executive and non-executive directors, headed by an executive Chairman & Managing Director. Of the 9 directors, 4 are executive directors. Three executive directors represent the promoters. All the non-executive directors are independent directors and are persons of eminence with experience in the fields of finance, law, trade and industry. The Board's composition is in consonance with the CG requirements.

Meetings, attendance and other directorships

During the year 4 Board meetings were held on 30.5.2012, 13.08.2012, 09.11.2012 and 10.2.2013. Attendance and other details are given below:

Sl. No.	Name of Director	DIN	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM	Other Directorships**	No. of Committee Memberships *** (other companies)	
							Member	Chairman
1	Shri Tilak Dhar	00204912	CMD	3	No	Nil	N.A.	N.A.
2	Shri Alok B. Shriram	00203808	DMD	3	Yes	2	1	Nil
3	Shri Madhav B. Shriram	00203521	WTD	3	Yes	1	Nil	Nil
4	Shri Anil Gujral	00374282	Director & CEO (Chem. & Alcohol)	4	Yes	Nil	N.A.	N.A.
5	Shri P.R. Khanna	00048800	Non-executive/ independent	4	Yes	5	3	3
6	Dr. V.L. Dutt	00143013	- do -	2	No	3	Nil	Nil
7	Shri S.B. Mathur	00013239	- do -	4	Yes	12	5	2
8	Shri Ravinder Narain	00059197	- do -	2	Yes	3	1	1
9	Shri S.C. Kumar *	00064453	- do -	3	Yes	2	2	Nil

* Was nominee of IFCI Ltd. (lender) till 8.1.2013. Co-opted as Additional director on 10.2.2013.

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

*** Audit and Shareholders' Grievance Committees.

CORPORATE GOVERNANCE REPORT (continued)

Annexure - I (contd.)

Relationship amongst directors

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

Audit Committee

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

Terms of reference

The terms of reference and role of the Audit Committee are as per requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, besides other terms as may be laid down by the Board of Directors.

The Audit Committee ensures to the Board of the existence of an effective internal control environment. During the year 4 meetings of the Audit Committee were held on 30.5.2012, 13.8.2012, 09.11.2012 and 10.2.2013.

The Audit Committee comprised of four non-executive independent directors and one executive director. The Company Secretary is the Secretary of this Committee. The attendance at these meetings was as follows:

Name of the Member	Status	No. of Meetings attended
Shri P.R. Khanna	Chairman	4
Shri S.B. Mathur	Member	4
Shri S.C. Kumar	Member	3
Dr. V.L. Dutt	Member	2
Shri Anil Gujral	Member	4

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

The Minutes of the Committee are placed before the Board.

Remuneration Committee

The Remuneration Committee comprised of four non-executive independent directors viz. Dr. V.L. Dutt (Chairman), Shri P.R. Khanna, Shri S.C. Kumar (IFCI Nominee) and Shri Ravinder Narain. Shri S.C. Kumar ceased to be a member effective from 8.1.2013 and renominated on 01.05.2013. The Committee meets as and when needed and reviews the managerial remuneration policy and makes recommendations to the Board for appointment/ re-appointment of managerial personnel. One meeting of the Committee was held on 30.05.2012, in which all the members except Shri Ravinder Narain were present.

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 31.03.2013 are given below:

(Rs./ Lac)

Whole-time Directors	Salary	Commission/ Reward	Perquisites	Retirement benefits
Shri Tilak Dhar (CMD)	21.17	-	2.83	7.01
Shri Alok B. Shriram (DMD)	19.77	-	4.23	6.68
Shri Madhav B. Shriram(WTD)	18.87	-	5.13	6.20
Shri Anil Gujral [Director & CEO(Chemicals & Alcohol)]	10.09	-	13.91	4.54

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 (Equity/Rs. 10 each)
Shri P.R. Khanna	147500	960
Dr. V.L. Dutt	47500	3700
Shri S.B. Mathur	140000	--
Shri Ravinder Narain	25000	570
Shri S.C. Kumar	67500	--

Shareholders Committee

There is a Board Committee for considering and approving matters related to transfer/ transmission of shares and investors' grievances, headed by a non-executive independent director. The constitution of the Committee is as under:

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

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

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

During the year the Company received 9 investors' complaints, which were resolved. No complaints were pending as on 31.03.2013.

General Body Meetings

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

Financial Year	Date	Venue
2009-2010	06/08/2010	FICCI Auditorium
2010-2011	10/08/2011	Air Force Auditorium
2011-2012	13/08/2012	Air Force Auditorium

No Special resolution was proposed in the AGMs held in the years 2010 and 2011. A Special resolution proposed in the AGM in the year 2012 was not passed.

Postal Ballot

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

Disclosures

There were no transactions of material nature with the promoters, the directors, or the management, their subsidiaries or relatives etc. that could have potential conflict with the interest of the Company at large. The relevant disclosures have been given in Note 37 to the financial statements.

CORPORATE GOVERNANCE REPORT (continued)

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

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

Means of communication

The Company publishes quarterly, half-yearly and annual results as required under the Listing Agreement. The results are published in one English and one Hindi daily. During the last year the results were published in the Financial Express and the Jansatta. The results are also forwarded to the Bombay Stock Exchange who puts the results on its web-site, www.bseindia.com. The notice of the AGM along with Annual Report is sent to the shareholders well in advance of the AGM. In cases where the email IDs are notified the same is sent by email. The gist of the notice is also published in newspapers. In addition, the Stock Exchange is notified of any important developments or price sensitive information. Disclosures with regard to shareholding pattern, change in major shareholding, quarterly secretarial capital audit report, CG compliance report, etc. are also sent to the Stock Exchange as required under various Regulations. The Company has a website – www.dcmsr.com – in which general information about the Company, code of conduct, shareholding pattern, quarterly/ annual results, particulars of unclaimed dividend/ deposit, etc. are posted for information of investors.

General Shareholder Information

The AGM will be held on 12.08.2013 at 10.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010.

Financial Year – April to March

Date of Book Closure

The Register of members and other share transfer books will remain closed from 24.07.2013 to 12.08.2013 (both days inclusive).

Dividend

The Board of Directors has recommended a dividend of Rs.1.50 per share of Rs.10 (15%) for the year.

Listing on Stock Exchange

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

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

Market price data (BSE) (Rs.)

Month	April 2012	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2013	Feb.	Mar.
High	40.15	40.90	37.70	49.20	47.95	44.40	56.25	60.95	53.90	46.90	46.95	43.10
Low	36.20	32.50	31.00	34.05	36.90	37.35	40.50	45.05	42.00	38.75	38.25	31.50

B.S.E. Index	2nd April 2012	17,478.15
	28th March, 2013	18,835.77

Share Transfer System

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

- 17-24, Vittal Rao Nagar, Madhapur,
  Hyderabad – 500 081
  Phone 040-44655000
  Email ID: einward.ris@karvy.com
- New Delhi House, 305, 3rd Floor,
  Barakhamba Road, New Delhi - 110001
  Phone 011-43681700
  Email ID: delhi@karvy.com

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

Distribution of Shareholding

Nominal value of Shareholding (Rs.)			Shareholders		Face Value	
			Number	%age	(Rs.)	% age
Upto		5000	87120	99.22	17336040	9.96
5001	To	10000	338	0.39	2573160	1.48
10001	To	20000	174	0.20	2460780	1.41
20001	To	30000	56	0.06	1394060	0.80
30001	To	40000	27	0.03	958240	0.55
40001	To	50000	16	0.02	709460	0.41
50001	To	100000	27	0.03	1958190	1.13
100001	&	Above	45	0.05	146594440	84.26
TOTAL			**87803**	**100%**	**173984370**	**100%**

Shareholding pattern

Category	No. of shares held (in lacs)	% age
Promoters	75.96	43.66
FIs, Banks & Mutual funds	13.40	7.70
Others (public)	84.62	48.64
TOTAL	**173.98**	**100**

Dematerialization of shares

The shares in the Company are under compulsory dematerialized trading. Up to 31.03.2013, 16241409 (93.35%) equity shares in the Company have been dematerialized. The Company's ISIN No. is INE843D01019.

Outstanding instruments

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

Non-mandatory requirements

The Company has constituted a Remuneration Committee of the Board.

Plant locations

Daurala Sugar Works
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 **Annexure - I (contd.)**

I declare that all Board members and Senior Management have individually affirmed compliance during the year 2012-13 with the Code of Business Conduct and Ethics adopted by the Company.

(Tilak Dhar)
May 23, 2013 **Chairman & Managing Director**

COMPLIANCE CERTIFICATE

To the Members of
DCM Shriram Industries Limited

We have examined the compliance of conditions of Corporate Governance by DCM Shriram Industries Limited for the year April 1, 2012 to March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect to investor grievances received during the year April 1, 2012 to March 31, 2013, no investor grievances are pending against the Company as per the records maintained by the Company.

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

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

M.L. Arora
Proprietor
CP No.3209

New Delhi
Date: May 23, 2013

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 2012-13 started on a positive note with the Government allowing export of surplus sugar under OGL. During the period of initial exports, sugar realization improved to around Rs. 3700 per qtl. by August, 2012. The domestic sugar prices were also aided by anticipated lower production in Maharashtra and Karnataka during sugar season 2012-13 because of dry conditions.

As the year progressed, because of excess production of sugar in most sugar producing countries, International prices of white sugar dropped from around US$ 600 per MT to US$ 520 per MT, thus limiting the prospects for further exports.

By the third quarter and onwards, sugar prices came under pressure due to higher release by the Government as well as import of raw sugar by coastal sugar refineries for domestic consumption. The start of crushing by mills and the rising trend of production, resulting in an even higher level of inventories, put further pressure on prices. Presently, the prices are below Rs.3200/ qtl., which is much lower than the cost of production.

During the season 2012-13, domestic production is estimated at 24.5 Million MT as against 26 Million MT last year. After considering import of raw sugar by coastal refineries, and consumption at 22.5 Million MT, the season has added considerably to the sugar surplus. To safeguard the Industry, representations are being made to the Government to increase import duty on raw / white sugar from present level of 10% to the bound rate of 60%.

Daurala Sugar Work's operational performance during the current season was satisfactory with sugar recovery at 9.27% improving by 0.53% over last year The export of power to grid was also better than planned during the season. Going forward the Company plans to take further initiatives to improve productivity and efficiencies. Unit is also putting efforts to increase the area under high sucrose varieties of cane to improve sugar recovery. Factory has also been taking considerable steps to improve the powerhouse efficiency and export of power. This was achieved in the last two years by installing bagasse driers and optimising them. Further possibilities of fine-tuning and improvements are under study.

At the end of the year, the Central Government took the positive step of abolition of the levy sugar obligation of the sugar mills. This has helped in removing the substantial burden of levy subsidy from the mills.

Simultaneously the Central Government has done away with the free sale sugar release mechanism, thereby freeing mills to sell sugar without any limitation of periodic quotas as in the past. In light of the surplus of sugar in the country and ease of imports, the impact of the same on sugar prices has been bearish so far. This has been compounded by the high cane price arrears on mills, forcing mills to liquidate inventory in pursuit of liquidity. The industry is urging the Central Government to enhance the import duty on sugar. This would help in improving the market sentiments in stabilizing sugar prices at reasonable level. This in turn will help mills to clear cane dues to farmers, which have arisen due to cane pricing being significantly higher than in the large sugar exporting countries.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

While relaxing of the regulation on the “sugar” part of the industry by the Central Government is progressing, the matters relating to “sugarcane” have been left to the State Governments to progressively deregulate.

The Sugar Industry in U.P. is in a piquant situation because of low sugar prices as well as a very high cane price. Presently, sugar mills in U.P. have cane dues in excess of Rs. 5000 crs. Pressure by State Government to pay cane dues is resulting in dumping of sugar by mills, which is further impacting sugar prices. This cycle needs to be broken.

The Industry has requested the State Government to provide some immediate reliefs to tide over the current year's difficulties.

Going forward, the Central Government needs to intervene judiciously by controlling imports & exports, to have stable/ reasonable sugar price which is necessary to enable the industry to pay the desired level of cane price to farmers, and also be viable. Likewise, the State Governments need to reconcile on the following in a deregulated environment :

- Cane price has to have some bearing with the sugar price.
- Industry to work closely with farmers for cane development for long term mutual benefit. For this, long term cane reservation is necessary.

The coming years will pose a serious challenge of adjustment, on all the constituents of this multifaceted sector.

Alcohol

The Company continues to produce Alcohol only to the extent of internal availability of molasses from the Sugar Factory, as market availability of molasses is limited. Due to consequent limited alcohol production and high international prices, the Company followed a strategy of maximizing prices. The Company continued its focus on value added products, like ENA, and Anhydrous Alcohol, as well as on exports, which doubled relative to the previous year.

The demand of Alcohol from the Chemicals industry continues to be strong. Growth of demand in the potable sector also remained steady. However, the Government's gasohol programme requiring alcohol for blending with petrol, continued at a slow pace, as in the previous year, but it is expected to pick-up in the future.

Chemicals

The price of major raw materials continued to rise sharply resulting in a substantial increase in cost of production. We were able to increase selling prices to offset the above and also the increase in fixed expenses. The commencement of the Contract Manufacturing Project also helped to increase profits.

Except for a few chlorinated toluene products, e.g. Benzyl Alcohol, Phenyl Acetic Acid, and Benzyl Cyanide, the demand for our main products remained steady. Aggressive international competition, primarily from China, for our main products continued though prices remained stable or increased due to cost pressures. This enabled us to improve our selling prices.

The Contract Manufacturing Project which was started up in September, 2012 was stabilized, and reached its full production capacity by year end. The quality and efficiencies of the product were satisfactory and as targeted.

R&D for new products and process improvements continue to be an area of focus. We hope to introduce one new product in the coming year, i.e. 2013-14.

Rayon

Shriram Rayons is engaged in production of Rayon tyre cord yarn, grey fabric and treated fabric. The product is used in high performance tyre manufacture and is exported to international tyre manufacturers in various countries. The Unit competes mainly with the Rayon tyre cord producers in Europe.

The automobile industry the world over has been hit hard by the financial crisis and economic recession. As a consequence, the Rayon tyre cord industry has also been under pressure.

As had been mentioned last year, we had anticipated a shift in tyre manufacturers' preference for final product i.e. treated fabric, rather than basic yarn.

Timely steps were taken to upgrade conversion and treating facilities of the Unit, to take advantage of this opportunity. The Unit’s enhanced capability to supply treated fabric helped it to protect export volumes despite recessionary conditions.

The Unit is implementing a debottlenecking and modification project to improve yarn production and textile conversion capacities. This will help the Unit to meet the increasing requirements of its product based on new approvals received and underway with customers.

SR also produces Nylon chafer, which is sold to domestic tyre manufacturers. Steps were taken to upgrade/diversify chafer production. Greige nylon chafer production capacity has been enhanced to meet the market requirements. The Unit was able to marginally improve sales volume in spite of recessionary conditions in domestic automobile market.

Energy is one of the significant cost elements in Unit's operations. SR has fuel supply agreement with SECL for coal. However, this is inadequate to meet the requirement of the powerhouse. The balance requirement is met through open market procurement, which has become very costly. To reduce the same, the Unit took steps to modify the powerhouse to enhance its capability to utilize agro-fuel. The Unit also has a large bank of solar panels to heat boiler feed water. SR met 40% of its fuel requirement from renewable sources during the year, thereby reducing its carbon footprint. Recycling and reuse of treated effluent water is also being done to promote water conservation.

