



DCM SHRIRAM

DCM SHRIRAM INDUSTRIES LTD.

Annual Report 2013-14

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 K.N. Rao	Director & CEO (Rayons)
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	Head (Corporate Laws)
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Principal Executives

Shri D.C. Mittal	President
Shri G. Kumar	Advisor to CMD
Shri Anil Gujral	Chief Executive Officer (Chemicals & Alcohol)
Shri N.K. Jain	Chief Financial Officer
Shri P.V. Bakre	Sr. Vice President

Bankers

State Bank of India
Punjab National Bank
Oriental Bank of Commerce
State Bank of Bikaner & Jaipur
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, 6 th Floor, 18, Barakhamba Road, New Delhi - 110 001	CIN : L74899DL1989PLC035140 Tel. No. : (011) 2375 9300 Fax No. : (011) 2335 0765 e-mail : dsil@dcmsr.com Website : http://www.dcmsr.com
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DCM SHRIRAM INDUSTRIES LIMITED

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

NOTICE

The 23rd Annual General Meeting of the Company will be held on Thursday, the 14th August, 2014 at 10.00 A.M. at the Air Force Auditorium, Subroto Park, New Delhi - 110 010 for transacting the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2014 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2014.
3. To appoint a director in place of Shri Madhav B. Shriram (holding DIN 00203521), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

“RESOLVED that 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.”

SPECIAL BUSINESS:

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, the appointment of Dr. V.L. Dutt (holding DIN 00143013), a director of the Company, who was to retire by rotation at this Annual General Meeting and has demitted office as a director as at the close of 29th May, 2014, as an Independent Director of the Company with effect from 30th May, 2014 for holding office up to 31st March, 2019, i.e. for a term not exceeding 5 consecutive years, be and is hereby approved.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, the appointment of Shri Ravinder Narain (holding DIN 00059197), a director of the Company, who was to retire by rotation at this Annual General Meeting and has demitted office as a director as at the close of 29th May, 2014, as an Independent Director of the Company with effect from 30th May, 2014 for holding office up to 31st March, 2019, i.e. for a term not exceeding 5 consecutive years, be and is hereby approved.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force)

read with Schedule IV to the Companies Act, 2013, the appointment of Shri P.R. Khanna (holding DIN 00048800), a director of the Company liable to retire by rotation as per Companies Act, 1956 and who has demitted office as at the close of 29th May, 2014, as an Independent Director of the Company with effect from 30th May, 2014 for holding office up to 31st March, 2019, i.e. for a term not exceeding 5 consecutive years, be and is hereby approved.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, the appointment of Shri S.B. Mathur (holding DIN 00013239), a director of the Company liable to retire by rotation as per the Companies Act, 1956, and who has demitted office as at the close of 29th May, 2014, as an Independent Director of the Company with effect from 30th May, 2014 for holding office up to 31st March, 2019, i.e. for a term not exceeding 5 consecutive years, be and is hereby approved.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, the appointment of Shri S.C. Kumar (holding DIN 00064453), a director of the Company liable to retire by rotation as per the Companies Act, 1956, and who has demitted office as at the close of 29th May, 2014, as an Independent Director of the Company with effect from 30th May, 2014 for holding office up to 31st March, 2019, i.e. for a term not exceeding 5 consecutive years, be and is hereby approved.”

By order of the Board
For DCM SHRIRAM INDUSTRIES LIMITED



(B.P. Khandelwal)
Company Secretary & Head (Corporate Laws)

New Delhi
May 30, 2014

NOTES:

1. Explanatory Statement, as required under Section 102 of the Companies Act, 2013, is attached.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from 26.07.2014 to 14.08.2014 (both days inclusive).
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IS ATTACHED. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company.

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

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4. Dividend of Rs.3.50 per share of Rs.10 each (35%) has been recommended by the Board of Directors for the year ended 31.03.2014 and subject to the approval of the shareholders at the ensuing AGM, is proposed to be paid on or before 13th September, 2014
5. In terms of the Investor Education and Protection Fund Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2008, as on the date of the 22nd Annual General Meeting (AGM) held on 12.8.2013, on the website of the IEPF viz. www.iepf.gov.in and under "Investor Service Section" on the website of the Company i.e. www.dcmsr.com.
6. Those who hold shares in physical form may notify change of address if any to Karvy Computershare Pvt. Ltd., 17-24 Vittal Rao Nagar, Madhapur, Hyderabad - 500081 or New Delhi House, 305, 3rd Floor, Barakhamba Road, New Delhi-110001 along with self attested copies of address proof and PAN card.
7. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Karvy Computershare Pvt. Ltd.
8. Details under Clause 49 of the Listing Agreement in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, form integral part of the Notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.
9. Electronic copy of the Annual Report for year ending 31-3-2014 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report are being sent in the permitted mode.
10. Electronic copy of the Notice of the 23rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 23rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.
11. Members may also note that the Notice of the 23rd Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.dcmsr.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in New Delhi for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post, free of cost. For any communication, the shareholders may also send requests to the Company's email id: investorservices@dcmsr.com.
12. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide all its members facility to exercise their right to vote at the 23rd Annual General Meeting (AGM) by electronic means, as an alternate. Please note that the voting through electronic means is optional.

The voting through electronic means will commence on 8th August, 2014 at 10.00 AM and will end on 10th August, 2014 at 5.00 PM. The members will not be able to cast their vote electronically beyond the date and time mentioned above. The procedure and instructions for e-voting are as follows :

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

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

- (iii) Please contact on toll free no.1-1800-34-54-001 for any further clarification.
- (iv) Members can cast their vote on-line from 8th August, 2014 at 10.AM to 10th August, 2014 at 5.00 PM.
- (v) After entering these details appropriately, click on “LOGIN”.
- (vi) Members holding shares in Demat/ Physical form will now reach Password Change Menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z) one numeric value (0-9) and a special character (#, \$, &..). Kindly note that this password can be used by the Demat holders for voting for resolution of any other company on which they are eligible to vote, provided that company opts for e-voting through **Karvy Computershare Private Limited e-voting platform**. System will prompt you to change your password and update any contact details like mobile no, email ID etc. on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) You need to login again with the new credentials.
- (viii) On successful login, system will prompt to select ‘Event’ i.e. ‘Company Name’.
- (ix) If you are holding shares in Demat form and had logged on to “https://evoting.karvy.com” and casted your vote earlier for any company, then your existing login id and password are to be used.
- (x) On the voting page, you will see Resolution Description and against the same the option ‘FOR / AGAINST/ ABSTAIN’ for voting. Enter the number of shares (which represents number of votes) under ‘FOR/ AGAINST/ ABSTAIN’ or alternatively you may partially enter any number in ‘FOR’ and partially in ‘AGAINST’, but the total number in “FOR / AGAINST” taken together should not exceed your total shareholding. If the shareholder does not want to cast vote, select “ABSTAIN”.
- (xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xii) Once you ‘CONFIRM’ your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) Corporate/ Institution Members (corporate/ FIs/ FIIs/ Trust / Mutual Funds/ Banks, etc) are required to send scanned (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to investorservices@dcmsr.com with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format “Corporate Name- -Event no.”.
- (xiv) Shri M.L. Arora (C.P.No.3209) and in his absence Shri Swaran Kumar Jain (C.P.No.4906), Practicing Company Secretaries, have been appointed as the Scrutinizer/s to scrutinize the e-voting process in a fair and transparent manner.
13. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses, not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the company.

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14. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website "www.dcmsr.com" and on the website of Karvy within two (2) days of passing of the resolutions at the AGM of the Company.
15. The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. We propose to send all future communications in electronic mode to the email address provided by you. Members who have not registered their email IDs are requested to intimate their email ID to the Company's Registrars, viz. Karvy Computershare Pvt. Ltd. (Email ID: einward.ris@karvy.com) or their depository participants.
16. **Inspection:** All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days, upto and including the date of the Annual General Meeting of the Company.
17. Profile of the Director retiring by rotation: At the ensuing Annual General Meeting Shri Madhav B. Shriram, retires by rotation and being eligible offers himself for re-appointment (Item No.3). Brief resume and other requisite information about the director are given below:

Shri Madhav B. Shriram, aged 49 years, has an MBA background. He has 22 years of experience at various levels in the Company and is presently a Whole-time Director.