Internal control systems and the adequacy

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

Such systems and controls are reviewed periodically to assess and ensure their efficiency and accuracy. The internal control systems are improved /modified continuously to adapt to the changes in business conditions, statutory and accounting requirements.

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

the Internal Auditors and the Statutory Auditors about the adequacy of internal control systems and makes suggestions, whenever necessary.

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

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 belonging enhances responsibility and results in better delivery. The Company's HR measures revolve around this philosophy and it continued with its focus on development of its human resources to build their long term engagement with the organization. Employees with potential are deputed for trainings with a view to enhance skills.

The Industrial relations remained cordial in all its operations during the year. As on 31.3.2013 the total number of employees on the payrolls of the Company was 2477.

Corporate Social Responsibility (CSR)

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

The Company believes that CSR activities should be voluntary and not mandatory. Involvement of business community in social welfare and development has been a tradition in our Country. Umpteen educational institutions, research centers, cultural organizations and medical centers established by business houses in different parts of the Country are considered temples of excellence and stand testimony to this tradition. The Company in this regard endeavours to promote people–centric initiatives with active community participation, the thrust area being education, health care, rural development, environment protection and infrastructure development.

Education

Children are the future of a nation and mirror its aspirations. Education has a prime role in moulding their future and make them capable of shouldering the challenges of a complex world. In the emerging more and more competitive scenario everywhere, children are to be groomed by providing not only an ideal atmosphere for growth but also proper avenues to enhance knowledge.

The Company's initiative in the field of education is implemented through two Schools. Sir Shriram Higher Secondary School at Daurala, established by the Company for imparting quality education to children of the area around, is provided necessary support. Dr. Bansi Dhar School, an English Medium CBSE Affiliated School at Kota, caters to the educational needs of children in and around Kota. It has earned a reputation for quality education and posted excellent results in the 10th class CBSE Examination held in March, 2013. The School supports students from weaker sections of the society as per the rules under the Rights To Education Scheme. Special consideration is given to differently abled children.

Sports and games play a major role in personality development of children. Dr. Bansi Dhar School gives special attention to this aspect. The students of the School are encouraged to practice and participate in intra and inter school events. The efforts bore fruits as the students brought laurels by winning Championships in boys and girls categories.

The Company has been providing rehabilitation, training and employment to differently abled persons.

Health care

A charitable dispensary with a qualified doctor and paramedical staff caters to the health requirements of not only the employees and their families, but also people in the vicinity of Daurala Sugar Works. Periodical medical camps for family planning operations and health check-ups are organized at Daurala, which are availed by the local population.

As in the past blood donation camp was organized in the Shriram Rayons premises at Kota in association with the Kota Blood Bank Society and employees were encouraged to donate blood being a noble cause.

Rural development

Agriculture is the back-bone of the rural economy and contributes substantially to the GDP. DSW for decades has been giving special attention for improving the quality of life of farmers in Daurala and near-by areas by providing latest agricultural techniques, free seeds, organic manure, etc. This has resulted in maintaining excellent relations with them.

As a result of conversion of the coal fired boiler at Shriram Rayons into agro-waste fired boiler, primarily to reduce use of fossil fuel, an avenue has been opened to rural population to take up indirect employment, apart from providing additional income to farmers.

Environment protection

The Company recognizes that environmental responsibility is a pre-requisite for sustainable economic growth and for the well being of the Society. Its policy is to utilize natural and man made resources in an optimal and responsible manner and ensure sustainability of resources by reducing, reusing, recycling and managing waste.

At Daurala Sugar Works and Shriram Rayons environment protection measures receive utmost attention and are on-going process. At DSW bio-compost is produced from industrial effluents to enrich the soil. The Unit stopped using fossil fuels like coal etc and shifted to agro-fuels. This initiative has been recognized by agencies who have conferred Green Award to the Unit in the past. Water requirement of the Unit is met from the process itself resulting in drawing of very less fresh water. The Company initiates drives both at Daurala and Kota in tree plantation, rain water harvesting, energy conservation etc.

Infrastructure development

DSW involve itself with the local administration in developing infrastructure around the Factory. Construction and maintenance of roads and sewage are regular projects undertaken for the benefit of the local populace.

With a view to creating better infrastructure and improving the image of Kota city, SR has been actively supporting Kota Administration in building and maintenance of roads, parks, bathing ghats, community halls, hospital wards, school building, water tanks, etc.

Annexure - II

Information as required under Section 217(1)(e) of the Companies Act,1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken :

- Successful installation of one more bagasse drier.
- Re-arrangement of evaporator bodies to augment the capacity without extra energy consumption.
- Use of low temperature vapours for chemical cleaning of evaporator bodies instead of high temperature steam.
- Reduction of steam consumption for production of alcohol.
- Installation of VFDs for facilitating power saving.
- Installation of energy efficient screw compressor for compressed air.
- Installation of energy efficient vapour absorption refrigeration machine.
- Air washers provided with energy efficient pumps.
- Installation of Plate Heat Exchanger for better heat transfer.
- Installed equipment for optimal desuperheating of steam at some stations.
- Reduction of energy consumption by process optimisation .
- As a result of energy audit, high cost utility replaced by lower cost utility.

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

- Installation of additional evaporator body for steam saving.
- Installation of energy efficient low speed pumps at evaporators.
- Installation of variable feed drives at high pressure feed pumps in boiler house.
- Installation of an Automatic Power Factor Corrector for energy economy.
- Installation of multi pressure plant for rectified spirit manufacture.
- Modifying another boiler to use agro fuels.
- Turbine extraction pressure reduction to increase power generation.
- Replacement of steam heater with CNG based heater.
- Installation of additional capacitors to reduce power distribution losses.
- Installation of additional solar water heaters.
- Installation of alternate system for vacuum generation by replacing existing system.
- Installation of more equipment for desuperheating of steam at other stations.

c) Impact of the above measures :

- Higher boiler efficiency and saving of fuel.
- Savings in steam, power consumption and lower electrical losses.
- Lower effluent generation.
- Reduction in cost.
- Reduction in carbon foot print.

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

- Form - A annexed.

B. TECHNOLOGY ABSORPTION :

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

C. FOREIGN EXCHANGE EARNINGS & OUTGO :

Total foreign exchange earned Rs. 269.61 crs. and used Rs. 157.42 crs.

Annexure - II (contd.)

FORM - A

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
- Units (Lacs / KWH)	**223**	163
- Total Amount (Rs./ lacs)	**1309**	860
- Rate (Rs./ KWH)	**5.88**	5.29
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)	**1744**	1887
- Kwh generated per kg. of Coal*	**1.31**	1.37
- Cost (Rs./ KWH)*	**5.01**	4.49
2. Coal (Mixed grades)		
(used for steam / power generation)		
- Quantity (MT)	**52308**	54479
- Total Cost (Rs./ lacs)	**2432**	2213
- Average Rate (Rs./ MT)	**4649**	4062
3. Agro Fuel (outside purchase)		
- Quantity (MT)	**76685**	104135
- Total Cost (Rs./ lacs)	**2265**	3100
- Average Rate (Rs./ MT)	**2954**	2977
4. Other / Internal generation – Bagasse		
- Quantity (MT)	**393074**	418757
- Total Cost	**(By - product)**	(By - product)
- Average Rate		
B. CONSUMPTION PER UNIT OF PRODUCTION		
5. Electricity		
- Sugar (KWH / MT Cane)	**38.60**	40.20
- Rayon Yarn (KWH / Kg.)	**2.48**	2.34
6. Steam		
- Sugar (% Cane)	**44.55**	46.23
- Rayon Yarn (MT / MT)	**30.57**	30.53

* 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

- Selection and propagation of promising new cane varieties.
- Testing and popularising the latest cultivation techniques for getting better results in farmers' fields.
- Trials conducted to attain higher productivity and quality of rayon yarn.
- Process optimisation to improve processing conditions in rayon yarn.
- Replacement of soft water with recycled effluent in one of the process streams.
- Setting up of a developmental facility for optimising manufacturing and continuing R&D work for process improvement.
- Lab trials done for development of another intermediate product.
- Process optimisation based on laboratory R&D.
- Development of new products with in–house technology.
- Improving input usage efficiencies.
- Increase in recycling of water for water conversation.

2. BENEFITS DERIVED

- Energy saving, better quality, new product development, cleaner environment, better productivity and yields, reduced wastage, reduced costs, increase in boiler throughput, improved competitiveness & flexibility in manufacturing processes / equipment, reduction of raw material / utilities, water conservation and higher supply to grid.
- Manufacturing started based upon one of the product processes optimised.
- Increase in sales of a product consequent to cost optimisation.
- Recovery of saleable products from wastes.

3. FUTURE PLAN OF ACTION

- Above efforts will continue in various areas of activity.
- Continuous attempts will be made to further optimise various processes and to improve the input usage efficiency of various products.
- Setting up facility for production of another intermediate.
- De-bottlenecking of capacities wherever technically and economically viable.
- Effective treatment of effluent continues to be a priority.

4. EXPENDITURE ON R&D

		(Rs. / Lacs)
a)	Capital	53.27
b)	Revenue	113.67
c)	Total	166.94

d) Total expenditure as a % of turnover is 0.15% (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

- Improved utilization of distillery effluent in bio-composting Sugar Factory Press Mud with installation of new self propelled aero tiller for effective land utilization and consequently improving land fertility.
- Optimisation of bagasse driers installed this season.
- Steps taken to protect electronic systems from adverse effects of ambient gases.
- Magnetic flow meter and digital pressure indicators installed for continuous monitoring and better process control.
- Provision of Audio Visual Alarms to:
  - Facilitate detection of leakage and to safeguard operations.
  - Facilitate timely necessary corrective actions in various processes in various parts of the plant.
- Process control system converted from pneumatic to electronic system in Power House for better control.
- Materials of construction upgraded in some process areas to reduce corrosion and leakages.

2. Benefits Derived

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
DCM SHRIRAM INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **DCM SHRIRAM INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

Various issues arisen/arising out of the reorganisation arrangement will be settled and accounted for as and when the liabilities/benefits are finally determined. The effect of these cannot be determined at this stage (refer note 31 (b) of notes to the financial statements).

The matter referred to in above paragraph to the extent covered here was also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2012.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the accounting standards referred to in Section 211(3C) of the Act.
   (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Jaideep Bhargava
Partner
(Membership No. 090295)

Place : New Delhi
Date : 23.5.2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

Having regard to the nature of the Company's business / activities / result, clauses (xii) and (xiii) of paragraph 4 of Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) are not applicable to the Company.

(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 other than for stock lying with third parties and/ or goods in transit for which confirmations have been obtained and subsequent receipts have been verified in most of the cases.

(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, unsecured loan granted by the Company to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, are by way of housing loan to a whole time director amounting to Rs. 47.50 lacs during the year. At the year-end, the outstanding balance of such loan granted was Nil and the maximum amount involved during the year was Rs. 47.50 lacs.

(b) The rate of interest and other terms and conditions of such loan are, in our opinion, prima facie not prejudicial to the interest of the Company.

(c) The receipts of principal amounts and interest have been as per stipulations.

(d) According to the information and explanations given to us, unsecured loans taken by the Company from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, are by way of fixed deposits aggregating Rs. 10.00 lacs (only one party) from directors and their relatives. Maximum amount outstanding during the year and year end balance from five parties is Rs. 29.00 lacs.

(e) In our opinion, the rate of interest and other terms and conditions of unsecured loan taken by the Company are not, prima facie, prejudicial to the interest of the Company.

(f) In our opinion, the Company is regular in payment of the principal amount and the interest thereon.

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

(v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us :

(a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

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

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

(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

(a) The Company has been regular in depositing undisputed dues, including investor education and protection fund, employees' state insurance, income-tax, wealth tax, sales tax, customs duty, cess, entry tax, purchase tax, provident fund and other material statutory dues applicable to it and generally been regular in depositing dues in case of tax deducted at source, service tax and excise duty 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, service tax, customs duty, income-tax and sales tax matters which have not been deposited as on March 31, 2013 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	**20.00**	-	March '86 to December '89	High Court
		Modvat Credit	**31.79**	-	1995-96, November '04 to December '08	Commissioner (Appeals)
		Service Tax	**1.44**	-	January '08 to October '08	Deputy Commissioner
			4.28	-	December '09 to December '10	Assistant Commissioner, Central Excise & Customs
2	Income Tax Act, 1961	Income Tax	**193.40**	**193.40**	2005-06	Income Tax Appellate Tribunal
3	Sales Tax Laws	Sales Tax	**0.88**	**-**	2008-09	Joint Commissioner (Appeals), Commercial Tax
			8.46	**-**	2007-10	Additional Commissioner

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

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

S. No.	Name of the Statute	Nature of dues	Amount involved * (Rs. lacs)	Period to which the amount relates (various years covering the period)	Forum where department has preferred appeal
1	Central Excise Laws	Excise Duty	**26.71**	2003-08	Customs, Excise & Service Tax Appellate Tribunal
			3.54	1998-99	High Court
		Modvat Credit	**15.15**	1995-96	High Court
		Service Tax	**29.88**	2004-07	Customs, Excise & Service Tax Appellate Tribunal
2	Customs Law	Customs Duty	**609.40**	2000-01	High Court
3	Sales Tax Laws	Sales Tax	**151.35**	1976-02	High Court
			0.32	2006-07	Commercial Tax Tribunal

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

(x) The Company does not have accumulated losses at the end of the financial year ended March 31, 2013. Further, the Company has not incurred cash losses during the financial year ended March 31, 2013 and had incurred cash losses during the immediately preceding financial year ended March 31, 2012.

(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 and financial institutions. There were no debentures outstanding during the year.

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

(xiii) 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.

(xiv) 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.

(xv) 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.

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

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

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

(xix) To the best of our knowledge and according to the information and explanations given to us by the management, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

Jaideep Bhargava
Partner
(Membership No. 090295)

Place : New Delhi
Date : 23.5.2013

Balance Sheet as at March 31, 2013

Particulars	Note No.	As at 31.03.2013 Rs.lacs	As at 31.03.2012 Rs.lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**1,739.84**	1,739.84
Reserves and surplus	3	**19,447.37**	18,829.93
		21,187.21	20,569.77
Non-current liabilities			
Long - term borrowings	4	**7,391.49**	9,411.61
Deferred tax liabilities (Net)	5	**4,226.97**	3,383.37
Other long-term liabilities	6	**356.57**	359.25
Long-term provisions	7	**779.94**	716.30
		12,754.97	13,870.53
Current liabilities			
Short-term borrowings	8	**29,245.59**	24,641.08
Trade payables	9	**22,121.56**	22,802.42
Other current liabilities	10	**7,420.88**	7,523.29
Short-term provisions	11	**587.66**	206.52
		59,375.69	55,173.31
TOTAL		**93,317.87**	89,613.61
ASSETS			
Non-current assets			
Fixed assets	12		
- Tangible assets		**29,110.05**	28,501.46
- Capital work in progress		**1,467.68**	1,751.34
		30,577.73	30,252.80
Non - current investments	13	**613.51**	613.51
Long - term loans and advances	14	**3,440.28**	2,650.53
		34,631.52	33,516.84
Current assets			
Current investments	15	**570.64**	2,676.28
Inventories	16	**43,997.73**	39,993.16
Trade receivables	17	**9,551.63**	8,888.39
Cash and cash equivalents	18	**1,304.89**	1,579.13
Short - term loans and advances	19	**2,616.81**	2,486.09
Other current assets	20	**644.65**	473.72
		58,686.35	56,096.77
TOTAL		**93,317.87**	89,613.61
Significant Accounting Policies	1		

Accompanying notes 1 to 45 form part of the financial statements

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 23.5.2013

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

Madhav B. Shriram
Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

P.R. Khanna
S.B. Mathur
S.C. Kumar
Directors

Statement of Profit and Loss for the year ended March 31, 2013

Particulars	Note No.	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs. lacs
REVENUE			
Revenue from operations	21	**114,347.56**	103,303.64
Less: Excise duty		**4,872.30**	4,136.50
		109,475.26	99,167.14
Other income	22	**1,407.28**	910.23
TOTAL REVENUE		**110,882.54**	100,077.37
EXPENSES			
Cost of materials consumed	23	**67,874.22**	62,296.57
Purchase of traded goods	24	**7,683.83**	6,342.63
(Increase)/ Decrease in inventories of finished goods, work-in-progress and traded goods	25	**(2,292.86)**	(2,768.08)
Employee benefits expense	26	**7,937.83**	6,969.10
Finance costs	27	**4,215.78**	4,201.21
Depreciation	28	**2,126.22**	2,156.16
Other expenses	29	**21,370.50**	21,716.16
TOTAL EXPENSES		**108,915.52**	100,913.75
Profit / (Loss) before exceptional item and tax		**1,967.02**	(836.38)
Exceptional item	42	**-**	1,875.06
Profit / (Loss) before tax		**1,967.02**	(2,711.44)
Tax expense:			
Current tax		**282.50**	-
Less : MAT Credit		**(282.50)**	-
Deferred tax charge / (credit)		**843.60**	(972.57)
Profit / (Loss) for the year		**1,123.42**	(1,738.87)
Earnings per equity share - basic/ diluted (Rs.)	30	**6.46**	(9.99)
Significant Accounting Policies	1		

Accompanying notes 1 to 45 form part of the financial statements

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 23.5.2013

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

Madhav B. Shriram
Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

P.R. Khanna
S.B. Mathur
S.C. Kumar
Directors

Cash Flow Statement for the year ended March 31, 2013

		Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs. lacs
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit / (Loss) before tax	**1,967.02**	(2,711.44)
	Adjustments for :		
	Depreciation	**2,126.22**	2,156.16
	Finance Costs	**4,215.78**	4,201.21
	Interest income	**(194.57)**	(291.25)
	Provision for doubtful debts, loans & advances realised	**-**	(50.00)
	Profit on sale of fixed assets	**(318.15)**	(256.38)
	Loss on sale / write off of fixed assets	**18.32**	8.76
	Profit on sale of current investments	**(128.20)**	(13.03)
	Profit on sale of non current investments	**-**	(0.11)
	Operating profit before working capital changes	**7,686.42**	3,043.92
	Adjustments for :		
	(Decrease) / Increase in trade payables, other current liabilities and short term provisions	**(489.11)**	4,413.97
	Increase / (Decrease) in long term liabilities & long term provisions	**84.27**	(102.65)
	(Increase) in trade receivables, short term loans & advances and other current assets	**(956.11)**	(2,433.46)
	(Increase) in long term loans & advances and other non current assets	**(151.22)**	(74.10)
	(Increase) in inventories	**(4,004.57)**	(2,871.55)
	Cash generated from operations	**2,169.68**	1,976.13
	Income tax (paid)	**(309.12)**	(304.62)
	Net cash generated from operating activities	**1,860.56**	1,671.51
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	**(2,945.42)**	(2,337.92)
	Sale of fixed assets	**370.48**	470.20
	Purchase of current non trade investments	**(3,138.50)**	(2,765.31)
	Sale of long term non trade investments	**-**	0.12
	Sale of current non trade investments	**5,372.34**	202.31
	(Increase) in bank balances not considered as cash and cash equivalents	**(82.14)**	(65.08)
	Interest received	**132.30**	292.80
	Net cash (used in) investing activities	**(290.94)**	(4,202.88)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
	Proceeds from borrowings	**2,302.55**	4,667.28
	Repayment of borrowings	**(4,528.77)**	(3,746.75)
	Increase in short term borrowings	**4,604.51**	6,574.91
	Finance Costs	**(4,304.20)**	(4,120.18)
	Dividend paid	**(0.09)**	(0.75)
	Net cash from / (used in) financing activities	**(1,926.00)**	3,374.51
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(356.38)**	843.14
	Cash and cash equivalents		
	- At beginning of year	**1,177.06**	333.92
	- At end of year	**820.68**	1,177.06

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 23.5.2013

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

Madhav B. Shriram
Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

P.R. Khanna
S.B. Mathur
S.C. Kumar
Directors

1. **Significant Accounting Policies**

a) Accounting convention

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

b) Use of estimates

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

c) Fixed assets

i) Owned assets

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

ii) Assets taken on finance lease

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

iii) Impairment of fixed assets

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

d) Depreciation

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

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

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

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

v) No write-off is made in respect of leasehold land in case of long term lease.

e) Investments

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

f) Inventories

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

g) Research and development

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

h) Export benefits

Export benefits are accounted for on accrual basis.

i) Employees' benefits

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

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

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

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

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

j) Foreign currency transactions

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

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

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

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

k) Revenue recognition

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

l) Income-tax

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

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

2. Share capital

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Authorised		
6,50,00,000 (2011-12 - 6,50,00,000) Equity shares of Rs. 10 each	**6,500.00**	6,500.00
Issued, subscribed and fully paid up		
1,73,98,437 (2011-12 - 1,73,98,437) Equity shares of Rs. 10 each	**1,739.84**	1,739.84
	1,739.84	1,739.84

(i) There has been no movement in the equity shares in the current and previous year.

(ii) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

(iii) Shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31.03.2013 No of shares	As at 31.03.2012 No of shares
a) Bantam Enterprises Private Limited	**1,345,320**	1,374,820
b) HB Stockholdings Limited	**4,346,615**	4,346,615
c) Life Insurance Corporation of India	**1,331,259**	1,331,259
d) Lily Commercial Private Limited	**1,033,243**	1,000,243
e) Versa Trading Limited	**2,224,725**	2,224,725

3. Reserves and surplus

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Amalgamation Reserve *	**1,411.38**	1,411.38
Capital Redemption Reserve	**0.10**	0.10
Securities Premium Account	**3,406.68**	3,406.68
Debenture Redemption Reserve	**-**	-
Revaluation Reserve	**2,379.73**	2,580.38
General Reserve	**2,602.69**	2,502.69
Surplus in Statement of Profit and Loss	**9,646.79**	8,928.70
	19,447.37	18,829.93

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

Movement in reserves and surplus is as under :

		31.03.2013	31.03.2012
(a)	Debenture Redemption Reserve		
	Opening balance	**-**	69.08
	Less : Transferred to Surplus in Statement of Profit and Loss	**-**	69.08
	Closing balance	**-**	-
(b)	Revaluation Reserve		
	Opening balance	**2,580.38**	2,818.02
	Less: Transferred to Statement of Profit and Loss for set off against depreciation (refer note 28)	**174.17**	237.64
	Less: Utilised for set off on deletion of revalued assets	**26.48**	-
	Closing balance	**2,379.73**	2,580.38

		As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
(c)	General Reserve		
	Opening balance	**2,502.69**	2,502.69
	Add : Transferred from Surplus in Statement of Profit and Loss	**100.00**	-
	Closing balance	**2,602.69**	2,502.69
(d)	Surplus in Statement of Profit and Loss		
	Opening balance	**8,928.70**	10,598.49
	Add: Profit / (Loss) for the year	**1,123.42**	(1,738.87)
	Add: Debenture Redemption Reserve written back	**-**	69.08
		10,052.12	8,928.70
	Less : Appropriations		
	Transferred to General Reserve	**100.00**	-
	Proposed Dividend on Equity shares	**260.98**	-
	[Dividend per share Rs. 1.50 (2011-12 -Nil)]		
	Tax on Dividend	**44.35**	-
	Closing balance	**9,646.79**	8,928.70

4. Long - term borrowings

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Secured		
Term loans		
- From banks	**9,142.21**	10,969.45
- From others	**1,443.96**	1,804.94
	10,586.17	12,774.39
Unsecured		
Public deposits	**879.17**	933.09
	11,465.34	13,707.48
Less : Current maturities of long term borrowings	**4,073.85**	4,295.87
	7,391.49	9,411.61
Details of Current maturities of long term borrowings:		
Secured		
Term loans		
- From banks	**3,458.90**	3,363.31
- From others	**360.99**	360.99
Unsecured		
Public deposits	**253.96**	571.57
	4,073.85	4,295.87

SECURED

I. Banks

a) Nil (2011-12 – Rs.60.74 lacs), Rs.333.20 lacs (2011-12 – Rs.777.68 lacs), Nil (2011-12 – Rs.700 lacs), Rs.1285.00 lacs (2011-12 – Rs.1857.00 lacs), Rs.1000.00 lacs (2011-12 – Rs.1800.00 lacs) and Rs.2500.00 lacs (2011-12 – Rs.2500.00 lacs) currently carrying interest between 12.55% to 14.00% and repayable in 0, 3, 0, 9, 5 and 16 quarterly instalments respectively are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans.

b) Rs.1496.51 lacs (2011-12 – Rs.1083.64 lacs) carrying interest of 12.50% and repayable in 14 quarterly instalments is secured by first pari-passu charge on entire fixed assets of the Company, both present and future, excluding the assets exclusively charged and those pertaining to Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created / to be created in favour of existing first charge holders for their respective term loans / debentures. Also exclusive charge on assets to be acquired in Daurala Organics, a unit of the Company.

c) Nil (2011-12 – Rs.183.40 lacs), Rs.22.54 lacs (2011-12 – Rs.114.22 lacs), Rs.480.00 lacs (2011-12 – Rs.570.00 lacs) and Rs.1400.00 lacs (2011-12 – Rs.465.00 lacs) currently carrying interest between 12.75 % to 13.65% (net of interest subvention) and repayable in 0, 1, 16 and 20 quarterly instalments respectively are secured by first charge on specific movable assets of Shriram Rayons, a unit of the Company.

d) Rs.272.91 lacs (2011-12 – Rs.382.11 lacs) currently carrying interest of 13.15% repayable in 10 quarterly instalments is secured by first mortgage and charge on specific immovable and movable assets of Shriram Rayons, a unit of the Company.

e) Rs.321.00 lacs (2011-12 – Rs.441.00 lacs) currently carrying interest of 13.85% and repayable in 11 quarterly instalments is secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans.

f) Nil (2011-12 – Rs.32.13 lacs) was secured by residual charge on fixed assets of sugar division of the Company.

g) Rs.31.05 lacs (2011-12 – Rs.2.53 lacs) carrying interest between 10% to 13% and repayable in 50 monthly instalments are secured by hypothecation of specific assets.

II. Others

Rs.1443.96 lacs (2011-12 – Rs.1804.94 lacs) carrying interest of 4% and repayable in 4 yearly instalments is secured by exclusive second charge on immovable and movable assets of sugar factory at Daurala Sugar Works, a unit of the Company.

5. Deferred tax liabilities (Net)

		As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
(a)	**Deferred tax liabilities**		
	- Depreciation	**5,665.97**	5,408.80
(b)	**Deferred tax assets**		
	- Accrued expenses deductible on payment	**348.36**	371.20
	- Provision for gratuity and leave salary	**361.06**	299.41
	- Provision for doubtful debts and advances	**12.28**	13.83
	- Unabsorbed depreciation	**595.50**	948.57
	- Business loss	**-**	288.07
	- Others	**121.80**	104.35
		1,439.00	2,025.43
	Net	**4,226.97**	3,383.37

6. Other long - term liabilities

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Trade payables		
- Micro and small enterprises*	**-**	-
- Others	**72.36**	53.48
Others		
- Interest accured but not due on borrowings	**191.47**	214.78
- Others	**92.74**	90.99
	356.57	359.25

* Refer note 35

7. Long - term provisions

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Provision for employee benefits *		
- Gratuity	**296.62**	264.12
- Leave salary	**483.32**	452.18
	779.94	716.30

* Refer note 43

8. Short - term borrowings

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Secured		
Loan repayable on demand - Cash credits from banks *	**29,245.59**	24,641.08
	29,245.59	24,641.08

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

9. Trade payables

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Acceptances	**3,481.94**	2,863.59
Trade payables		
- Micro and small enterprises*	**-**	-
- Others	**18,639.62**	19,938.83
	22,121.56	22,802.42

* Refer note 35

10. Other current liabilities

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Current maturities of long term borrowings *	**4,073.85**	4,295.87
Interest accrued but not due on borrowings	**176.24**	188.25
Unclaimed dividends	**45.38**	45.47
Unclaimed deposits and interest accrued thereon	**24.47**	4.66
Payables for fixed assets		
- Micro and small enterprises **	**-**	-
- Others	**146.94**	150.98
Other payables		
- Statutory dues	**2,232.47**	2,340.12
- Advances from customers	**316.94**	84.09
- Security deposits	**198.40**	190.71
- Others	**206.19**	223.14
	7,420.88	7,523.29

* Refer note 4
** Refer note 35

11. Short - term provisions

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Provision for employee benefits *		
- Leave salary	**282.33**	206.52
Proposed Dividend	**260.98**	-
Tax on Dividend	**44.35**	-
	587.66	206.52

* Refer note 43

12 Fixed Assets

Rs.lacs

Particulars	Gross block				Depreciation				Net block	
	As at 31.03.2012	**Additions**	**Deductions**	**As at 31.03.2013**	As at 31.03.2012	**For the year**	**On deductions**	**As at 31.03.2013**	**As at 31.03.2013**	As at 31.03.2012
Tangible Assets										
Land	1,307.59	**0.99**	**17.91**	**1,290.67**	-	**-**	**-**	**-**	**1,290.67**	1,307.59
Buildings	6,402.77	**485.95**	**2.04**	**6,886.68**	3,530.24	**176.75**	**1.01**	**3,705.98**	**3,180.70**	2,872.53
Plant and equipment	49,097.20	**2,288.09**	**280.14**	**51,105.15**	25,500.04	**1,991.61**	**237.23**	**27,254.42**	**23,850.73**	23,597.16
Furniture and fixtures	500.06	**50.59**	**9.22**	**541.43**	343.69	**48.87**	**5.33**	**387.23**	**154.20**	156.37
Vehicles	642.50	**116.66**	**63.09**	**696.07**	262.41	**65.02**	**36.49**	**290.94**	**405.13**	380.09
Office equipment	489.17	**63.83**	**12.39**	**540.61**	301.45	**18.14**	**7.60**	**311.99**	**228.62**	187.72
Total Tangible Assets	58,439.29	**3,006.11**	**384.79**	**61,060.61**	29,937.83	**2,300.39**	**287.66**	**31,950.56**	**29,110.05**	
Previous year	56,881.30	1,857.69	299.70	58,439.29	27,621.15	**2,393.80**	**77.12**	29,937.83		28,501.46
Capital work in progress									**1467.68**	1751.34

i) The Company had revalued its land and buildings as at March 31, 1993 and plant and equipment (other than office equipment) as at April 1, 1993. Land, buildings and plant and equipment (other than office equipment) were again revalued on March 31, 1999. These revaluations which were based on depreciated current replacement values on the basis of an independent valuation through an approved valuer resulted in a net increase in the gross block by Rs.16283.80 lacs of which Rs.12230.37 lacs (2011-2012 Rs.12337.02 lacs) is included in the gross block of fixed assets as on March 31, 2013.
The revaluation amount included in net block is Rs.789.07 lacs(2011-12 -Rs.804.74 lacs) in Land, Rs.676.37 lacs(2011-12 - Rs.757.62 lacs) in Buildings and Rs.914.29 lacs (2011-12 – Rs.1018.02 lacs) in Plant & equipment.