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

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

ANNEXURE TO NOTICE

[Explanatory Statement in respect of the special business pursuant to section 102 of the Companies Act, 2013]

ITEM NO. 5

Dr. V.L. Dutt, aged 76 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in October, 2005. Dr. Dutt is the Chairman of the Nomination and Remuneration Committee and a Member of the Audit Committee of the Board of Directors of the Company.

Dr. Dutt is an industrialist of repute. He is the Chairman & Managing Director of KCP Limited and past President of FICCI. Dr. Dutt has vast experience and knowledge in industry and business, especially sugar and cement.

He is also director on the Boards of Fives Cail-KCP (Chairman), KCP Vietnam Industries Ltd. (Chairman), and V. Ramakrishna Sons Pvt. Ltd.

Dr. Dutt holds 3700 equity shares in the Company.

Dr. Dutt, who was a director liable to retire by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956, demitted office as an independent director effective from the close of 29.05.2014. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Dr. Dutt being eligible and offering himself for appointment, has been appointed as an Independent Director by the Board of Directors with effect from 30.5.2014, subject to the approval of the shareholders in the ensuing AGM, for a period not exceeding five consecutive years i.e. up to 31st March, 2019.

In the opinion of the Board, Dr. Dutt fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Dr. Dutt has declared that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Act.

The Board recommends the resolution in relation to appointment of Dr. Dutt as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. V.L. Dutt, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.5.

ITEM NO. 6

Shri Ravinder Narain, aged 77, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in January, 2008. Shri Ravinder Narain is a Member of the Nomination and Remuneration Committee and Stakeholders' Relationship Committee of the Board of Directors of the Company.

Shri Ravinder Narain is an eminent lawyer. He is Bachelor of Law having vast experience in the field of law. He is practicing in the Supreme Court, High Courts and other legal fora. He has been actively associated with leading Constitutional, Taxation and Commercial cases. He was appointed by the Ministry of Finance, Government of India as a Member of the High Level Committee set up to review and suggest simplification of the Central Excise and Customs Laws.

Apart from his experience in the field of Corporate Laws, Shri Ravinder Narain has been actively associated with various Corporations for over two decades. He is a director/ member on the following companies / bodies:

<u>Directorships</u>	<u>Chairman/Member of the Committee of the Board</u>
1. Nestle India Ltd.	- Shareholders/ investor Grievance Committee (Chairman) - Audit Committee (Member) - Nomination and Remuneration Committee (Member) - Corporate Governance and Social Responsibility Committee (Member)
2. Shriram Pistons & Rings Limited	- Nomination and Remuneration Committee (Member)
3. Shree Rajasthan Syntex Limited	

Shri Ravinder Narain holds 570 equity shares in the Company.

Shri Ravinder Narain, who was a director liable to retire by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956, demitted office as an independent director effective from the close of 29.5.2014. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Narain being eligible and offering himself for appointment, has been appointed as an Independent Director by the Board of Directors with effect from 30.5.2014, subject to the approval of the shareholders in the ensuing AGM, for a period not exceeding five consecutive years i.e. up to 31st March, 2019.

In the opinion of the Board, Shri Narain fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Shri Ravinder Narain has declared that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Act.

The Board recommends the resolution in relation to appointment of Shri Narain as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Ravinder Narain, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

ITEM NO. 7

Shri P.R. Khanna, aged 80 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in October, 2005. Shri P.R. Khanna is the Chairman of the Audit

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Committee of the Board and also member of the Board Committee on Nomination and Remuneration, Stakeholders' Committee and the Board Committee for approving borrowings.

Shri P.R. Khanna 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 a director/ member on the following companies / bodies:

<u>Directorships</u>	<u>Chairman/Member of the Committee of the Board</u>
1. Indag Rubber Ltd.	- Audit Committee (Member) - Remuneration Committee (Member)
2. Ansal Properties & Infrastructure Ltd.	- Shareholders/investor Grievance Committee (Member) - Remuneration Committee (Member) - Audit Committee (Member) - Nomination Committee (Member)
3. Uniproducts India Ltd.	- Audit Committee (Chairman)
4. UTI Asset Management Co. Ltd.	- Audit Committee (Member) - Risk Management Committee (Member)
5. U.T.I. International Ltd. Guernsey Channel Islands	
6. C&S Electric Ltd.	- Audit Committee (Member)
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	(Nominee)
13. Select Infrastructure Pvt. Ltd.	
14. UTI Capital Pvt. Ltd.	
15. UTI International (Singapore) Pvt. Ltd.	

Shri P.R. Khanna holds 960 equity shares and his wife Mrs. Kiran Khanna holds 100 equity shares in the Company.

Shri P.R. Khanna, who was a director liable to retire by rotation, under the applicable provisions of the Companies Act, 1956, demitted office as an independent director effective from the close of 29.5.2014. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri P.R. Khanna being eligible and offering himself for appointment, has been appointed as an Independent Director by the Board of Directors with effect from 30.5.2014, subject to the approval of the shareholders in the ensuing AGM, for a period not exceeding five consecutive years i.e. up to 31st March, 2019.

In the opinion of the Board, Shri P.R. Khanna fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Shri P.R. Khanna has declared that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Act.

The Board recommends the resolution in relation to appointment of Shri P.R. Khanna as an Independent Director, for the approval by the shareholders of the Company.

Except Shri P.R. Khanna, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.7.

ITEM NO. 8

Shri S.B. Mathur, aged 70 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in January 2008. Shri S.B. Mathur is Member of the Board Committees on Audit and Borrowings.

Shri S.B. Mathur is FCA and ICWA (London). He was Chairman of LIC and is presently non-Executive Chairman of the National Stock Exchange of India Limited. He has very long experience in insurance and financial sectors. He is a director/ member on the following companies / bodies:

<u>Other Directorships</u>	<u>Chairman/Member of the Committee of the Board</u>	
1. IDFC Trustee Company Ltd. (Chairman)		
2. Cholamandalam MS General Insurance Co. Ltd. (Chairman)	- Audit Committee	(Chairman)
3. Axis Bank Ltd.	- Audit Committee	(Chairman)
	- Investor Grievance Committee	(Member)
4. Havell's India Ltd.	- Audit Committee	(Member)
5. ITC Ltd.	- Audit Committee	(Chairman)
6. National Stock Exchange Ltd.	- Non-executive Chairman	
	- Shareholders Transfer & Investor Grievance Committee	(Member)
7. National Collateral Mgt. Services Ltd.		
8. HOEC Ltd.	- Audit Committee	(Chairman)
9. IL & FS 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. National Investment Fund		
15. Insurance Regulatory and Dev. Authority		
16. Munich Re India Services Pvt. Ltd.		
17. Janalakshmi Financial Services Pvt. Ltd.		

Shri S.B. Mathur does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Shri S.B. Mathur, who was a director liable to retire by rotation, under the erstwhile applicable provisions of the Companies Act, 1956, demitted office as an independent director effective from the close of 29.5.2014. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Mathur being eligible and offering himself for appointment, has been appointed as an Independent Director by the Board of Directors with effect from 30.5.2014, subject to the approval of the shareholders in the ensuing AGM, for a period not exceeding five consecutive years i.e. up to 31st March, 2019.

In the opinion of the Board, Shri S.B. Mathur fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is

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independent of the management. Shri S.B. Mathur has declared that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Act.

The Board recommends the resolution in relation to appointment of Shri S.B. Mathur as an Independent Director, for the approval by the shareholders of the Company.

Except Shri S.B. Mathur, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.8.

ITEM NO. 9

Shri S.C. Kumar, aged 71 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in February 2013. Shri S.C. Kumar is Member of the Board Committees on Audit, Nomination & Remuneration and CSR.