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

iii) The amount of borrowing cost capitalised to fixed assets - plant and equipment during the year is Rs. 56.99 lacs (2011-12 Rs.27.13 lacs)

13. Non-current investments*

		As at 31.03.2013 Rs. lacs		As at 31.03.2012 Rs. lacs
Trade Investments – Unquoted				
Investments in equity instruments				
- Daurala Co-operative Development Union Limited				
2 (2011-2012 - 2)Equity shares of Rs. 10 each, fully paid-up @ (Rs.20)		**@**		@
Other Investments - Unquoted				
Investments in equity instruments				
- Investment in shares of Subsidiary company				
- Daurala Foods & Beverages Private Limited				
74,99,990 (2011-2012 - 74,99,990) Equity shares of Rs.10 each, fully paid-up.		**447.40**		447.40
- Investment in shares of Associate company				
- DCM Hyundai Limited				
19,72,000 (2011-2012 - 19,72,000) Equity shares of Rs. 10 each, fully paid up		**166.00**		166.00
Investment in preference shares				
- Versa Trading Limited				
7,00,000 (2011-2012 - 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 Government securities **		**0.11**		0.11
		613.51		613.51
(i) Aggregate amount of unquoted investments (net of provision for diminution in value)		**613.51**		613.51
(ii) Aggregate provision for diminution in value of investments		**700.00**		700.00

* Refer Note 1 (e)

** Pledged with Government authorities.

14. Long-term loans and advances

(unsecured, considered good unless otherwise stated)

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Capital advances	**507.43**	231.51
Security deposits	**277.23**	200.01
Loan and advances to related parties – Secured *	**627.76**	574.13
MAT Credit entitlement	**1,389.60**	1,107.10
Advance tax (net of provision)	**451.24**	424.62
Other loans and advances		
- Excise, Cenvat and VAT receivable	**129.68**	48.99
- To employees	**49.16**	47.27
- Others		
- Unsecured - considered good	**8.18**	16.90
- considered doubtful	**3.94**	3.94
	3,444.22	2,654.47
- Less : Provision for doubtful advances	**3.94**	3.94
	3,440.28	2,650.53

* Refer note 37

15. Current investments *

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Investments in Mutual Funds – Fully paid up		
Unquoted		
Nil (2011-12 – 592649.201) HDFC Cash Management Fund Treasury Advantage Plan wholesale – Growth units of Rs. 10 each	**-**	130.97
Nil (2011-12 – 1513434.979) HDFC Cash Management Fund Treasury Advantage Plan Retail – Growth units of Rs. 10 each	**-**	350.00
Nil (2011-12 – 3079182.351) HSBC Floating Rate Fund - Long Term Plan Institutional option- Growth units of Rs. 10 each	**-**	495.31
Nil (2011-12 – 80751.963) Birla Sunlife Ultra Short Term Fund - Retail Growth units of Rs. 100 each	**-**	150.00
Nil (2011-12 – 161453.729) Birla Sunlife Ultra Short Term Fund - Institutional Growth units of Rs.100 each	**-**	200.00
Nil (2011-12 – 53251.369) Birla Sunlife Cash Plus Fund Retail Growth units of Rs. 100 each	**-**	150.00
455592.395 (2011-12 – 2972139.167) DWS Cash Opportunities Fund Institutional Plan - Growth units of Rs.10 each	**63.26**	500.00
Nil (2011-12 – 1213246.222) BNP Paribas Overnight - Institutional Growth units of Rs. 10 each	**-**	200.00
Nil (2011-12 – 2881362.769) Reliance Liquid Fund - Cash Plan Growth units of Rs. 10 each	**-**	500.00
2753251.289 (2011-12 - Nil) Birla Sunlife Dynamic Fund - Retail Growth - Regular Plan units of Rs. 10 each	**497.38**	-
73908.191 (2011-12 - Nil) SBI Dynamic Bond Fund – Regular Plan Growth units of Rs. 10 each	**10.00**	-
	570.64	2,676.28
Aggregate repurchase price of units of mutual funds	**626.10**	2,720.41

* Refer note 1(e)

16. Inventories *

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Raw materials **	**6,144.13**	4,366.60
Work-in-progress	**1,334.42**	868.45
Finished goods ***	**33,548.34**	31,734.83
Traded goods	**57.85**	44.47
Stores and spares	**2,912.99**	2,978.81
	43,997.73	39,993.16

* Refer note 1(f)

** Includes raw materials in transit Rs.711.97 lacs (2011-12 Rs.179.76 lacs)

*** Includes finished goods in transit Rs.86.78 lacs (2011-12 Rs.61.03 lacs)

Notes forming part of the financial statements (continued)

17. Trade receivables

		As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Outstanding for a period exceeding 6 months from the date they are due for payment			
Unsecured	- considered good	**16.66**	10.98
	- considered doubtful	**32.21**	38.69
		48.87	49.67
Less : Provision for doubtful receivables		**32.21**	38.69
		16.66	10.98
Others			
Secured	- considered good	**2.33**	8.38
Unsecured	- considered good	**9,532.64**	8,869.03
		9,534.97	8,877.41
		9,551.63	8,888.39

18. Cash and cash equivalents*

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Balances with banks		
- Current accounts **	**821.49**	1,171.61
- Deposit accounts***	**438.83**	356.60
Cash in hand	**44.57**	50.92
	1,304.89	1,579.13
*** Of the above, the balances that meet the definition of cash and cash equivalents as per AS - 3 Cash Flow Statements are:**		
- Current accounts	**776.11**	1,126.14
- Cash in hand	**44.57**	50.92
	820.68	1,177.06
** Include earmarked for specific purpose (Unclaimed Dividends)	**45.38**	45.47
*** Include		
- Provided as security for loans from banks/bank guarantees/letter of credit	**106.54**	108.15
- For Margin money	**140.38**	79.39
- Earmarked for specific purpose	**44.68**	44.00
- Balances with banks include deposits which have an original maturity of more than 12 months	**22.42**	8.09
- Balances with banks include deposits which have a maturity of more than 12 months from the balance sheet date	**22.42**	2.98

19. Short - term loans and advances

(Unsecured considered good unless otherwise stated)

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Other loans and advances		
- Security deposits	**23.47**	33.19
- Excise, Cenvat, VAT receivable and other Govt. dues	**1,867.08**	1,775.56
- To employees	**16.68**	24.14
- Others	**709.58**	653.20
	2,616.81	2,486.09

20. Other current assets

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Interest accrued on deposits	**32.31**	23.53
Unbilled revenue	**612.34**	450.19
	644.65	473.72

21. Revenue from operations

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs.lacs
Sale of products		
- Export	**27,149.14**	24,504.16
- Domestic	**84,428.33**	75,348.95
	1,11,577.47	99,853.11
Sale of services		
- Processing charges	**715.67**	366.49
- Others	**50.33**	32.21
	766.00	398.70
	1,12,343.47	1,00,251.81
Other operating revenues		
- Sale of scrap	**449.64**	445.67
- Duty Draw back and Other export benefits	**1,528.35**	2,581.03
- Others	**26.10**	25.13
	2,004.09	3,051.83
	1,14,347.56	1,03,303.64
Less : Excise duty	**4,872.30**	4,136.50
	1,09,475.26	99,167.14
Product-wise particulars of sales are as under :		
Sugar	**43,818.95**	39,706.86
Alcohol	**12,796.72**	11,501.91
Organic/Fine chemicals	**25,986.89**	23,351.28
Industrial fibres	**22,665.96**	19,333.76
Others	**6,308.95**	5,959.30
	1,11,577.47	99,853.11

22. Other income

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs.lacs
Interest income *	**194.57**	291.25
Profit on sale of fixed assets	**318.15**	256.38
Provisions / Liabilities no longer required, written back	**280.48**	97.35
Rent	**30.84**	42.38
Profit on sale of current investments	**128.20**	13.03
Profit on sale of non-current investments	**-**	0.11
Gain on foreign exchange fluctuation (net)	**341.71**	176.78
Miscellaneous income	**113.33**	32.95
	1,407.28	910.23

* Income-tax deducted at source Rs.9.64 lacs (2011-12 Rs.14.71 lacs)

Notes forming part of the financial statements (continued)

23. Cost of materials consumed

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs.lacs
Opening stock	**4,366.60**	4,263.80
Add: Purchases	**69,651.75**	62,399.37
	74,018.35	66,663.17
Less : Closing stock	**6,144.13**	4,366.60
	67,874.22	62,296.57
Particulars of materials consumed are as under :		
Sugarcane	**40,235.55**	38,442.00
Molasses *	**68.85**	230.68
Wood pulp	**6,161.24**	4,915.58
Others	**21,408.58**	18,708.31
	67,874.22	62,296.57

* Net of internal transfers

24. Purchase of traded goods

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs.lacs
Grain Natural Spirit	**7,243.56**	6,069.98
Others	**440.27**	272.65
	7,683.83	6,342.63

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

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs.lacs
Opening stock		
Finished goods	**31,734.83**	28,888.54
Work in progress	**868.45**	955.48
Traded goods	**44.47**	35.65
	32,647.75	29,879.67
Closing stock		
Finished goods	**33,548.34**	31,734.83
Work in progress	**1,334.42**	868.45
Traded goods	**57.85**	44.47
	34,940.61	32,647.75
	(2,292.86)	(2,768.08)
Particulars of Stocks of Finished / Traded Goods & Work-in-progress are as under :		
Stocks of Finished Goods / Traded Goods		
Sugar	**30,892.35**	29,012.84
Alcohol	**91.44**	340.81
Organic/Fine chemicals	**495.05**	426.69
Industrial fibres	**1,980.60**	1,898.48
Others	**146.75**	100.48
	33,606.19	31,779.30
Work-in-progress		
Sugar	**540.08**	177.89
Alcohol	**52.50**	13.37
Organic/Fine chemicals	**495.31**	426.78
Industrial fibres	**246.53**	250.41
	1,334.42	868.45

26. Employee benefits expense

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs.lacs
Salaries, wages etc.	**6,579.76**	5,873.48
Contribution to provident and other funds	**1,029.91**	856.12
Staff welfare expenses	**328.16**	239.50
	7,937.83	6,969.10

27. Finance costs

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs.lacs
Interest expense	**3,955.59**	4,036.44
Other borrowing costs	**260.19**	164.77
	4,215.78	4,201.21

28. Depreciation

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs.lacs
Depreciation on tangible assets	**2,300.39**	2,393.80
Less:-Transferred from revaluation reserve *	**174.17**	237.64
	2,126.22	2,156.16

* Refer note 3 (b)

29. Other expenses

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs.lacs
Stores and spares	**5,925.58**	6,443.11
Power and fuel	**6,289.61**	6,015.47
Repairs - Building	**311.27**	415.16
- Plant and machinery	**2,350.65**	2,611.19
Rent	**470.51**	481.62
Auditors' remuneration		
- As auditors	**25.00**	23.00
- Limited review of unaudited financials results	**15.00**	15.00
- Verification of statements and other records	**3.00**	2.85
- Out-of-pocket expenses	**0.50**	0.50
Insurance	**163.38**	165.55
Rates and taxes	**43.31**	40.93
Increase / (decrease) in excise duty on finished goods	**35.74**	(50.98)
Freight and transport	**708.89**	646.21
Commission to selling agents	**1,401.38**	1,471.57
Loss on sale of fixed assets	**18.32**	8.76
Donation	**0.05**	0.05
Bad debts and advances provided / written off	**5.12**	8.73
Miscellaneous expenses	**3,603.19**	3,417.44
	21,370.50	21,716.16

			This year	Previous year
30.	**Earnings per share**			
	Profit / (loss) after tax as per statement of profit and loss	(Rs.lacs)	**1123.42**	(1738.87)
	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.)	**6.46**	(9.99)

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

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

		As at 31.03.2013 (Rs. lacs)	As at 31.03.2012 (Rs. lacs)
32.	**Contingent liabilities not provided for:-**		
	Income tax matters*	**193.40**	1661.60
	Excise / Service tax / Customs duty matters*	**759.35**	734.79
	Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	**1069.60**	1025.54
	Bills discounted	**2729.45**	2336.53

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

33. a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs. 297.66 lacs (2011-12 – Rs. 104.02 lacs).

b) The Company has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee's benefits including union agreement in normal course of business. The Company does not have any long term commitments or material non-cancellable contractual commitments / contracts, which might have material impact on the financial statements.

34. Research and development expenses amounting to Rs. 113.67 lacs (2011-12 - Rs. 90.52 lacs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. 53.27 lacs (2011-12 - Rs. 28.32 lacs) has been included in fixed assets.

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

Based upon the information available, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is Nil (2011-12 - Nil). Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

36. **Segment reporting**

A. Business segments

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

B. Geographical segments

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

C. Segment accounting policies

In addition to the significant accounting policies applicable to the segments as set out in note 1 of notes forming part of the financial statement, the accounting policies in relation to segment accounting are as under :-

i) Segment assets and liabilities

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

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

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

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

I. Information about Primary segments (Business segments)

(Rs. 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	**59771.66**	54340.42	**24473.13**	20710.96	**28098.68**	25200.43			**112343.47**	100251.81
Less : Excise Duty	**2109.00**	2149.47	**452.15**	336.09	**2311.15**	1650.94			**4872.30**	4136.50
Net External sales	**57662.66**	52190.95	**24020.98**	20374.87	**25787.53**	23549.49			**107471.17**	96115.31
Income from operations	**228.80**	1204.48	**1316.14**	1593.89	**459.15**	253.46			**2004.09**	3051.83
Inter segment revenue	**3.39**	2.32					**(3.39)**	(2.32)		
Other Income	**209.18**	108.03	**303.47**	26.51	**437.91**	217.50			**950.56**	352.04
Unallocable income									**456.72**	558.19
Total revenue	**58104.03**	53505.78	**25640.59**	21995.27	**26684.59**	24020.45	**(3.39)**	(2.32)	**110882.54**	100077.37
Segment results	**2984.88**	(560.00)	**2903.48**	2548.05	**1285.41**	1052.30			**7173.77**	4160.35
Unallocated expenses (net of unallocable income)									**990.97**	795.52
Operating profit									**6182.80**	3364.83
Finance costs									**4215.78**	4201.21
Exceptional items(Refer note 42)									-	1875.06
Profit / (Loss) before tax									**1967.02**	(2,711.44)
Provision for tax										
- Current tax									**282.50**	-
- Less : MAT Credit									**(282.50)**	-
- Deferred tax charge / (credit)									**843.60**	(972.57)
Profit after tax									**1,123.42**	(1,738.87)
Other information										
Segment assets	**52913.54**	52303.82	**23256.56**	19549.83	**11715.81**	10269.56			**87885.91**	82123.21
Unallocated assets									**5431.96**	7490.40
Total assets	**52913.54**	52303.82	**23256.56**	19549.83	**11715.81**	10269.56			**93317.87**	89613.61
Segment liabilities	**16187.81**	18284.03	**5896.67**	5153.93	**3863.24**	2888.72			**25947.72**	26326.68
Share capital & reserves									**21187.21**	20569.77
Unallocated liabilities									**46182.94**	42717.16
Total liabilities	**16187.81**	18284.03	**5896.67**	5153.93	**3863.24**	2888.72			**93317.87**	89613.61
Capital expenditure	**679.39**	702.86	**1393.14**	1130.99	**610.59**	333.04				
Depreciation	**976.24**	950.54	**582.31**	507.20	**530.62**	662.35				
Non cash expenses other than depreciation	**8.84**	2.88	**9.40**	9.59	**3.02**	0.63				

* Comprising sugar, power and alcohols.

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	**83733.40**	75573.21	**27149.14**	24504.16	**110882.54**	100077.37
Carrying amount of segment assets by location	**81935.86**	78363.14	**5950.05**	3760.07	**87885.91**	82123.21
Capital expenditure by location of assets	**2683.12**	2166.89	**-**	-	**2683.12**	2166.89

37. **Related party disclosures under Accounting Standard (AS)18**

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

Subsidiary : Daurala Foods & Beverages Private Limited (DFBPL)

Associate : DCM Hyundai Limited (DHL).

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

Relatives/HUF of key management personnel : Mrs. Karuna Shriram, Mrs. Kiran Mittal, Mr. Akshay Dhar, Ms. Kanika Shriram (w.e.f. 03/10/11), M/s. Bansi Dhar & Sons - HUF (BDS), Mrs. Divya Shriram, Ms. Aditi Dhar and Ms. Ritu Bansal.

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

B. Transactions with related parties referred to in 37 (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	**8.82**	15.00	**-**	-	**8.82**	15.00
Purchase of fixed assets / stores and spares	- DFBPL	**0.03**	0.85	**-**	-	**0.03**	0.85
Interest charged on loans	- DHL	**-**	-	**59.61**	59.61	**59.61**	59.61
Interest received on loans	- DHL	**-**	-	**5.97**	71.92	**5.97**	71.92
Balance outstanding as at the year end from:	- DHL						
	- Principal	**-**	-	**541.94**	541.94	**541.94**	541.94
	- Interest	**-**	-	**85.82**	32.19	**85.82**	32.19

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

(Rs. lacs)

Particulars		This year	Previous year
Remuneration *			
- Key management personnel	- Mr. Tilak Dhar	**31.00**	30.52
	- Mr. Alok B. Shriram	**30.68**	30.20
	- Mr. D.C. Mittal	**48.97**	45.98
	- Mr. Madhav B. Shriram	**30.20**	29.71
	- Mr. Anil Gujral	**28.54**	36.22
- Relatives of key management personnel		**11.39**	5.44
		180.78	178.07
Rental expenses			
- Relatives/HUF of key management personnel	- BDS	**36.00**	36.00
	- Mrs. Karuna Shriram	**3.86**	3.86
	- Mrs. Kiran Mittal	**16.32**	15.69
- Others	- BEPL	**0.30**	0.30
	- HRTPL	**0.09**	0.09
		56.57	55.94
Public Deposits received			
- Key management personnel	- Mr. D.C. Mittal	**5.00**	1.11
- Relatives of key management personnel	- Mrs. Kiran Mittal	**3.00**	4.08
	- Mrs. Divya Shriram	**-**	10.00
	- Ms. Ritu Bansal	**3.96**	0.27
	- Mr. Akshay Dhar	**-**	2.00
	- Ms. Aditi Dhar	**-**	2.00
		11.96	19.46
Housing Loan	- Mr. Alok B. Shriram		
- Principal amount given and received back		**47.50**	-
- Interest charged thereon		**0.67**	-
		48.17	-
Balance outstanding at the year end			
- Receivables	- BDS	**28.36**	31.64
	- Mrs. Kiran Mittal	**16.32**	16.32
		44.68	47.96
- Payables (Public Deposits)			
- Key management personnel	- Mr. D.C. Mittal	**13.06**	46.12
- Relatives of key management personnel	- Mrs. Kiran Mittal	**12.34**	30.22
	- Mrs. Divya Shriram	**10.00**	10.00
	- Ms. Ritu Bansal	**6.59**	2.63
	- Mr. Akshay Dhar	**2.00**	2.00
	- Ms. Aditi Dhar	**2.00**	2.00
		45.99	92.97

* 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.

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

i) The Company has entered into operating leases agreements for various premises taken for accommodation of Company's officers / directors and various offices of the Company. As at March 31, 2013 the future minimum lease payments under non-cancellable period which is not later than one year are Rs. 58.64 lacs (2011-12 Nil).

ii) Lease rent charged to the Statement of Profit & Loss relating to operating leases entered or renewed after April 1, 2001 are Rs. 448.85 lacs (2011-12 - Rs. 447.66 lacs).

Notes forming part of the financial statements (continued)

39. The following are the particulars of disputed dues on account of excise duty, service tax, customs duty, income-tax and sales tax matters that have not been deposited by the Company as at March 31, 2013:-

S. No.	Name of the Statute	Nature of dues	Amount involved * (Rs. lacs)	Amount paid under protest (Rs. lacs)	Period to which the amount relates (various years covering the period)	Forum where dispute is pending
1	Central Excise Laws	Excised Duty	**20.00**	-	March '86 to December '89	High Court
		Modvat Credit	**31.79**	-	1995-96, November ‘04 to December ‘08	Commissioner (Appeals)
		Service Tax	**1.44**	-	January ‘08 to October ‘08	Deputy Commissioner
			4.28	-	December’09 to December’10	Assistant Commissioner, Central Excise & Customs
2	Income Tax Act, 1961	Income Tax	**193.40**	**193.40**	2005-06	Income Tax Appellate Tribunal
3	Sales Tax Laws	Sales Tax	**0.88**	-	2008-09	Joint Commissioner (Appeals), Commercial Tax
			8.46	-	2007-08, 2008-09, 2009-10	Additional Commissioner

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

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

S. No.	Name of the Statute	Nature of dues	Amount involved (Rs. lacs)	Period to which the amount relates (various years covering the period)	Forum where department has preferred appeal
1	Central Excise Laws	Excise Duty	**26.71**	2003-08	Customs, Excise & Service Tax Appellate Tribunal
			3.54	1998-99	High Court
		Modvat Credit	**15.15**	1995-96	High Court
		Service Tax	**29.88**	2004-07	Customs, Excise & Service Tax Appellate Tribunal
2	Customs Law	Customs Duty	**609.40**	2000-01	High Court
3	Sales Tax Laws	Sales Tax	**151.35**	1976-02	High Court
			0.32	2006-07	Commercial Tax Tribunal

40. 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 31.03.13	As at 31.03.12	**As at 31.03.13**	As at 31.03.12	**Currency**	**As at 31.03.13**	As at 31.03.12	**As at 31.03.13**	As at 31.03.12
Forward Cover	**6**	11	**Hedging**	Hedging	Euro	**600000**	600000	**436.15**	407.55

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

Particulars	**As at 31.03.2013**			As at 31.03.2012		
	Amount in foreign currency		**Amount (Rs. lacs)**	Amount in foreign currency		Amount (Rs. lacs)
- Trade receivables	**Euro**	**5170866**	**3565.83**	Euro	4247955	2865.20
	US$	**3558490**	**1923.49**	US$	1483242	751.12
	GBP	**27384**	**22.41**	GBP	28747	23.20
- Acceptances	**Euro**	**5582**	**3.94**	Euro	-	-
	US$	**6360104**	**3478.00**	US$	4666173	2384.88
- Trade payables	**Euro**	**4835**	**3.53**	Euro	54637	37.51
	US$	**154265**	**84.56**	US$	913677	470.82
- Bank Borrowings	**US$**	**-**	**-**	US$	200000	102.22
- Commission & discount	**US$**	**54955**	**30.02**	US$	819	0.42
	Euro	**383589**	**268.51**	Euro	-	-
- Royalty	**Euro**	**44289**	**31.29**	Euro	34598	23.89
	US$	**-**	**-**	US$	8100	4.17

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

42. The Company had in earlier year accounted for cane purchases for crushing season 2007-08 at a price of Rs. 110 per qtl in terms of the interim Order passed by the Hon'ble Supreme Court as against the State Advised Price of Rs. 125 per qtl. Pursuant to Hon'ble Supreme Court's Order dated 17.1.2012, the differential cane price liability of Rs. 1875.06 lacs has been accounted for during 2011-12 under exceptional item.

43. Employee benefits

a) Defined contribution plans

Rs. 512.86 lacs (2011-12 - Rs. 480.60 lacs) for provident fund contribution and Rs. 186.09 lacs (2011-12 - Rs. 133.92 lacs) for superannuation fund contribution have been charged to the statement of profit and loss account. The contributions towards these schemes are at rates specified in the rules of the schemes. In case of provident fund administered through a trust, shortfall if any, shall be made good by the Company.

b) Defined benefit plans

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

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

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

	As at March 31, 2013 (Rs.lacs)		As at March 31, 2012 (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	**2590.79**	**562.81**	2508.49	550.62
2. Current service cost	**137.26**	**55.42**	120.80	37.56
3. Interest cost	**207.26**	**45.02**	213.81	46.93
4. Actuarial (gain)/loss	**206.36**	**145.01**	16.07	124.71
5. Benefits paid	**(323.31)**	**(167.07)**	(268.38)	(197.01)
6. Present value of obligation as at the end of the year	**2818.36**	**641.19**	2590.79	562.81
Change in plan assets				
1. Plan assets at the beginning of the year	**2326.67**	**-**	2165.22	-
2. Expected return on plan assets	**218.71**	**-**	203.53	-
3. Contribution by the Company	**-**	**-**	-	-
4. Benefits paid	**(25.01)**	**-**	(23.42)	-
5. Actuarial gain / (loss)	**1.37**	**-**	(18.66)	-
6. Plan assets at the end of the year	**2521.74**	**-**	2326.67	-
Liability recognised in the financial statements	**296.62**	**641.19**	264.12	562.81
Long term	**296.62**	**483.32**	264.12	452.18
Short term	**-**	**157.87**	-	110.63
Cost for the year				
Change in present value of obligation				
1. Current service cost	**137.26**	**55.42**	120.80	37.56
2. Interest cost	**207.26**	**45.02**	213.81	46.93
3. Expected return on plan assets	**(218.71)**	**-**	(203.53)	-
4. Actuarial (gain)/loss	**204.99**	**145.01**	34.73	124.71
5. Net cost	**330.80**	**245.45**	165.81	209.20
Constitution of plan assets				
Other than equity, debt, property and bank account	**-**	**-**	-	-
Funded with LIC *	**2521.74**	**-**	2326.67	-
Main actuarial assumptions				
Discount rate	**8.00% p.a.**	**8.00% p.a.**	8.50% p.a.	8.50% p.a.
Rate of increase in compensation levels	**5.50% p.a.**	**5.50% p.a.**	5.50% p.a.	5.50% p.a.
Rate of return on plan assets	**9.40% p.a.**	**-**	9.40% p.a.	-
Expected average remaining working lives of employees (years)	**13.59**	**15.00**	13.11	14.31

* 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.

44. Other information

Description	Year ended 31.03.2013 Rs.lacs	%	Year ended 31.03.2012 Rs.lacs	%
(a) Value of imports on CIF basis				
Raw materials	**14313.02**		11046.20	
Components and spare parts	**421.04**		447.72	
(b) Expenditure in foreign currency				
Royalty (net of tax)	**119.19**		89.98	
Technical Services	**-**		15.02	
Commission, travelling and others	**889.19**		736.05	
(c) Earnings in foreign exchange				
FOB value of exports	**26961.41**		24411.14	
(d) Value of imported/indigenous raw materials, spare parts, components and stores consumed				
i) Raw materials				
Imported	**13606.11**	**20**	14245.22	23
Indigenous	**54268.11**	**80**	48051.35	77
	67874.22	**100**	62296.57	100
ii) Stores and spares				
Imported	**418.25**	**7**	452.55	7
Indigenous	**5507.33**	**93**	5990.56	93
	5925.58	**100**	6443.11	100

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

Signatures to Notes forming part of financial statements

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

Madhav B. Shriram
Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

P.R. Khanna
S.B. Mathur
S.C. Kumar
Directors

Place : New Delhi
Date : 23.5.2013

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF DCM SHRIRAM INDUSTRIES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **DCM SHRIRAM INDUSTRIES LIMITED** ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

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 ultimate effect of these cannot be determined at this stage (refer note 33(b) of notes to the financial statements).

The matter referred to in above paragraph, to the extent covered here was also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2012.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the Basis for Qualified Opinion paragraph,* and based on the consideration of the reports of the other auditors on the financial statements of the subsidiary and associate referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of the subsidiary viz., Daurala Foods and Beverages Private Limited, whose financial statements reflect total assets (net) of Rs. 822.77 lacs as at 31st March, 2013, total revenues of Rs. 66.04 lacs and net cash inflow amounting to Rs. 5.43 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 562.87 lacs for the year ended 31st March, 2013, as considered in the consolidated financial statements, in respect of associate viz., DCM Hyundai Limited, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and associate, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

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

Jaideep Bhargava
Partner
(Membership No. 090295)

Place : New Delhi
Date : 23.5.2013

Consolidated Balance Sheet of DCM Shriram Industries Limited as at March 31, 2013

Particulars	Note No.	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	**1,739.84**	1,739.84
Reserves and surplus	5	**20,126.97**	20,039.43
		21,866.81	21,779.27
Minority Interest *[Rs.109.60 (2011-12–Rs.104.72)]		*	*
Non-current liabilities			
Long - term borrowings	6	**7,391.49**	9,411.61
Deferred tax liabilities (Net)	7	**4,199.48**	3,338.36
Other long-term liabilities	8	**356.57**	359.25
Long-term provisions	9	**779.94**	716.30
		12,727.48	13,825.52
Current liabilities			
Short-term borrowings	10	**29,245.59**	24,641.08
Trade payables	11	**22,125.18**	22,808.46
Other current liabilities	12	**7,421.05**	7,523.35
Short-term provisions	13	**587.66**	206.52
		59,379.48	55,179.41
TOTAL		**93,973.77**	90,784.20
ASSETS			
Non-current assets			
Fixed assets	14		
- Tangible assets		**29,144.23**	28,555.39
- Capital work in progress		**1,467.68**	1,751.34
		30,611.91	30,306.73
Non - current investments	15	**527.45**	1,090.32
Long - term loans and advances	16	**3,519.35**	2,713.09
		34,658.71	34,110.14
Current assets			
Current investments	17	**570.64**	2,676.28
Inventories	18	**43,997.73**	39,995.71
Trade receivables	19	**9,551.63**	8,888.39
Cash and cash equivalents	20	**1,405.32**	1,696.57
Short - term loans and advances	21	**3,118.15**	2,919.30
Other current assets	22	**671.59**	497.81
		59,315.06	56,674.06
TOTAL		**93,973.77**	90,784.20
Significant Accounting Policies	3		