Shri S.C. Kumar is a Member of ICWA. He retired from IFCI Limited as Chief General Manager. He has vast experience in the financial sector and well versed with the sugar industry. He is a director/ member on the following companies :

Other Directorships

1. Simbhaoli Sugars Ltd.
2. Simbhaoli Spirits Ltd.

Committee Membership

- Audit Committee
- Shareholders' Grievance Committee
- Remuneration Committee
- Audit Committee (Chairman)

Shri S.C. Kumar does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Shri S.C. Kumar, who was a director liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956, demitted office as an independent director effective from the close of 29.5.2014. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri S.C. Kumar being eligible and offering himself for appointment, has been appointed as an Independent Director by the Board of Directors with effect from 30.5.2014, subject to the approval of the shareholders in the ensuing AGM, for a period not exceeding five consecutive years i.e. up to 31st March, 2019.

In the opinion of the Board, Shri S.C. Kumar fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Shri S.C. Kumar has declared that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Act.

The Board recommends the resolution in relation to appointment of Shri S.C. Kumar as an Independent Director, for the approval by the shareholders of the Company.

Except Shri S.C. Kumar, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.9.

Note:

Copies of the letter of appointments of the above Independent Directors setting out the terms and conditions, would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day between 10.00 AM and 5.00 PM. Copies will also be available on the Company's website.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Interest

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

The Directors have pleasure in presenting the Annual Report and the Audited Accounts of your Company for the year ended 31st March 2014.

In the year 2013-14, the Economy languished and the Manufacturing sector stagnated, affecting overall growth. High Inflation and rising prices, compounded by some debatable and retrospective tax measures, resulted in a less than optimal investment climate.

After a period of three decades, the recent elections have given the new government a clear mandate for development & change, unhindered by the vagaries of coalition formations. This change promises to kick start economic development and put an end to the stagnation of the last few years. A strong government at the Centre is the need of the day and will go a long way in raising the status of the Country in the comity of nations.

The sugar industry's problems continued for most part of the year. The Governments at Centre and States had initiated certain measures to ameliorate the crisis faced by this industry, but they were too little too late.

FINANCIAL RESULTS

In spite of the adverse business climate, your Company could achieve an all time high turnover including other income of Rs.1329 cr. against Rs.1109 cr. in the previous year. There was a gross profit of Rs.67.9 cr. as compared to Rs.40.9 cr. in the previous year and net profit of Rs.29 cr. as compared to Rs.11.2 cr in the previous year.

DIVIDEND

Looking into the improved all-round performance, the Board of Directors is pleased to recommend a dividend of Rs.3.50 per equity share of Rs.10 (35%) for the year ended 31.3.2014. The dividend payout for the year under review, inclusive of Corporate Tax on Dividend distribution, is Rs.7.12 cr.

After provision for proposed dividend and transfer of Rs.3 cr. to General Reserve (previous year Rs.1 cr) the balance carried forward in the Profit & Loss Account will be Rs.115.3 cr., which includes Rs.96.5 cr. brought forward from the previous year.

OPERATIONS

Sugar

During the year, the Unit produced 1.32 Lac MT of Sugar by crushing 14.12 Lac MT of cane as against 1.26 Lac MT of Sugar and 13.80 Lac MT of crush respectively during previous year. During the Season 2013-14, the Unit achieved the highest cane crush out of all the Units in the State of U.P.

Supply of surplus power to the grid was further optimised this year. After much delay, the Unit has been issued the due Renewable Energy Certificates (RECs) against its consumption of green energy. Going forward, this will add to revenues, through sale of RECs.

The Financial Year 2012-13 had ended on a promising note with the Central Government removing the levy sugar obligation from Mills and decontrolling sugar sales. After the initial euphoria, the Financial Year 2013-14 progressed with the sugar market taking on a bearish tone. Despite the declining sugar price, the U.P. Govt. announced a cane price of Rs.280 per qtl. for Sugar Season 2013-14, which was same as last year, with some minor reliefs in taxation on cane etc. However, the continued excess of the State Advised Price over the Fair and Remunerative Price declared by the Central Government, resulted in continued losses and high cane dues. Some Sugar Mills especially in U.P. resorted to distress sales at low prices.

High sugar stocks alongwith a drop in international prices to around US\$ 450 per MT leading to heavy imports by Coastal Refineries, further affected the sentiment adversely. Sugar prices fell from Rs.3200 per qtl. in April, 2013 to around Rs.2800 per qtl. by February, 2014.

Considering, the dire financial position of the Sugar Mills due to huge losses and high cane dues, the Central Govt. notified a Scheme to extend financial assistance with interest subvention upto 12%. To

DIRECTORS' REPORT (continued)

encourage raw sugar exports, it declared an incentive of Rs.3333 per MT. Consequently, during March 2014, there was slight improvement in sugar prices.

Going forward, the sugar scenario would depend to a large extent on the emerging demand supply situation. The sugar stocks continue to be high. In a situation where the domestic sugar market has been effectively deregulated, as per the recommendation of the Rangarajan Committee, it is necessary that the remaining recommendations also be implemented as soon as possible. Foremost amongst them are establishment of a linkage between the sugar and sugar cane price and the rationalization of EXIM Policy to ensure that the industry has the paying capacity to meet its obligation towards the statutorily mandated cane price.

The operations of the Unit continued to be satisfactory and continuous efforts are being made to improve efficiencies and operating parameters. The Unit is also making efforts to improve the sugar recovery in cooperation with farmers who are being educated to grow high yielding cane varieties to get better results in the near future.

Alcohol

The performance of the Alcohol business showed considerable improvement over the previous year as the Company was able to increase both sales volumes and selling prices. This has more than offset the substantial increase in the cost of the main input i.e. Molasses.

Demand remained strong particularly from the Chemicals sector. There was some revival of the Ethanol blending programme of the Government, though not to the expected level.

Chemicals

The Chemicals business of the Company showed strong performance with substantial increase in sales and profits relative to the previous year. This was achieved mainly by increasing selling prices of key products, which offset the continued rise in the prices of major raw materials.

Also, the operations and volumes of an intermediate manufactured on contract basis showed improvement, and the Company also benefited due to higher rates of export benefits under Govt's Focused Product Scheme (FPS) for exports.

Demand for the main products remained strong as Chinese manufacturers were not as aggressive as in the past in selling their products due to strengthening of the Chinese currency and increase in their manufacturing costs.

The Company continued with its active R&D programme for optimization of processes and developing new products.

Rayon

The Unit achieved its highest turnover for the third consecutive year. The strategy for achieving broader customer base, wider geographic distribution and increasing value addition resulted in higher sales with improved margins.

The Unit has been able to further control wastages, improve quality and plant productivity, resulting in lower cost of production.

Steps for debottlenecking capacity, increasing value addition and improving energy efficiency were taken during the year.

Nylon Chafer sales were maintained despite the depressed domestic automobile market.

The Unit has been able to significantly reduce its coal consumption and increase use of agro fuel. The Unit is implementing further energy related projects to improve the operational economics.

Subsidiary

Plant & Machinery of Daurala Foods & Beverages Pvt. Limited continue to be operated by the Company on lease basis.

RESEARCH & DEVELOPMENT

Research & Development are ongoing activities which have an important role in providing inputs for developing new products, devising energy saving measures, upgrading methods of production and quality of products. These activities have helped the Company in attaining leadership in its chemical products and substantial qualitative change in other operational areas.

UNCLAIMED SHARES SUSPENSE ACCOUNT

The position with regard to the unclaimed equity shares transferred to the Demat Suspense Account as required under Clause 5A of the Listing Agreement is as under:

	No. of Folios	No. of Shares
Position as on 1 st April, 2013	6107	84620
Shares released during 2013-14	11	191
Balance as on 31.3.2014	6096	84429

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 Auditors have been qualifying their Report on the annual financial statements of the previous years to the effect that various issues arisen/arising out of the reorganization arrangement of 1989-90 of DCM Limited will be settled and accounted for as and when the liabilities / benefits are finally determined. During the year, based on a detailed assessment of the maximum possible exposure on ultimate settlement of these issues, the Company has made a provision for contingencies of Rs.1 cr in the accounts. Based on this the Auditors have deleted the qualification in their report for the year 2013-14.