Accompanying notes 1 to 46 form part of the financial statements

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 23.5.2013

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

Madhav B. Shriram
Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

P.R. Khanna
S.B. Mathur
S.C. Kumar
Directors

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

Particulars	Note No.	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs. lacs
REVENUE			
Revenue from operations	23	**1,14,347.56**	1,03,303.64
Less: Excise duty		**4,872.30**	4,136.50
		1,09,475.26	99,167.14
Other income	24	**1,473.31**	965.46
TOTAL REVENUE		**1,10,948.57**	1,00,132.60
EXPENSES			
Cost of materials consumed	25	**67,874.22**	62,296.57
Purchase of traded goods	26	**7,683.83**	6,342.63
(Increase)/ Decrease in inventories of finished goods, work-in-progress and traded goods	27	**(2,292.86)**	(2,768.08)
Employee benefits expense	28	**7,937.83**	6,969.10
Finance costs	29	**4,215.78**	4,201.21
Depreciation	30	**2,145.95**	2,175.95
Other expenses	31	**21,366.31**	21,714.61
TOTAL EXPENSES		**1,08,931.06**	1,00,931.99
Profit / (Loss) before exceptional item and tax		**2,017.51**	(799.39)
Exceptional item	43	-	1,875.06
Profit / (Loss) before tax		**2,017.51**	(2,674.45)
Tax expense:			
Current tax		**292.54**	7.81
MAT (credit)		**(292.54)**	(7.74)
Deferred tax charge / (credit)		**861.12**	(959.93)
Profit / (Loss) for the year after tax and before minority interest		**1,156.39**	(1,714.59)
Minority interest * [Rs. 4.88 (2011-12 Rs. 3.72)]		*	*
Profit / (Loss) for the year after tax but before share of results of an associate		**1,156.39**	(1,714.59)
Share of net profit / (loss) of an associate		**(562.87)**	(87.05)
Profit / (Loss) for the year		**593.52**	(1,801.64)
Earnings per equity share - basic/ diluted (Rs.)	32	**3.41**	(10.36)
Significant Accounting Policies	3		
Accompanying notes 1 to 46 form part of the financial statements			

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 23.5.2013

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

Madhav B. Shriram
Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

P.R. Khanna
S.B. Mathur
S.C. Kumar
Directors

Consolidated Cash Flow Statement for the year ended March 31, 2013

		Year ended 31.03.2013 Rs. lacs	Yearended 31.03.2012 Rs. lacs
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit / (Loss) before tax	**2,017.51**	(2,674.45)
	Adjustments for :		
	Depreciation	**2,145.95**	2,175.95
	Finance Costs	**4,215.78**	4,201.21
	Interest income	**(260.61)**	(345.79)
	Provision for doubtful debts, loans & advances realised	**-**	(50.00)
	Profit on sale of fixed assets	**(318.15)**	(256.38)
	Loss on sale / write off of fixed assets	**18.32**	13.50
	Profit on sale of current investments	**(128.20)**	(13.03)
	Profit on sale of non current investments	**-**	(0.11)
	Inventory written off	**2.55**	0.90
	Operating profit before working capital changes	**7,693.15**	3,051.80
	Adjustments for :		
	(Decrease) / Increase in trade payables, other current liabilities and short term provision	**(491.52)**	4,413.95
	Increase / (Decrease) in long term liabilities & long term provisions	**84.39**	(102.65)
	(Increase) in trade receivables, short term loans & advances and other current asset	**(951.66)**	(2,435.75)
	(Increase) in long term loans & advances and other non current assets	**(151.20)**	(74.12)
	(Increase) in inventories	**(4,004.57)**	(2,870.80)
	Cash generated from operations	**2,178.59**	1,982.43
	Income tax (paid)	**(325.65)**	(315.75)
	Net cash generated from operating activities	**1,852.94**	1,666.68
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(2,945.40)**	(2,337.92)
	Sale of fixed assets	**370.48**	475.87
	Purchase of current non trade investments	**(3,138.50)**	(2,765.32)
	Sale of long term non trade investments	**-**	0.12
	Sale of current non trade investments	**5,372.34**	202.31
	(Increase) / Decrease in bank balances not considered as cash and cash equivalents	**(59.72)**	16.18
	Interest received	**192.91**	347.33
	Inter Corporate deposits made	**(70.00)**	(150.00)
	Net cash (used in) investing activities	**(277.89)**	(4,211.43)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from borrowings	**2,302.55**	4,667.28
	Repayment of borrowings	**(4,528.77)**	(3,746.75)
	Increase in short term borrowings	**4,604.51**	6,574.91
	Finance Costs	**(4,304.20)**	(4,120.18)
	Dividend paid	**(0.09)**	(0.75)
	Net cash (used in) / from financing activities	**(1,926.00)**	3,374.51
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(350.95)**	829.76
	Cash and cash equivalents		
	- At beginning of year	**1,195.21**	365.45
	- At end of year	**844.26**	1,195.21

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 23.5.2013

D.C. Mittal
President

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

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Chief Financial Officer

For and on behalf of the Board

Tilak Dhar
Chairman & Managing Director

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Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

P.R. Khanna
S.B. Mathur
S.C. Kumar
Directors

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2013

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, 2013 is 99.99% (2011-12 : 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, 2013 is 49.28% (2011-12 : 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, 2013.

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 (2011-12 : Rs 166 lacs). The Company's share in accumulated profits of DHL is Rs. 361.34 lacs (2011-12 : Rs. 924.21 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 Statement of Profit and Loss.

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

v) No write-off is made in respect of leasehold land in case of long term lease.

e) Investments

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

f) Inventories

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

g) Research and development

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

h) Export benefits

Export benefits are accounted for on accrual basis.

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2013 (continued)

i) Employees' benefits

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

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

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

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

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

j) Foreign currency transactions

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

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

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

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

k) Revenue recognition

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

l) Income-tax

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

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

4 Share Capital

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Authorised		
6,50,00,000 (2011-12 - 6,50,00,000) Equity shares of Rs. 10 each	**6,500.00**	6,500.00
Issued, subscribed and fully paid up		
1,73,98,437 (2011-12 - 1,73,98,437) Equity shares of Rs. 10 each	**1,739.84**	1,739.84
	1,739.84	1,739.84

(i) There has been no movement in the equity shares in the current and previous year.

(ii) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

(iii) Shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31.03.2013 No of shares	As at 31.03.2012 No of shares
a) Bantam Enterprises Private Limited	**13,45,320**	13,74,820
b) HB Stockholdings Limited	**43,46,615**	43,46,615
c) Life Insurance Corporation of India	**13,31,259**	13,31,259
d) Lily Commercial Private Limited	**10,33,243**	10,00,243
e) Versa Trading Limited	**22,24,725**	22,24,725

5. Reserves and surplus

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Amalgamation Reserve *	**1,411.38**	1,411.38
Capital Redemption Reserve	**0.10**	0.10
Securities Premium Account	**3,406.68**	3,406.68
Debenture Redemption Reserve	**-**	-
Capital Reserve	**234.89**	234.89
Revaluation Reserve	**2,379.73**	2,580.38
General Reserve	**2,602.69**	2,502.69
Surplus in Statement of Profit and Loss	**10,091.50**	9,903.31
	20,126.97	20,039.43

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

Movement in reserves and surplus is as under:

	31.03.2013	31.03.2012
(a) Debenture Redemption Reserve		
Opening balance	**-**	69.08
Less : Transferred to Surplus in Statement of Profit and Loss	**-**	69.08
Closing balance	**-**	-
(b) Revaluation Reserve		
Opening balance	**2,580.38**	2,818.02
Less: Transferred to Statement of Profit and Loss for set off against depreciation (refer note 30)	**174.17**	237.64
Less: Utilised for set off on deletion of revalued assets	**26.48**	-
Closing balance	**2,379.73**	2,580.38
c) General Reserve		
Opening balance	**2,502.69**	2,502.69
Add : Transferred from Surplus in Statement of Profit and Loss	**100.00**	-
Closing balance	**2,602.69**	2,502.69
(d) Surplus in Statement of Profit and Loss		
Opening balance	**9,903.31**	11,635.87
Add: Profit / (Loss) for the year	**593.52**	(1,801.64)
Add: Debenture Redemption Reserve written back	-	69.08
	10,496.83	9,903.31
Less: Appropriations		
Transferred to General Reserve	**100.00**	-
Proposed Dividend on Equity shares [Dividend per share Rs. 1.50 (2011-12 -Nil)]	**260.98**	-
Tax on Dividend	**44.35**	-
Closing balance	**10,091.50**	9,903.31

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2013 (continued)

6 Long - term borrowings

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Secured		
Term loans		
- From banks	**9,142.21**	10,969.45
- From others	**1,443.96**	1,804.94
	10,586.17	12,774.39
Unsecured		
Public deposits	**879.17**	933.09
	11,465.34	13,707.48
Less : Current maturities of long term borrowings	**4,073.85**	4,295.87
	7,391.49	9,411.61
Details of Current maturities of long term borrowings:		
Secured		
Term loans		
- From banks	**3,458.90**	3,363.31
- From others	**360.99**	360.99
Unsecured		
Public deposits	**253.96**	571.57
	4,073.85	4,295.87

SECURED

I. Banks

a) Nil (2011-12 – Rs.60.74 lacs), Rs.333.20 lacs (2011-12 – Rs.777.68 lacs), Nil (2011-12 – Rs.700 lacs), Rs.1285.00 lacs (2011-12 – Rs.1857.00 lacs), Rs.1000.00 lacs (2011-12 – Rs.1800.00 lacs) and Rs.2500.00 lacs (2011-12 – Rs.2500.00 lacs) currently carrying interest between 12.55% to 14.00% and repayable in 0, 3, 0, 9, 5 and 16 quarterly instalments respectively are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans.

b) Rs.1496.51 lacs (2011-12 – Rs.1083.64 lacs) carrying interest of 12.50% and repayable in 14 quarterly instalments is secured by first pari-passu charge on entire fixed assets of the Company, both present and future, excluding the assets exclusively charged and those pertaining to Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created / to be created in favour of existing first charge holders for their respective term loans / debentures. Also exclusive charge on assets to be acquired in Daurala Organics, a unit of the Company.

c) Nil (2011-12 – Rs.183.40 lacs), Rs.22.54 lacs (2011-12 – Rs.114.22 lacs), Rs.480.00 lacs (2011-12 – Rs.570.00 lacs) and Rs.1400.00 lacs (2011-12 – Rs.465.00 lacs) currently carrying interest between 12.75 % to 13.65% (net of interest subvention) and repayable in 0, 1, 16 and 20 quarterly instalments respectively are secured by first charge on specific movable assets of Shriram Rayons, a unit of the Company.

d) Rs.272.91 lacs (2011-12 – Rs.382.11 lacs) currently carrying interest of 13.15% repayable in 10 quarterly instalments is secured by first mortgage and charge on specific immovable and movable assets of Shriram Rayons, a unit of the Company.

e) Rs.321.00 lacs (2011-12 – Rs.441.00 lacs) currently carrying interest of 13.85% and repayable in 11 quarterly instalments is secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans.

f) Nil (2011-12 – Rs.32.13 lacs) was secured by residual charge on fixed assets of sugar division of the Company.

g) Rs.31.05 lacs (2011-12 – Rs.2.53 lacs) carrying interest between 10% to 13% and repayable in 50 monthly instalments are secured by hypothecation of specific assets.

II. Others

Rs.1443.96 lacs (2011-12 – Rs.1804.94 lacs) carrying interest of 4% and repayable in 4 yearly instalments is secured by exclusive second charge on immovable and movable assets of sugar factory at Daurala Sugar Works, a unit of the Company.

7 Deferred tax liabilities (Net)

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
(a) **Deferred tax liabilities**		
- Depreciation	**5,692.03**	5,439.71
(b) **Deferred tax assets**		
- Accrued expenses deductible on payment	**348.36**	371.20
- Provision for gratuity and leave Salary	**361.06**	299.41
- Provision for doubtful debts and advances	**12.28**	13.83
- Unabsorbed depreciation	**649.05**	1,024.49
- Business loss	**-**	288.07
- Others	**121.80**	104.35
	1,492.55	2,101.35
Net	**4,199.48**	3,338.36

8. Other long - term liabilities

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Trade payables		
- Micro and small enterprises*	**-**	-
- Others	**72.36**	53.48
Others		
- Interest accured but not due on borrowings	**191.47**	214.78
- Others	**92.74**	90.99
	356.57	359.25

* Refer Note 37

9. Long - term provisions

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Provision for employee benefits *		
- Gratuity	**296.62**	264.12
- Leave salary	**483.32**	452.18
	779.94	716.30

* Refer Note 44

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2013 (continued)

10 Short - term borrowings

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Secured		
Loan repayable on demand - Cash credits from banks *	**29,245.59**	24,641.08
	29,245.59	24,641.08

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

11 Trade payables

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Acceptances	**3,481.94**	2,863.59
Trade payables		
- Micro and small enterprises*	**-**	-
- Others	**18,643.24**	19,944.87
	22,125.18	22,808.46

* Refer Note 37

12 Other current liabilities

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Current maturities of long term borrowing *	**4,073.85**	4,295.87
Interest accrued but not due on borrowings	**176.24**	188.25
Unclaimed dividends	**45.38**	45.47
Unclaimed deposits and interest accrued thereon	**24.47**	4.66
Payables for fixed assets		
- Micro and small enterprises **	**-**	-
- Others	**146.94**	150.98
Other payables		
- Statutory dues	**2,232.56**	2,340.18
- Advances from customers	**316.94**	84.09
- Security deposits	**198.40**	190.71
- Others	**206.27**	223.14
	7,421.05	7,523.35

* Refer Note 6
** Refer Note 37

13 Short - term provisions

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Provision for employee benefits *		
- Leave salary	**282.33**	206.52
Proposed Dividend	**260.98**	-
Tax on Dividend	**44.35**	-
	587.66	206.52

* Refer Note 44

14 Fixed Assets **Rs.lacs**

Particulars	Gross block				Depreciation				Net block	
	As at 31.03.2012	**Additions**	**Deductions**	**As at 31.03.2013**	As at 31.03.2012	**For the year**	**On deductions**	**As at 31.03.2013**	**As at 31.03.2013**	As at 31.03.2012
Tangible Assets										
Land	1,307.59	**0.99**	**17.91**	**1,290.67**	-	**-**	**-**	**-**	**1,290.67**	1,307.59
Buildings	6,507.87	**485.95**	**2.04**	**6,991.78**	3,663.77	**178.46**	**1.01**	**3,841.22**	**3,150.56**	2,844.10
Plant and equipment	49,464.65	**2,288.09**	**280.14**	**51,472.60**	25,785.96	**2,008.94**	**237.23**	**27,557.67**	**23,914.93**	23,678.69
Furniture and fixtures	515.79	**50.57**	**9.22**	**557.14**	358.59	**49.56**	**5.33**	**402.82**	**154.32**	157.20
Vehicles	642.50	**116.66**	**63.09**	**696.07**	262.41	**65.02**	**36.49**	**290.94**	**405.13**	380.09
Office equipment	489.17	**63.83**	**12.39**	**540.61**	301.45	**18.14**	**7.60**	**311.99**	**228.62**	187.72
Total Tangible Assets	58,927.57	**3,006.09**	**384.79**	**61,548.87**	30,372.18	**2,320.12**	**287.66**	**32,404.64**	**29,144.23**	
Previous year	57,419.43	1,857.69	349.55	58,927.57	28,074.40	2,413.59	115.81	30,372.18		28,555.39
Capital work in progress									**1467.68**	1751.34

i) The Company had revalued its land and buildings as at March 31, 1993 and plant and equipment (other than office equipment) as at April 1, 1993. Land, buildings and plant and equipment (other than office equipment) were again revalued on March 31, 1999. These revaluations which were based on depreciated current replacement values on the basis of an independent valuation through an approved valuer resulted in a net increase in the gross block by Rs.16283.80 lacs of which Rs.12230.37 lacs (2011-2012 Rs.12337.02 lacs) is included in the gross block of fixed assets as on March 31, 2013.

The revaluation amount included in net block is Rs.789.07 lacs(2011-12 -Rs.804.74 lacs) in Land, Rs.676.37 lacs(2011-12 - Rs.757.62 lacs) in Buildings and Rs.914.29 lacs (2011-12 Rs.1018.02 lacs) in Plant & equipment.

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

iii) The amount of borrowing cost capitalised to fixed assets - plant and equipment during the year is Rs. 56.99 lacs (2011-12 Rs.27.13 lacs)

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2013 (continued)

15 Non-current investments*

		As at 31.03.2013 Rs. lacs		As at 31.03.2012 Rs. lacs
Trade Investments – Unquoted				
Investments in equity instruments				
- Daurala Co-operative Development Union Limited				
2 (2011-2012 - 2)Equity shares of Rs. 10 each, fully paid-up @ (Rs.20)		**@**		@
Other Investments - Unquoted				
Investments in equity instruments				
- Investment in shares of Associate company				
- DCM Hyundai Limited				
19,72,000 (2011-2012 - 19,72,000) Equity shares of Rs. 10 each, fully paid up		**166.00**		166.00
Add- Group share of net profit		**361.34**		924.21
		527.34		1090.21
Investment in preference shares				
- Versa Trading Limited				
7,00,000 (2011-2012 - 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 Government securities **		**0.11**		0.11
		527.45		1090.32
(i) Aggregate amount of unquoted investments (net of provision for diminution in value)		**527.45**		1090.32
(ii) Aggregate provision for diminution in value of investments		**700.00**		700.00

* Refer Note 3 (e)

** Pledged with Government authorities.

16 Long-term loans and advances

(unsecured, considered good unless otherwise stated)

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Capital advances	**507.43**	231.51
Security deposits	**277.23**	200.01
Loan and advances to related parties – Secured *	**627.76**	574.13
MAT Credit entitlement	**1,443.52**	1,150.98
Advance tax (net of provision)	**476.39**	443.28
Other loans and advances		
- Excise, Cenvat and VAT receivable	**129.68**	48.99
- To employees	**49.16**	47.27
- Others		
- Unsecured - considered good	**8.18**	16.92
- considered doubtful	**3.94**	3.94
	3,523.29	2,717.03
- Less : Provision for doubtful advances	**3.94**	3.94
	3,519.35	2,713.09

* Refer note 39.

17 Current investments *

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Investments in Mutual Funds – Fully paid up Unquoted		
Nil (2011-12 – 592649.201) HDFC Cash Management Fund Treasury Advantage Plan wholesale - Growth units of Rs. 10 each	**-**	130.97
Nil (2011-12 – 1513434.979) HDFC Cash Management Fund Treasury Advantage Plan Retail - Growth units of Rs.10 each	**-**	350.00
Nil (2011-12 – 3079182.351) HSBC Floating Rate Fund - Long Term Plan Institutional option- Growth units of Rs.10 each	**-**	495.31
Nil (2011-12 – 80751.963) Birla Sunlife Ultra Short term Fund - Retail Growth units of Rs. 100 each	**-**	150.00
Nil (2011-12 – 161453.729) Birla Sunlife Ultra Short term Fund - Institutional Growth units of Rs.100 each	**-**	200.00
Nil (2011-12 – 53251.369) Birla Sunlife Cash Plus Fund Retail Growth units of Rs. 100 each	**-**	150.00
455592.395 (2011-12 – 2972139.167) DWS Cash Opportunities Fund Institutional Plan - Growth units of Rs.10 each	**63.26**	500.00
Nil (2011-12 – 1213246.222) BNP Paribas Overnight - Institutional Growth units of Rs. 10 each	**-**	200.00
Nil (2011-12 – 2881362.769) Reliance Liquid Fund - Cash Plan Growth units of Rs. 10 each	**-**	500.00
2753251.289 (2011-12 - Nil) Birla Sunlife Dynamic Fund - Retail Growth – Regular Plan units of Rs. 10 each	**497.38**	-
73908.191 (2011-12 - Nil) SBI Dynamic Bond Fund – Regular Plan Growth units of Rs. 10 each	**10.00**	-
	570.64	2,676.28
Aggregate repurchase price of units of mutual funds	**626.10**	2,720.41

* Refer note 3 (e)

18 Inventories *

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Raw materials **	**6,144.13**	4,366.60
Work-in-progress	**1,334.42**	868.45
Finished goods ***	**33,548.34**	31,734.83
Traded goods	**57.85**	44.47
Stores and spares	**2,912.99**	2,981.36
	43,997.73	39,995.71

* Refer note 3 (f)
** Includes raw materials in transit Rs.711.97 lacs (2011-12 Rs.179.76 lacs)
*** Includes finished goods in transit Rs.86.78 lacs (2011-12 Rs.61.03 lacs)

19 Trade receivables

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured - considered good	**16.66**	10.98
- considered doubtful	**32.21**	38.69
	48.87	49.67
Less : Provision for doubtful receivables	**32.21**	38.69
	16.66	10.98
Others		
Secured - considered good	**2.33**	8.38
Unsecured - considered good	**9,532.64**	8,869.03
	9,534.97	8,877.41
	9,551.63	8,888.39

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2013 (continued)

20 Cash and Cash Equivalents*

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Balances with banks		
- Current accounts **	**845.07**	1,187.64
- Deposit accounts***	**515.68**	455.89
Cheques and drafts in hand	**-**	2.12
Cash in hand	**44.57**	50.92
	1,405.32	1,696.57
*** Of the above, the balances that meet the definition of cash and cash equivalents as per AS - 3 Cash Flow Statements are:**		
- Current accounts	**799.69**	1,142.17
- Cash in hand	**44.57**	50.92
- Cheques in hand	**-**	2.12
	844.26	1,195.21
** Include earmarked for specific purpose (Unclaimed Dividends)	**45.38**	45.47
*** Include		
- Provided as security for loans from banks/bank guarantees/letter of credit	**106.54**	108.15
- For Margin money	**140.38**	79.39
- Earmarked for specific purpose	**44.68**	44.00
- Balances with banks include deposits which have an original maturity of more than 12 months	**22.42**	8.09
- Balances with banks include deposits which have a maturity of more than 12 months from the balance sheet date	**22.42**	2.98

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

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Other loans and advances		
- Security deposits	**23.47**	37.64
- Excise, Cenvat, VAT receivable and other Govt. dues	**1,867.08**	1,775.56
- To employees	**16.68**	24.14
- Others	**1,210.92**	1,081.96
	3,118.15	2,919.30

22 Other current assets

	As at 31.03.2013 Rs. lacs	As at 31.03.2012 Rs. lacs
Interest accrued on deposits	**59.25**	47.62
Unbilled revenue	**612.34**	450.19
	671.59	497.81

23 Revenue from Operations

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs. lacs
Sale of products		
- Export	**27,149.14**	24,504.16
- Domestic	**84,428.33**	75,348.95
	111,577.47	99,853.11
Sale of services		
- Processing charges	**715.67**	366.49
- Others	**50.33**	32.21
	766.00	398.70
	112,343.47	100,251.81
Other operating revenues		
- Sale of scrap	**449.64**	445.67
- Duty Draw back and Other export benefits	**1,528.35**	2,581.03
- Others	**26.10**	25.13
	2,004.09	3,051.83
	114,347.56	103,303.64
Less : Excise duty	**4,872.30**	4,136.50
	1,09,475.26	99,167.14
Product-wise particulars of sales are as under :		
Sugar	**43,818.95**	39,706.86
Alcohol	**12,796.72**	11,501.91
Organic/Fine chemicals	**25,986.89**	23,351.28
Industrial fibres	**22,665.96**	19,333.76
Others	**6,308.95**	5,959.30
	111,577.47	99,853.11

24 Other Income

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs. lacs
Interest income *	**260.60**	345.79
Profit on sale of fixed assets	**318.15**	256.38
Provisions / Liabilities no longer required, written back	**280.48**	98.04
Rent	**30.84**	42.38
Profit on sale of current investments	**128.20**	13.03
Profit on sale of non-current investments	**-**	0.11
Gain on foreign exchange fluctuation (net)	**341.71**	176.78
Miscellaneous income	**113.33**	32.95
	1,473.31	965.46

* Income-tax deducted at source Rs. 13.67 lacs (2011-12 Rs. 20.16 lacs)

25 Cost of materials consumed

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs. lacs
Opening stock	**4,366.60**	4,263.80
Add: Purchases	**69,651.75**	62,399.37
	74,018.35	66,663.17
Less : Closing stock	**6,144.13**	4,366.60
	67,874.22	62,296.57
Particulars of materials consumed are as under :		
Sugarcane	**40,235.55**	38,442.00
Molasses *	**68.85**	230.68
Wood pulp	**6,161.24**	4,915.58
Others	**21,408.58**	18,708.31
	67,874.22	62,296.57

* Net of internal transfers.

26 Purchase of traded goods

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs. lacs
Grain Natural Spirit	**7,243.56**	6,069.98
Others	**440.27**	272.65
	7,683.83	6,342.63

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

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs. lacs
Opening stock		
Finished goods	**31,734.83**	28,888.54
Work in progress	**868.45**	955.48
Traded goods	**44.47**	35.65
	32,647.75	29,879.67
Closing stock		
Finished goods	**33,548.34**	31,734.83
Work in progress	**1,334.42**	868.45
Traded goods	**57.85**	44.47
	34,940.61	32,647.75
	(2,292.86)	(2,768.08)
Particulars of Stocks of Finished / Traded Goods & Work-in-progress are as under :		
Stocks of Finished Goods / Traded Goods		
Sugar	**30,892.35**	29,012.84
Alcohol	**91.44**	340.81
Organic/Fine chemicals	**495.05**	426.69
Industrial fibres	**1,980.60**	1,898.48
Other	**146.75**	100.48
	33,606.19	31,779.30
Work-in-progress		
Sugar	**540.08**	177.89
Alcohol	**52.50**	13.37
Organic/Fine chemicals	**495.31**	426.78
Industrial fibres	**246.53**	250.41
	1,334.42	868.45

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2013 (continued)

28 Employee benefits expense

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs. lacs
Salaries, wages etc.	**6,579.76**	5,873.48
Contribution to provident and other funds	**1,029.91**	856.12
Staff welfare expenses	**328.16**	239.50
	7,937.83	6,969.10

29 Finance costs

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs. lacs
Interest expense	**3,955.59**	4,036.44
Other borrowing costs	**260.19**	164.77
	4,215.78	4,201.21

30 Depreciation

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs. lacs
Depreciation on tangible assets	**2,320.12**	2,413.59
Less:-Transferred from revaluation reserve *	**174.17**	237.64
	2,145.95	2,175.95

*Refer note 3 (d)

31 Other expenses

	Year ended 31.03.2013 Rs. lacs	Year ended 31.03.2012 Rs. lacs
Stores and spares	**5,928.13**	6,443.11
Power and fuel	**6,289.61**	6,015.47
Repairs - Building	**311.27**	415.16
- Plant and machinery	**2,350.65**	2,611.19
Rent	**462.10**	466.62
Auditors' remuneration		
- As auditors	**25.45**	23.45
- Tax Audit	**0.22**	0.22
- Limited review of unaudited financials results	**15.00**	15.00
- Verification of statements and other records	**3.00**	2.85
- Out-of-pocket expenses	**0.50**	0.50
Insurance	**163.45**	165.89
Rates and taxes	**43.34**	41.18
Increase / (decrease) in excise duty on finished goods	**35.74**	(50.98)
Freight and transport	**708.89**	646.21
Commission to selling agents	**1,401.38**	1,471.57
Loss on sale of fixed assets	**18.32**	13.50
Donation	**0.05**	0.05
Bad debts and advances provided / written off	**5.12**	8.73
Miscellaneous expenses	**3,604.09**	3,424.89
	21,366.31	21,714.61

32. Earnings per share

		This year	Previous year
Profit / (loss) after tax as per statement of profit and loss	(Rs.lacs)	**593.52**	(1801.64)
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.)	**3.41**	(10.36)

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

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

34. Contingent liabilities not provided for :	**As at 31.03.2013 (Rs. lacs)**	As at 31.03.2012 (Rs. lacs)
Income tax matters*	**427.01**	1661.60
Excise / Service tax / Customs duty matters*	**777.33**	757.22
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	**1177.14**	1196.65
Bills discounted	**2729.45**	2336.53

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

35. a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs. 297.66 lacs (2011-12 – Rs. 104.02 lacs).

b) The Company has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee's benefits including union agreement in normal course of business. The Company does not have any long term commitments or material non-cancellable contractual commitments / contracts, which might have material impact on the financial statements.

36. Research and development expenses amounting to Rs.113.67 lacs (2011-12 - Rs. 90.52 lacs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. 53.27 lacs (2011-12 - Rs. 28.32 lacs) has been included in fixed assets.