CORPORATE GOVERNANCE

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

DIRECTORS

Pursuant to Section 152 of the Companies Act, 2013 Shri Madhav B. Shriram retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

In compliance with Section 149 of the Companies Act, 2013, as far as it relates to independent directors, Shri P.R. Khanna, Dr. V.L. Dutt, Shri S.B. Mathur, Shri Ravinder Narain and Shri S.C. Kumar, independent directors, who were liable to retire by rotation as per the Companies Act, 1956, demitted office with effect from the close of 29.5.2014 and have been appointed as independent directors with effect from 30.05.2014 by the Board of Directors for terms not exceeding 5 years i.e. upto 31.3.2019, subject to the approval of the shareholders at the ensuing AGM. These directors have given declarations to the

DIRECTORS' REPORT (continued)

effect that they meet the criteria of independence as provided in Sub-section 6 of Section 149 of the Companies Act, 2013 at the time of their appointment.

Shri Tilak Dhar, Chairman & Managing Director, and Shri Madhav B. Shriram, Whole-Time Director, have been reappointed for a period of 5 years with effect from 1.4.2014. Their remuneration and other terms and conditions of appointments have been approved by the shareholders through postal ballot by resolution dated 24.12.2013.

The term of Shri Anil Gujral, Director & CEO (Chemicals & Alcohol), expired on 31.1.2014. The Board of Directors have inducted Shri K.N. Rao in the casual vacancy and appointed him as Director & CEO (Rayons) for a period of 3 years with effect from 1.2.2014. The remuneration and other terms and conditions of Shri K.N. Rao have been approved by the shareholders through postal ballot by resolution dated 24.12.2013.

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 2014-15. M/s A. F. Ferguson and Co. have provided necessary certificate under section 139 (1) read with section 141 of the Companies Act, 2013.

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, chemicals, rayon and nylon products. M/s. Ramanath Iyer & Co., Cost Auditors, 808, Pearls Business Park, Netaji Subhash Place, Delhi – 110 034, had carried out the cost audit of the above products for the F.Y. 2012-13. The Company's cost audit report due for filing on or before 27.9.2013 was filed on 6.9.2013.

The said firm was reappointed as Cost Auditors for the F.Y. 2013-14. Appointment for F.Y. 2014-15 will be considered after notification of Cost Audit Rules to be prescribed u/s 148 of the Companies Act, 2013.

OTHER INFORMATION

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

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

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board



CHAIRMAN

New Delhi
May 30, 2014

CORPORATE GOVERNANCE REPORT
Corporate Governance Philosophy

Corporate Governance (CG) refers to the system of structures, rights, duties and obligations by which corporations are directed and controlled. Governance provides the structure through which corporations set and pursue their objectives, while reflecting the context of the social, regulatory and market environment. Governance is a mechanism for monitoring the action policies and decisions of the corporations. Though the practices underlining CG were in vogue, the concept gained credence with introduction of Clause 49 of the Listing Agreement more than a decade back.

The Company's CG philosophy is based on the principles of equity, fairness, transparency, spirit of law and honest communication. CG is a continuous process, which keeps evolving and undergoes changes to suit the changing need of business, society and the nation. The revamped Clause 49 of the Listing Agreement, to be effective from 1st October, 2014, strengthens the reporting requirements further.

The CG Report in respect of the year ended 31.3.2014 is given below:

Board of Directors

The Company's Board comprises of an ideal combination of executive and non-executive directors, headed by Chairman & Managing Director. Of the 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 23.05.2013, 12.08.2013, 11.11.2013 and 05.02.2014. Attendance and other details are given below:

Sl. No	Name of Director	DIN	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM	Other Directorships**	No. of Committee Memberships *** (other companies)	
							Member	Chairman
1	Shri Tilak Dhar	00204912	CMD	4	Yes	Nil	NA	NA
2	Shri Alok B. Shriram	00203808	DMD	3	Yes	2	2	Nil
3	Shri Madhav B Shriram	00203521	WTD	4	Yes	1	1	Nil
4	Shri Anil Gujral *	00374282	Director & CEO (Chem.&Alch.)	3	Yes	Nil	Nil	Nil
5	Shri K.N. Rao *	06730043	Director & CEO (Rayons)	1	-	Nil	NA	NA
6	Shri P.R. Khanna	00048800	Non-executive/independent	4	Yes	5	5	1
7	Dr. V.L. Dutt	00143013	- do -	1	No	3	Nil	Nil
8	Shri S.B. Mathur	00013239	- do -	4	Yes	12	4	4
9	Shri Ravinder Narain	00059197	- do -	2	Yes	3	1	1
10	Shri S.C. Kumar	00064453	- do -	4	Yes	2	2	1

* For part of the year.

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

*** Audit and Shareholders' Grievance Committees.

DIRECTORS' REPORT (continued)

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, 1956 besides other terms as may be laid down by the Board of Directors from time to time.

The Audit Committee ensures that an effective internal control system is in place. During the year 4 meetings of the Audit Committee were held on 23.05.2013, 12.08.2013, 11.11.2013 and 05.02.2014.

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	4
Dr. V.L. Dutt	Member	1
Shri Anil Gujral *	Member	3
Shri K.N. Rao **	Member	-

* For part of the year.

** Nominated to the Audit Committee on 5.2.2014.

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 and Shri Ravinder Narain. The Committee meets as and when needed and reviews the managerial remuneration policy and makes recommendations to the Board for appointment/ re-appointment of managerial personnel. Two meetings of the Committee were held on 23.05.2013 and 11.11.2013. The attendance at the meetings was as follows:

Name of the Member	Status	No. of Meetings attended
Dr. V.L. Dutt	Chairman	-
Shri P.R. Khanna	Member	2
Shri S.C. Kumar	Member	2
Shri Ravinder Narain	Member	1

In the absence of Dr. V.L. Dutt, Chairman, Shri P.R. Khanna presided over the meetings. The decisions were taken with the concurrence of Dr. V.L. Dutt, who was travelling, through teleconference.

CORPORATE GOVERNANCE REPORT (continued)
Annexure - I (contd.)
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 31.03.2014 are given below:

(Rs./Lac)

Whole-time Directors	Salary	Commission/ Reward	Perquisites	Retirement benefits
Shri Tilak Dhar (CMD)	27.75	31.00	22.08	7.49
Shri Alok B. Shriram (DMD)	26.55	30.00	24.61	7.17
Shri Madhav B. Shriram(WTD)	24.75	11.00	22.60	7.76
Shri Anil Gujral * [Director & CEO(Chemicals & Alcohol)]	15.00	-	11.20	5.38
Shri K.N. Rao * [Director & CEO (Rayons)]	3.00	-	1.94	0.81

* For part of the year

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	162500	960
Dr. V.L. Dutt	20000	3700
Shri S.B. Mathur	140000	-
Shri Ravinder Narain	32500	570
Shri S.C. Kumar	95000	-

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. During the

DIRECTORS' REPORT (continued)

year the Committee held one meeting on 19.12.2013 in which the Chairman of the Committee and Shri Alok B. Shriram, Member, were present. 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 2 investors' complaints, all of which were resolved. No complaints were pending as on 31.03.2014.

General Body Meetings

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

Financial Year	Date	Venue
2010-2011	10/08/2011	Air Force Auditorium
2011-2012	13/08/2012	Air Force Auditorium
2012-2013	12/08/2013	Air Force Auditorium

No Special resolution was proposed in the AGMs held in the years 2011 and 2013. 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 38 to the stand alone financial statements.

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

The Company 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 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/ deposits, etc. are posted for information of investors.

General Shareholder Information

The AGM will be held on 14.08.2014 at 10.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010.

Financial Year – April to March

CORPORATE GOVERNANCE REPORT (continued)
Annexure - I (contd.)
Date of Book Closure

The Register of members and other share transfer books will remain closed from 26.07.2014 to 14.08.2014 (both days inclusive).

Dividend

The Board of Directors has recommended a dividend of Rs.3.50 per share of Rs.10 (35%) 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 2013	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2014	Feb.	Mar.
High	45.40	42.95	40.65	39.95	33.55	37.80	37.45	38.95	37.90	38.95	46.40	53.00
Low	34.20	35.50	30.00	29.75	28.05	28.10	29.80	30.10	32.30	30.05	30.55	35.60

BSE Index	1 st April, 2013	18,864.75
	31 st March, 2014	22,386.27

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 - 110 001
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	87715	99.21	16907780	9.72
5001	To	10000	348	0.39	2645680	1.52
10001	To	20000	172	0.20	2441800	1.40
20001	To	30000	61	0.07	1515240	0.87
30001	To	40000	27	0.03	964410	0.55
40001	To	50000	15	0.02	673300	0.39
50001	To	100000	29	0.03	2223160	1.28
100001	&	Above	43	0.05	146613000	84.27
TOTAL			88410	100	173984370	100

DIRECTORS' REPORT (continued)

Shareholding pattern

Category	No. of shares held (in lacs)	Percentage
Promoters	76.21	43.80
FIs, Banks & Mutual funds	13.40	7.70
Others (public)	84.37	48.50
TOTAL	173.98	100.00

Dematerialization of shares

The shares in the Company are under compulsory dematerialized trading. Up to 31.03.2014, 16340645 (93.92%) equity shares in the Company have been dematerialized. The Company's ISIN No. is INE843D01019.

Outstanding instruments

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

Non-mandatory requirements

The Company has constituted a Remuneration Committee of the Board.

Plant locations

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

Address for correspondence with the Company:

'Investor Service Section'

6th Floor, Kanchenjunga Building,

18, Barakhamba Road, New Delhi – 110001.

e-mail ID- investorservices@dcmsr.com

CIN - L74899DL1989PLC035140

Confirmation of compliance of Code of Business Conduct and Ethics

I declare that all Board members and Senior Management have individually affirmed compliance during the year 2013-14 with the Code of Business Conduct and Ethics adopted by the Company.



(Tilak Dhar)
Chairman & Managing Director

May 30, 2014

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, 2013 to March 31, 2014 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, 2013 to March 31, 2014, no investor grievances are pending against the Company as per the records maintained by the Company.

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

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

M.L. Arora
Proprietor
CP No.3209

New Delhi
Date: May 30, 2014

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 Sugar Sector has an important role to play in ensuring food and energy security in the Country. Harnessing this potential can only be possible with a blend of appropriate regulations, cooperation with farmers and professionalisation in the Industry. For this to happen, pragmatic policy decisions are required both at the Central & State Government levels.

At the start of the year 2013-14, there was optimism in the Industry on the back of decontrol by the Central Govt. The Industry expected turn around in fortune because of abolition of levy sugar as well as dismantling of release mechanism. However, because of high sugar stocks and substantial cane dues, some Sugar Mills resorted to distress selling, thereby dampening the sugar sentiment as well as sugar prices. The negative sentiment further aggravated because of imports of raw sugar by Coastal Refineries to be sold in domestic market.

DIRECTORS' REPORT (continued)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

The sugar prices which were hovering around Rs.3100 to Rs.3200 per qtl. during April, 2013, fell constantly to around Rs.2800 per qtl. in February, 2014. Internationally also, the sugar prices dropped from around US\$ 500 per MT to US\$ 440 per MT during the same period because of surplus sugar in all major sugar manufacturing countries. The sugar prices have improved slightly from mid March 2014 in anticipation of lower domestic production for season 2013-14 as against earlier estimates (revised estimate : 13.8 Million MT against earlier estimate of 14.5 Million MT), increase in international prices to around US\$ 480 per MT because of dry weather in Brazil, slow down in domestic sales and in anticipation of raw sugar exports under Central Govt. Incentive Scheme.

During Financial Year 2013-14, the Unit crushed 14.12 Lac MT of sugar cane (last year 13.80 Lac MT) to produce 1.32 Lac MT of Sugar (last year 1.26 Lac MT). The sugar recovery during 2013-14 was 9.29% as against 9.27% last year. The export of power was also better than planned and the Unit achieved highest ever peak export of 25.75 MW during the year as against 25.08 MW last year. The Unit is making continuous efforts to improve efficiencies and other operating parameters. Towards this, the Unit is replacing an inefficient old turbine with high efficiency turbine during the off Season 2014. This would help in improving power efficiencies as well as export of power to the Grid. The Unit is also making efforts towards facilitating cane growers to increase sowing of high sucrose cane varieties, which should help in improving sugar recovery over the next 2-3 years.

As the sugar industry, particularly in U.P., is saddled with high cane dues and huge losses, representations were made to the State and Central Govt. to provide relief /concessions. Taking a favourable view, the State Govt. took some positive steps for the Sugar Season 2013-14 like keeping the cane price unchanged at Rs.280 per qtl., remission of Society Commission, abolition of Purchase Tax & Entry Tax. Further, the Central Govt has announced a subsidy of Rs.3333 per MT for export of raw sugar and has notified a Scheme for extending financial assistance with interest subvention upto 12%. Though these steps have given some relief to the Sugar Industry the situation continues to be grim.

Future scenario would depend upon how Central and State Governments progress with respect to the remaining reforms for the sugar sector. While a few of the recommendations of Rangarajan Committee have been implemented, other key recommendations including cane pricing mechanism and an objective EXIM Policy need to be expeditiously acted upon.

The cane dues for sugar industry specially in U.P. at the end of current year continue to be high. Stocks of sugar are also high. For the sugar industry to survive, it is necessary that a suitable linkage between cane price and sugar price is established before the next season. It is also necessary that an industry friendly EXIM Policy – model and mechanism is framed whereby a suitable Import Duty on sugar import, is levied within the bound rate. These steps will go a long way in restoring the health of sugar industry. This in turn will ensure that the mills have the ability to meet their cane price obligation in a timely manner, which ultimately will benefit the farmers.

Alcohol

The Alcohol business showed strong performance during the year driven mainly by larger sales volumes and higher selling prices. Margins were maintained despite a substantial increase in the prices of the main raw material i.e. Molasses.

Exports were maintained at the previous year's level.

The Ethanol blending programme has been partly revived by the Govt. but not to the extent expected, as the Oil Companies have yet to place orders for their full requirement.

Demand outside of the gasohol programme remained stable. The depreciation of the Rupee made imports of alcohol unviable.

Usage efficiencies in respect of raw materials and energy were maintained at high levels.

Chemicals

The operations of the Chemicals Businesses improved considerably in terms of the profits as demand was strong for some of our main products, following less aggressive pricing and marketing strategies by Chinese producers relative to the past. This in turn was due to the appreciating Chinese currency, besides increase in their costs.

Demand for chlorinated toluene produced was subdued due to excess availability in the markets.

Raw material prices increased significantly due to the Rupee depreciation, adversely impacting the prices of imports, as well as some domestically procured items. However, this was offset by increase in selling prices for which successful interactions were held with important buyers. The depreciation of the Rupee also helped.

In an effort to control raw material prices, the Company is actively working towards diversifying its sources of supply, and has met with some success in the case of a few key raw materials. This effort will continue.

Production of an important intermediate on contract basis tripled relative to the previous year. The process was stabilized and optimized in terms of efficiencies and costs, resulting in better margins.

The focus of the Company on technology and R&D continued resulting in better efficiencies / lower energy consumption in several areas, and optimization of processes. R&D activities are being continued to effect further improvements in the processes besides developing new products.

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 main competitors for the product are located in Europe.

There are signs of recovery in global automobile industry which was hit hard by economic recession world over. The market requirement for the tyre cord industry improved marginally. It is expected that the same trend may continue for some years in the market.

Although the rayon tyre cord is being sold as yarn, grey and treated fabric, most of the tyre companies now prefer to buy the product in readily usable treated fabric form. The Unit has built up capability to supply treated fabric as per requirement of the market. This has helped the Unit in improving its share in the value added treated fabric market.

The focus on improving product quality and reliability, robust process management systems and appropriate marketing strategies, has helped the Unit in successfully widening the customer base and moving up the value chain. The Unit is implementing further debottlenecking to cater to the larger customer requirements.

The Unit also produces Nylon Chafer which is sold to domestic tyre manufactures. The market was affected due to depressed automobile market in the country. However the Unit was able to maintain the sales level.