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

Based upon the information available, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is Nil (2011-12 - Nil). Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

38. Segment reporting

A. Business segments

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

B. Geographical segments

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

C. Segment accounting policies

In addition to the significant accounting policies applicable to the segments as set out in note 3 of notes forming part of the consolidated financial statements, the accounting policies in relation to segment accounting are as under :-

i) Segment assets and liabilities

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

ii) Segment revenue and expenses

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

iii) Unallocated expenses

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

iv) Inter segment sales

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

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2013 (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	**59771.66**	54340.42	**24473.13**	20710.96	**28098.68**	25200.43			**112343.47**	100251.81
Excise Duty	**2109.00**	2149.47	**452.15**	336.09	**2311.15**	1650.94			**4872.30**	4136.50
	57662.66	52190.95	**24020.98**	20374.87	**25787.53**	23549.49	-	-	**107471.17**	96115.31
Income from operations	**228.80**	1204.48	**1316.14**	1593.89	**459.15**	253.46			**2004.09**	3051.83
Inter segment revenue	**3.39**	2.32					**(3.39)**	(2.32)	**-**	-
Other Income	**275.22**	163.25	**303.47**	26.51	**437.91**	217.50			**1016.60**	407.26
Unallocable income									**456.71**	558.20
Total revenue	**58170.07**	53561.00	**25640.59**	21995.27	**26684.59**	24020.45	**(3.39)**	(2.32)	**110948.57**	100132.60
Segment results	**3035.37**	596.97	**2903.48**	2548.05	**1285.41**	1052.30			**7224.26**	4197.32
Unallocated expenses (net of unallocated income)									**990.97**	795.50
Operating profit									**6233.29**	3401.82
Finance Costs									**4215.78**	4201.21
Exceptional items (Ref. Note 43)									**-**	1875.06
Profit / (Loss) Before Tax									**2017.51**	(2674.45)
Provision for tax										
- Current tax									**292.54**	0.07
- Less : MAT Credit									**(292.54)**	-
- Deferred tax charge / (credit)									**861.12**	(959.93)
Profit / (Loss) after tax before results of an associate									**1156.39**	(1714.59)
Share of net profit / (Loss) of associate									**(562.87)**	(87.05)
Profit after tax									**593.52**	(1801.64)
Other information										
Segment assets	**53555.07**	52817.62	**23256.56**	19549.83	**11715.81**	10269.56			**88527.44**	82637.01
Unallocated assets									**5446.33**	8147.19
Total assets	**53555.07**	52817.62	**23256.56**	19549.83	**11715.81**	10269.56			**93973.77**	90784.20
Segment liabilities	**16191.62**	18290.13	**5896.67**	5153.93	**3863.24**	2888.72			**25951.53**	26332.78
Share capital & reserves									**21866.81**	21779.27
Unallocated liabilities									**46155.43**	42672.15
Total liabilities	**16191.62**	18290.13	**5896.67**	5153.93	**3863.24**	2888.72			**93973.77**	90784.20
Capital expenditure	**679.39**	702.86	**1393.14**	1130.99	**610.59**	333.04				
Depreciation	**993.76**	966.67	**582.31**	507.20	**530.62**	662.35				
Non cash expenses other than depreciation	**8.84**	2.88	**9.40**	9.59	**3.02**	0.63				

* Comprising sugar, power and alcohols.

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	**83799.43**	75628.44	**27149.14**	24504.16	**110948.57**	100132.60
Carrying amount of segment assets by location	**82577.39**	78876.94	**5950.05**	3760.07	**88527.44**	82637.01
Capital expenditure by location of assets	**2683.12**	2166.89	**-**	-	**2683.12**	2166.89

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

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

Associate : DCM Hyundai Limited (DHL).

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

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

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

B. Transactions with related parties referred to in 39 (A)

i) Transactions with associate (Rs. lacs)

Particulars		This Year	Previous Year
Interest charged on loans	- DHL	**59.61**	59.61
Interest received on loans	- DHL	**5.97**	71.92
Balance outstanding as at the year end from	- DHL		
	- Principal	**541.94**	541.94
	- Interest	**85.82**	32.19

ii) Transactions with key management personnel, their relatives / HUF and others (Rs. lacs)

Particulars		This year	Previous year
Remuneration *			
- Key management personnel	- Mr. Tilak Dhar	**31.00**	30.52
	- Mr. Alok B. Shriram	**30.68**	30.20
	- Mr. D.C. Mittal	**48.97**	45.98
	- Mr. Madhav B. Shriram	**30.20**	29.71
	- Mr. Anil Gujral	**28.54**	36.22
- Relatives of key management personnel		**11.39**	5.44
		180.78	178.07
Rental expenses			
- Relatives/HUF of key management personnel	- BDS	**36.00**	36.00
	- Mrs. Karuna Shriram	**3.86**	3.86
	- Mrs. Kiran Mittal	**16.32**	15.69
- Others	- BEPL	**0.30**	0.30
	- HRTPL	**0.09**	0.09
		56.57	55.94
Public Deposits received			
- Key management personnel	- Mr. D.C. Mittal	**5.00**	1.11
- Relatives of key management personnel	- Mrs. Kiran Mittal	**3.00**	4.08
	- Mrs. Divya Shriram	**0.00**	10.00
	- Ms. Ritu Bansal	**3.96**	0.27
	- Mr. Akshay Dhar	**0.00**	2.00
	- Ms. Aditi Dhar	**0.00**	2.00
		11.96	19.46
Housing Loan	- Mr. Alok B. Shriram		
- Principal amount given and received back		**47.50**	-
- Interest charged thereon		**0.67**	-
		48.17	-
Balance outstanding at the year end			
- Receivables	- BDS	**28.36**	31.64
	- Mrs. Kiran Mittal	**16.32**	16.32
		44.68	47.96
- Payables (Public Deposits)			
- Key management personnel	- Mr. D.C. Mittal	**13.06**	46.12
- Relatives of key management personnel	- Mrs. Kiran Mittal	**12.34**	30.22
	- Mrs. Divya Shriram	**10.00**	10.00
	- Ms. Ritu Bansal	**6.59**	2.63
	- Mr. Akshay Dhar	**2.00**	2.00
	- Ms. Aditi Dhar	**2.00**	2.00
		45.99	92.97

* 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.

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2013 (continued)

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

    i) The Company has entered into operating leases agreements for various premises taken for accommodation of company's officers / directors and various offices of the Company. As at March 31, 2013 the future minimum lease payments under non-cancellable period which is not later than one year are Rs. 58.64 lacs (2011-12 Nil).

    ii) Lease rent charged to the Statement of Profit & Loss relating to operating leases entered or renewed after April 1, 2001 are Rs. 440.45 lacs (2011-12 - Rs. 432.66 lacs).

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

Nature of Derivative	Number of deals		Purpose		Amount in foreign currency			Amount (Rs. lacs)	
	As at 31.03.13	As at 31.03.12	**As at 31.03.13**	As at 31.03.12	Currency	**As at 31.03.13**	As at 31.03.12	**As at 31.03.13**	As at 31.03.12
Forward Cover	**6**	6	**Hedging**	Hedging	Euro	**600000**	600000	**436.15**	407.55

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

Particulars	**As at 31.03.2013**			As at 31.03.2012		
	Amount in foreign currency		**Amount (Rs. lacs)**	Amount in foreign currency		Amount (Rs. lacs)
- Trade receivables	**Euro**	**5170866**	**3565.83**	Euro	4247955	2865.20
	US$	**3558490**	**1923.49**	US$	1483242	751.12
	GBP	**27384**	**22.41**	GBP	28747	23.20
- Acceptances	**Euro**	**5582**	**3.94**	Euro	-	-
	US$	**6360104**	**3478.00**	US$	4666173	2384.88
- Trade payables	**Euro**	**4835**	**3.53**	Euro	54637	37.51
	US$	**154265**	**84.56**	US$	913677	470.82
- Bank Borrowings	**US$**	**-**	**-**	US$	200000	102.22
- Commission & discount	**US$**	**54955**	**30.02**	US$	819	0.42
	Euro	**383589**	**268.51**	Euro	-	-
- Royalty	**Euro**	**44289**	**31.29**	Euro	34598	23.89
	US$	**-**	**-**	US$	8100	4.17

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

43. The Company had in earlier year accounted for cane purchases for crushing season 2007-08 at a price of Rs. 110 per qtl in terms of the interim Order passed by the Hon'ble Supreme Court as against the State Advised Price of Rs. 125 per qtl. Pursuant to Hon'ble Supreme Court's Order dated 17.1.2012, the differential cane price liability of Rs. 1875.06 lacs has been accounted for during 2011-12 under exceptional item.

44. Employee benefits

a) <u>Defined contribution plans</u>

Rs.512.86 lacs (2011-12 - Rs. 480.60 lacs) for provident fund contribution and Rs.186.09 lacs (2011-12 - Rs. 133.92 lacs) for superannuation fund contribution have been charged to the statement of profit and loss. The contributions towards these schemes are at rates specified in the rules of the schemes. In case of provident fund administered through a trust, shortfall if any, shall be made good by the Company.

b) <u>Defined benefit plans</u>

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, 2013 (Rs.lacs)		As at March 31, 2012 (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	**2590.79**	**562.81**	2508.49	550.62
2. Current service cost	**137.26**	**55.42**	120.80	37.56
3. Interest cost	**207.26**	**45.02**	213.81	46.93
4. Actuarial (gain)/loss	**206.36**	**145.01**	16.07	124.71
5. Benefits paid	**(323.31)**	**(167.07)**	(268.38)	(197.01)
6. Present value of obligation as at the end of the year	**2818.36**	**641.19**	2590.79	562.81
Change in plan assets				
1. Plan assets at the beginning of the year	**2326.67**	**-**	2165.22	-
2. Expected return on plan assets	**218.71**	**-**	203.53	-
3. Contribution by the Company	**-**	**-**	-	-
4. Benefits paid	**(25.01)**	**-**	(23.42)	-
5. Actuarial gain / (loss)	**1.37**	**-**	(18.66)	-
6. Plan assets at the end of the year	**2521.74**	**-**	2326.67	-
Liability recognised in the financial statements	**296.62**	**641.19**	264.12	562.81
Long term	**296.62**	**483.32**	264.12	452.18
Short term	**-**	**157.87**	-	110.63
Cost for the year				
Change in present value of obligation				
1. Current service cost	**137.26**	**55.42**	120.80	37.56
2. Interest cost	**207.26**	**45.02**	213.81	46.93
3. Expected return on plan assets	**(218.71)**	**-**	(203.53)	-
4. Actuarial (gain)/loss	**204.99**	**145.01**	34.73	124.71
5. Net cost	**330.80**	**245.45**	165.81	209.20
Constitution of plan assets				
Other than equity, debt, property and bank account	**-**	**-**	-	-
Funded with LIC *	**2521.74**	**-**	2326.67	-
Main actuarial assumptions				
Discount rate	**8.00% p.a.**	**8.00% p.a.**	8.50% p.a.	8.50% p.a.
Rate of increase in compensation levels	**5.50% p.a.**	**5.50% p.a.**	5.50% p.a.	5.50% p.a.
Rate of return on plan assets	**9.40% p.a.**	**-**	9.40% p.a.	-
Expected average remaining working lives of employees (years)	**13.59**	**15.00**	13.11	14.31

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

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

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2013 (continued)

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

	As at 31.03.2013 (Rs. lacs)	As at 31.03.2012 (Rs. lacs)
Share Capital	**750.00**	750.00
Reserves & Surplus	**68.97**	32.34
Total Assets	**822.77**	788.44
Total Liabilities	**822.77**	788.44
Investments	**-**	-

	Year ended 31.03.2013 (Rs. lacs)	Year ended 31.03.2012 (Rs. lacs)
Turnover	**74.44**	70.22
Profit before taxation	**54.15**	40.63
Provision for Taxation	**17.52**	12.70
Profit after taxation	**36.63**	27.93
Proposed dividend	**-**	-

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

Signatures to Notes forming part of the consolidated financial statements

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

Madhav B. Shriram
Whole-Time Director

Anil Gujral
Director & CEO (Chemicals & Alcohol)

P.R. Khanna
S.B. Mathur
S.C. Kumar
Directors

Place : New Delhi
Date : 23.5.2013

FORM B

Format of covering letter of the annual audit report to be filed with the stock exchanges

(Pursuant to Clause 31(a) of Listing Agreement)

1.	Name of the Company	DCM Shriram Industries Ltd.
2.	Annual standalone financial statements for the year ended	31.3.2013
3.	Type of Audit qualification	Qualified: Qualification vide Page no. 25 *Various issues arisen / arising out of the reorganisation arrangement will be settled and accounted for as and when the liabilities / benefits are finally determined. The effect of these cannot be determined at this stage (refer note 31(b) of notes to the financial statements).* *The matter referred to in above paragraph to the extent covered here was also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2012.*
4.	Frequency of qualification	Qualification appearing since 1990-91 which was 1st Balance Sheet of the Company after incorporation.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	Note No. 31(b) on Pg.no.46 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. Directors' Report on Pg.no.10 The explanations/information in respect of the observations of the Auditors in their Report on the standalone accounts are given in detail in note no.31(b) of notes to the financial statements. The said note read with the relevant audit observations are self-explanatory.
6.	Additional comments from the board/audit committee chair	DCM Limited, a conglomerate consisting of 13 units, was restructured into 4 companies, including DCM

FORM B

Format of covering letter of the annual audit report to be filed with the stock exchanges

(Pursuant to Clause 31(a) of Listing Agreement)

1.	Name of the Company	DCM Shriram Industries Ltd.
2.	Annual consolidated financial statements for the year ended	31.3.2013
3.	Type of Audit qualification	Qualified: Qualification on Pg.no.54 *Various issues arisen / arising out of the reorganisation arrangement will be settled and accounted for as and when the liabilities / benefits are finally determined. The effect of these cannot be determined at this stage (refer note 33(b) of notes to the financial statements).* *The matter referred to in above paragraph to the extent covered here was also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2012.*
4.	Frequency of qualification	Qualification is appearing since 2001
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	Note No. 33(b) on Pg.no.71 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. Directors' Report – Pg.no.10 The qualification is same as the qualification in the annual audit report on the stand alone financial statements, which has been dealt with in the Director' Report as under: The explanations/information in respect of the observations of the Auditors in their Report on the standalone accounts are given in detail in note no.31(b) of notes to the financial statements. The said note read with the relevant audit observations are self-explanatory.
6.	Additional comments from the board/audit committee chair	DCM Limited, a conglomerate consisting of 13 units, was restructured into 4 companies, including DCM Limited, effective from 1.4.1990, through a Scheme of Arrangement approved by the Hon'ble Delhi High Court u/s 391 / 394 of the Act. In view of the size of the restructured corporate, certain issues with regard to taxation have been pending with different forums. Until these matters are decided, the liabilities / benefits of

		these cannot be ascertained. In view of this the above note has been appearing in the statutory Auditors' Report since 1990-91, the first Balance Sheet of the 4 companies after restructuring. Accordingly, the effect if any, will be accounted for as and when the liabilities / benefits are finally determined.
7.	To be signed by: • Chief Financial Officer	**(N. K. Jain)**
	• Chairman & Managing Director	**(Tilak Dhar)**
	• Audit Committee Chairman	**(P.R. Khanna)**
	• Auditor of the Company	Refer our Audit Report dated **May 23, 2013** on the consolidated financial statements of the Company **For A.F. Ferguson & Co.** Chartered Accountants (Firm Registration No. 112066W) **Jaideep Bhargava** (Partner) (Membership No. 090295) **PLACE: NEW DELHI** **DATE:**

16 JUL 2013

<table>
<tr><td></td><td></td><td>Limited, effective from 1.4.1990, through a Scheme of Arrangement approved by the Hon'ble Delhi High Court u/s 391 / 394 of the Act. In view of the size of the restructured corporate, certain issues with regard to taxation have been pending with different forums. Until these matters are decided, the liabilities / benefits of these cannot be ascertained. In view of this the above note has been appearing in the statutory Auditors' Report since 1990-91, the first Balance Sheet of the 4 companies after restructuring. Accordingly, the effect if any, will be accounted for as and when the liabilities / benefits are finally determined.</td></tr>
<tr><td>7.</td><td>To be signed by:
• Chief Financial Officer</td><td>(N.K. Jain)</td></tr>
<tr><td></td><td>• Chairman & Managing Director</td><td>(Tilak Dhar)</td></tr>
<tr><td></td><td>• Audit Committee Chairman</td><td>(P.R. Khanna)</td></tr>
<tr><td></td><td>• Auditor of the Company</td><td>Refer our Audit Report dated May 23, 2013 on the standalone financial statements of the Company

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

Jaideep Bhargava
(Partner)
(Membership No. 090295)
PLACE: NEW DELHI
DATE:</td></tr>
</table>

16 JUL 2013