Energy is a significant element in the cost structure of the Unit. The Unit has a captive Power House to meet its process steam requirement as well as part of its power requirement. The balance power requirement is being met by purchasing power from Grid.

The Unit undertook steps to modify its Power House to use agro-fuels and achieved substantial benefits in terms of cost reduction by reducing dependence on expensive open market coal. A project is under implementation to convert one more boiler for agro fuel usage. An offsite husk storage facility has been built, which helps the Unit in stocking husk procured during the harvesting season, to have a steady supply throughout the year.

DIRECTORS' REPORT (continued)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

In order to draw more power from grid as well as to take advantage of cheap open source power, the Unit upgraded the Grid connection from 11 KVA to 33 KVA.

The Unit continues efforts to reduce its Carbon Footprint and also reduce water consumption by Reuse and Recycling Projects.

The Unit's commitment to the "environment" continues and the Unit has upgraded its facilities to continuously be better than State prescribed norms.

Internal control systems and the adequacy

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

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

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

Material Development in human resources/ industrial relations front

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

Industrial relations remained cordial in all its operations during the year. As on 31.3.2014 the total number of employees on the payrolls of the Company was 2461.

Corporate Social Responsibility (CSR)

Before Corporate Social Responsibility (CSR) found a place in the corporate vocabulary, it was already textured into in several of the industrial groups' value systems. We inherited the avowed belief that part of the earnings should be invested beyond business for the larger good of society. CSR is strongly connected with the principles of sustainability. An organization should make decisions based not only on financial factors, but also on the social and environmental consequences. The Companies Act, 2013 has given a legal colour to CSR. Though the Company has always been conscious of its responsibilities towards society as a corporate citizen and accords due importance to this aspect, it has, keeping in view the now laid down legal framework, constituted a CSR Committee of the Board to pursue the CSR Policies of the Company as may be set out by the Board of Directors from time to time.

The Company undertakes various activities with community participation, keeping the larger interests of the society, in the areas of education, health care, rural development, environmental protection and infrastructure development.

Education

One of the activities which finds a place in the list of CSR activities in Schedule VII of the Companies Act, 2013 is promotion of education, including special education and employment enhancing vocational skills etc. The

Annexure - I (contd.)

Company has been conscious of the role of better quality education in the development of children who are the future of the nation. It has been trying to achieve this objective by supporting Sir Shriram Higher Secondary School at Daurala and Dr. Bansi Dhar School at Kota. Dr. Bansi Dhar School, an English medium CBSE affiliated school, has earned a reputation for high quality education and several accolades for its children. Apart from providing quality education through well qualified and trained teachers, the School also cultivates and encourages children to undertake extra-curricular activities in the area of arts, culture and sports.

The Company also provides rehabilitation, training and employment to differently abled persons.

Health care

At Daurala family planning camps were organized and incentives provided to people of the surrounding areas regularly in association with the district medical authority. Free medical check up camps were organized for general, cardiac, asthma, lever & dyspepsia and eye as part of regular programme. A charitable dispensary is run with OPD services and free medicine facilities for factory employees and population from the adjoining areas.

Shriram Rayons organized blood donation camp in association with the Kota Blood Bank Society and employees were encouraged to donate blood for the noble cause of saving lives.

Rural development

Shriram Rayons converted its coal fired boiler into agro-waste fired boiler. This has opened up avenues for the rural population to take up indirect employment apart from providing additional income to farmers.

Rain water harvesting is a focus area at DSW and so far over two lac sq. ft. covered area has been brought under rain water harvesting. Efforts are on to progressively cover the entire area around the Unit.

Environment protection

Tree plantation is an on-going activity both at Daurala and Kota. This activity not only improves the quality of air in the area, but also mitigates green house emissions, which are the major cause of global warming.

DSW has upgraded its power house and processes and stopped using coal as a fuel. Various agro-fuels, locally available, including bagasse, rice husk, sawdust and wood chips, etc. are being used instead. Continuous efforts are being made to reduce power consumption. Shriram Rayons also shifted to agrowaste fuels replacing fossil fuels.

The Unit at Daurala produces bio-compost by mixing press mud with treated distillery effluent. This prevents discharge of distillery effluent in land and water streams and also helps reconditioning of soil for agriculture.

Miscellaneous activities

Shriram Rayons Unit has promoted Shriram Udaymi Sahkari Samiti Limited, run by women which is engaged in making different types of kitchen items. The Unit had undertaken a programme to make citizens aware of the importance of casting votes. It organized seminars on disaster management.

Prime Minister's National Relief Fund

Being a responsible corporate citizen, the Company and its employees at all levels contributed to the Prime Minister's National Relief Fund to support the State of Utrakhand in its measures to provide relief to those affected by destruction caused by devastating floods.

All the above activities carried out by the Company fit into the list of CSR activities now laid down under the Companies Act, 2013.

DIRECTORS' REPORT (continued)

Annexure - II

Statement of Particulars under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 forming part of the Report of Directors for the year ended March 31, 2014.

(A) Employed throughout the year under review and were in receipt of remuneration for the year in aggregate of not less than Rs.60,00,000/-.

Name	Designation and Nature of Duties	Remuneration Received (Rs.)	Qualification	Experience (Years)	Date of Commencement	Age (Years)	Particulars of Last Employment
Dhar, Tilak	Chairman & Managing Director	88,32,427/-	B.Com., CA (Inter), MBA	34	08/09/80	58	Manager, DCM Ltd.
Shriram, Alok B.	Dy. Managing Director	88,32,862/-	B.Com. (Hons.)	34	01/01/90	53	Dy. General Manager, Shriram Honda Power Equipment Ltd.
Shriram, Madhav B.	Whole Time Director	66,11,178/-	B.Com., MBA	26	22/5/90	49	Executive Trainee, Nissho Iwai Corporation

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

(B) Employed for part of the year under review and were in receipt of remuneration for part of the year in aggregate of not less than Rs.5,00,000/- per month - NIL

Annexure - III

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 :

- Installation of efficient screw pumps in place of gear pumps.
- Installation of energy efficient low speed pumps at evaporators.
- Installation of energy efficient self priming pumps.
- Installation of energy efficient planetary gear drive at crystallizer.
- Reduction of power consumption for production of Alcohol by improvement in process and reorganisation pumping.
- Installation of one more energy efficient 430 TR Vapour absorption machine.
- Installation of low pressure compressor for Instrument air.
- Installation of three stage ejector system for evaporator.
- Installation of VFD's on ID & Secondary fan for draught control in boiler.
- Replacement of steam heater with CNG heater.
- Installation of capacitors to reduce power distribution losses.
- Reduction of energy consumption by process optimisation, such as pre-cooling, improving heat transfer efficiency etc.

- Replacement of glass absorbers / heat exchangers with more efficient graphite ones.
- Installation of variable frequency drives for Centrifuge operations.
- Thorough study of the plants and machineries to optimize energy consumption wherever possible.

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

- Replacement of old 2.8 MW Condensing TG Set with a more efficient 5 MW TG Set, to increase export of power to Grid.
- Replacement of some more low efficiency pumps at various stations with more energy efficient pumps.
- Installation of multi pressure distillation system based plant for rectified spirit production.
- Installation of efficient backpressure steam TG set.
- Conversion of one more boiler from coal to husk firing.
- Installation of additional capacitors to reduce power distribution losses.
- Installation of additional solar water heaters.
- Installation of one more evaporator.
- Installation of alternate system for vacuum generation.
- Coating of pumps to reduce friction and corrosion.
- Increasing insulation efficiency through review of insulation materials, to reduce energy losses.

c) Impact of the above measures :

- Optimization of steam & power consumption and improved product quality.
- 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. 373.15 crs. and used Rs. 172.00 crs.

FORM - A

Particulars	Year ended <u>March 31, 2014</u>	Year ended <u>March 31, 2013</u>
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a) <u>Purchased</u>		
- Units (Lacs / KWH)	281	223
- Total Amount (Rs./ lacs)	1674	1309
- Rate (Rs./ KWH)	5.96	5.88
b) <u>Own generation</u>		
i). <u>Through Diesel Generator</u>		
- Units (Lacs / KWH)	38.00	-

DIRECTORS' REPORT (continued)

Particulars	Annexure - III (contd.)	
	Year ended March 31, 2014	Year ended March 31, 2013
- Kwh generated per ltr. of Diesel Oil	3.61	-
- Cost (Rs./ KWH)	19.40	-
ii). <u>Through Steam Turbine / Generator</u>		
- Units (Lacs / KWH)	1776	1744
- Kwh generated per kg. of Coal*	1.16	0.93
- Cost (Rs./ KWH)*	6.32	6.79
2. Coal (Mixed grades)		
(used for steam / power generation)		
- Quantity (MT)	54461	52308
- Total Cost (Rs./ lacs)	2812	2432
- Average Rate (Rs./ MT)	5163	4649
3. Agro Fuel (outside purchase)		
- Quantity (MT)	85345	76685
- Total Cost (Rs./ lacs)	2725	2265
- Average Rate (Rs./ MT)	3193	2954
4. Diesel		
- Quantity (Lacs/ Ltr.)	10.61	-
- Total Cost (Rs./ lacs)	586	-
- Average Rate (Rs./ Ltr.)	55	-
5. Other / Internal generation – Bagasse		
- Quantity (MT)	411395	393074
- Total Cost	(By - product)	(By - product)
- Average Rate		
B. CONSUMPTION PER UNIT OF PRODUCTION		
6. Electricity		
- Sugar (KWH / MT Cane)	38.62	38.60
- Rayon Yarn (KWH / Kg.)	2.42	2.48
7. Steam		
- Sugar (% Cane)	46.37	44.55
- Rayon Yarn (MT / MT)	27.02	26.48

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

Form - B**RESEARCH & DEVELOPMENT****1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY:**

- Company has been making intensive efforts to identify, test at field level & then promote cultivation of high yielding varieties of cane suitable for area, in close coordination with farmers. Towards this end, a new cane variety which was found to be promising, is under our rapid multiplication program for mass propagation since the last three years. Commercial supplies to the mill shall commence in the coming season. This should help improve recoveries to further identify improved cane varieties, trials are continuing at our cane research farm and in growers' fields.
- Reduction in waste water generation per unit of product and increase in recycling of water to reduce water consumption.
- Usage of self propelled Aero-tiller for Bio Composting of press mud, to improve land use as well as effluent utilization.
- Trials were conducted to increase the speed of Spinning machines and Ply Cabling machines. On successful completion of the same, the speed of Spinning & Ply Cabling machines was increased to achieve higher productivity.
- Process optimization / improvements in the IMFL bottling to reduce costs and debottleneck capacity.
- Pilot trials completed for development of a new chemical intermediate. Also documentation for this intermediate done as per requirements for pharma ingredients.
- Process improvement to improve quality of existing products, to cater to requirements of specific customers.

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 materials / utilities, water conservation and higher supply to grid.
- Regular contract entered with an outside party for contract research work, and developed potential to start production of another product on contract basis.

3. FUTURE PLAN OF ACTION:

- Continued emphasis on plantation of new / better varieties of cane.
- Continue efforts to further optimize various processes, through intensive R&D.
- Setting up a facility for production of another intermediate.
- Debottlenecking of capacity for a key product.

4. EXPENDITURE ON R&D**(Rs. / Lacs)**

- | | |
|------------|---------------|
| a) Capital | 30.04 |
| b) Revenue | <u>128.63</u> |
| c) Total | <u>158.67</u> |
- d) Total expenditure as a % of turnover is 0.12% (this represents specific R&D expenditure, but excludes expenditure on developmental activities carried out in the normal course of operations).

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**1. Efforts Made**

- Optimization of newly purchased self propelled type Aero-tiller machine for improved Bio Composting & productivity.
- Process control optimisation in various areas.
- Material of construction changed from lead to engineering plastics in various machines and piping.
- Installation of online caustic analyzer with auto control.
- Installation of electronic measurement and control system in place of pneumatic system in various areas.
- Installation of digital temperature recorders & digital gas sensors.
- Installation of high efficiency machines i.e. two for one twisting machines; new high capacity wrapping machine; and new high speed air jet loom for tyre cord fabric.

2. Benefits Derived

- Improvement in quality of products, increased production and capacity utilization, energy conservation, lower costs and downtime, a cleaner / safer environment, lower waste generation at source, 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, 2014, 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 Company's 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and 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 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 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 control 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 audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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, 2014;
- (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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 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 : 30.5.2014

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 during the year 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, the Company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii) (a) to (d) of the Order are not applicable.
- (b) 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. The Company has not taken any fixed deposits during the year from such parties. At the year-end, the outstanding balances of such loans taken aggregated Rs. 19.00 lacs (four parties) and the maximum amount involved during the year was Rs. 29 lacs (five parties).
 - (c) The rate of interest and other terms and conditions of such loans taken by the Company are not, prima facie, prejudicial to the interest of the Company.
 - (d) The payments of principal amounts and the interest in respect of such loans are as per stipulations.
- (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 (excluding loans reported under paragraph (iii) above) is in excess of Rs. 5 lacs 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.

INDEPENDENT AUDITORS' REPORT (continued)

- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA 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 the 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 the National Company Law Tribunal or the 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 and the Cost Accounting Records (Sugar Industry) 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 made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us and the records of the Company examined by us in respect of statutory dues:
- The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Entry Tax, Purchase Tax, Customs Duty, Excise Duty, Cess 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 Works Contract Tax with the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
 - Details of dues of Excise Duty, Service Tax, Income-tax and Sales Tax matters which have not been deposited as on March 31, 2014 by the Company on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount involved * (Rs. lacs)	Amount paid under protest (Rs. lacs)
Central Excise Act, 1944	Excise Duty	High Court	March '86 to December '89	20.00	-
	Modvat Credit	Commissioner (Appeals)	1995-96, November '04 to December '08	31.79	-
Service Tax Laws-Finance Act, 1994	Service Tax	High Court	2004-07	27.87	-
		Deputy Commissioner	January '08 to October '08	1.44	-
		Assistant Commissioner, Central Excise & Customs	December'09 to December'10	4.28	-
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2005-06	193.40	193.40
		Commissioner of Income Tax (Appeals)	2003-05	2112.46	1297.96
Sales Tax Laws	Sales Tax	Commercial Tax Tribunal	2008-09	0.88	-
		Additional Commissioner	2007-11	10.78	7.94

*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:

Name of the Statute	Nature of dues	Forum where department has preferred appeal	Period to which the amount relates (various years covering the period)	Amount involved * (Rs. lacs)
Central Excise Act, 1944	Excise Duty	Customs, Excise & Service Tax Appellate Tribunal	2003-08	26.71
		High Court	1998-99	3.54
	Modvat Credit	High Court	1995-96	15.15
Income Tax Act, 1961	Income Tax	High Court	1999-2005	1441.45
Service Tax Laws- Finance Act, 1994	Service Tax	Customs, Excise & Service Tax Appellate Tribunal	2005	2.01
Sales Tax Laws	Sales Tax	High Court	1976-2002	151.35
		Commercial Tax Tribunal	2006-07	0.32

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

We have been further informed that there are no dues in respect of 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 and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (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) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xiii) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the CARO is not applicable.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied by the Company 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 of the Company, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xvi) During the year the Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (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, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Place : New Delhi
Date : 30.5.2014

Jaideep Bhargava
Partner
(Membership No. 090295)

Balance Sheet as at March 31, 2014

Particulars	Note No.	As at 31.03.2014 Rs.lacs	As at 31.03.2013 Rs.lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1,739.84	1,739.84
Reserves and surplus	3	21,424.47	19,447.37
		23,164.31	21,187.21
Non-current liabilities			
Long - term borrowings	4	8,145.66	7,391.49
Deferred tax liabilities (Net)	5	4,789.19	4,226.97
Other long-term liabilities	6	275.52	356.57
Long-term provisions	7	906.85	779.94
		14,117.22	12,754.97
Current liabilities			
Short-term borrowings	8	17,910.77	29,245.59
Trade payables	9	31,991.06	22,121.56
Other current liabilities	10	6,732.52	7,420.88
Short-term provisions	11	1,006.14	587.66
		57,640.49	59,375.69
TOTAL		94,922.02	93,317.87
ASSETS			
Non-current assets			
Fixed assets	12		
- Tangible assets		29,295.42	29,110.05
- Capital work in progress		1,846.17	1,467.68
		31,141.59	30,577.73
Non - current investments	13	613.40	613.51
Long - term loans and advances	14	2,696.22	3,440.28
		34,451.21	34,631.52
Current assets			
Current investments	15	2,140.00	570.64
Inventories	16	41,423.42	43,997.73
Trade receivables	17	11,233.87	9,551.63
Cash and bank balances	18	735.51	1,304.89
Short - term loans and advances	19	4,387.49	2,616.81
Other current assets	20	550.52	644.65
		60,470.81	58,686.35
TOTAL		94,922.02	93,317.87

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 : 30.5.2014

D.C. Mittal
President
B.P. Khandelwal
Company Secretary &
Head (Corporate Laws)
N.K. Jain
Chief Financial Officer

For and on behalf of the Board

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

Shri K.N. Rao
Shri P.R. Khanna
Dr. V.L. Dutt
Shri S.B. Mathur
Shri Ravinder Narain
Shri S.C. Kumar
Directors

Statement of Profit and Loss for the year ended March 31, 2014



Particulars	Note No.	Year ended	Year ended
		<u>31.03.2014</u>	<u>31.03.2013</u>
		Rs. lacs	Rs. lacs
REVENUE			
Revenue from operations	21	1,37,160.16	1,14,347.56
Less: Excise duty		5,830.12	4,872.30
		1,31,330.04	1,09,475.26
Other income	22	1,570.13	1,407.28
TOTAL REVENUE		1,32,900.17	1,10,882.54
EXPENSES			
Cost of materials consumed	23	73,297.00	67,874.22
Purchase of traded goods	24	11,240.43	7,683.83
(Increase)/ Decrease in inventories of finished goods, work-in-progress and traded goods	25	2,736.47	(2,292.86)
Employee benefits expense	26	8,964.55	7,937.83
Finance costs	27	3,993.78	4,215.78
Depreciation	28	2,218.12	2,126.22
Other expenses	29	25,880.69	21,370.50
TOTAL EXPENSES		1,28,331.04	1,08,915.52
Profit before tax		4,569.13	1,967.02
Tax expense:	30		
Current tax		1,107.10	-
Deferred tax charge		562.22	843.60
		1,669.32	843.60
Profit for the year		2,899.81	1,123.42
Earnings per equity share - basic/ diluted (Rs.)	31	16.67	6.46
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 : 30.5.2014

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Dr. V.L. Dutt
Shri S.B. Mathur
Shri Ravinder Narain
Shri S.C. Kumar
Directors

Cash Flow Statement for the year ended March 31, 2014

	Year ended 31.03.2014	Year ended 31.03.2013
	Rs. lacs	Rs. lacs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,569.13	1,967.02
Adjustments for :		
Depreciation	2,218.12	2,126.22
Finance costs	3,993.78	4,215.78
Interest income	(181.07)	(194.57)
Provisions for contingencies	100.00	-
Profit on sale of fixed assets	(59.76)	(318.15)
Loss on sale of fixed assets	25.99	18.32
Investments / assets written off	0.11	-
Net (gain) / loss on sale of current investments	(76.63)	(128.20)
Operating profit before working capital changes	10,589.67	7,686.42
Adjustments for :		
Increase / (Decrease) in trade payables, other current liabilities and short term provisions	9,325.63	(489.11)
(Decrease) / Increase in long term liabilities & long term provisions	(0.97)	84.27
(Increase) in trade receivables, short term loans & advances and other current assets	(3,368.63)	(956.11)
Decrease / (Increase) in long term loans & advances and other non current assets	347.35	(151.22)
Decrease / (Increase) in inventories	2,574.31	(4,004.57)
Cash generated from operations	19,467.36	2,169.68
Income tax (paid)	(879.50)	(309.12)
Net cash generated from operating activities (A)	18,587.86	1,860.56
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets, including capital advances	(2,751.04)	(2,945.42)
Proceeds from sale of fixed assets	91.64	370.48
Purchase of current non trade investments	(2,190.00)	(3,138.50)
Proceeds from sale of current non trade investments	697.27	5,372.34
Bank balances not considered as cash and cash equivalents	70.71	(82.14)
Interest received	197.26	132.30
Net cash (used in) investing activities (B)	(3,884.16)	(290.94)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	4,600.29	2,302.55
Repayment of long term borrowings	(4,140.23)	(4,528.77)
(Decrease) / Increase in short term borrowings	(11,334.82)	4,604.51
Finance costs (Includes borrowing costs capitalised)	(4,025.55)	(4,304.20)
Dividend on equity share capital paid	(257.71)	(0.09)
Corporate dividend tax paid	(44.35)	-
Net cash (used in) financing activities (C)	(15,202.37)	(1,926.00)
Net (decrease) in cash and cash equivalents (A+B+C)	(498.67)	(356.38)
Cash and cash equivalents at the beginning of the year	820.68	1,177.06
Cash and cash equivalents at the close of the year	322.01	820.68

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 30.5.2014

D.C. Mittal
President
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Company Secretary &
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For and on behalf of the Board

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

1. Significant Accounting Policies

a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention, as modified to include the revaluation of certain fixed assets. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of estimates

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

c) Fixed assets

i) Owned assets

All fixed assets are stated at cost of acquisition or construction including taxes and other incidental expenses related to acquisition, installation cost, 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 for their intended use) relating to borrowed funds or deferred credits attributable to acquisition or construction of fixed assets are included in the gross book value of fixed assets to which they relate.

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

Notes forming part of the financial statements (continued)

f) Inventories

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

g) Research and development

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

h) Export benefits

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

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

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

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

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 dispatch to customers and include excise duty.

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

l) Income-tax

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

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 <u>31.03.2014</u>	As at <u>31.03.2013</u>
	Rs. lacs	Rs. lacs
Authorised		
6,50,00,000 (2012-13 - 6,50,00,000) Equity shares of Rs. 10 each	<u>6,500.00</u>	<u>6,500.00</u>
Issued, subscribed and fully paid up		
1,73,98,437 (2012-13 - 1,73,98,437) Equity shares of Rs. 10 each	<u>1,739.84</u>	<u>1,739.84</u>
	<u>1,739.84</u>	<u>1,739.84</u>

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

	As at <u>31.03.2014</u>	As at <u>31.03.2013</u>
Name of the shareholder	No of shares	No of shares
a) Bantam Enterprises Private Limited	13,45,320	13,45,320
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	10,33,243
e) Versa Trading Limited	22,24,725	22,24,725

3. Reserves and surplus

	As at <u>31.03.2014</u>	As at <u>31.03.2013</u>
	Rs. lacs	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
Revaluation Reserve	2,169.46	2,379.73
General Reserve	2,902.69	2,602.69
Surplus in Statement of Profit and Loss	<u>11,534.16</u>	<u>9,646.79</u>
	<u>21,424.47</u>	<u>19,447.37</u>

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

	As at <u>31.03.2014</u>	As at <u>31.03.2013</u>
	Rs. lacs	Rs. lacs
Movement in reserves and surplus is as under :		
(a) Revaluation Reserve		
Opening balance	2,379.73	2,580.38
Less: Transferred to Statement of Profit and Loss for set off against depreciation (refer note 28)	207.93	174.17
Less: Utilised for set off on deletion of revalued assets	2.34	26.48
Closing balance	<u>2,169.46</u>	<u>2,379.73</u>
(b) General Reserve		
Opening balance	2,602.69	2,502.69
Add : Transferred from Surplus in Statement of Profit and Loss	300.00	100.00
Closing balance	<u>2,902.69</u>	<u>2,602.69</u>

Notes forming part of the financial statements (continued)

	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
(c) Surplus in Statement of Profit and Loss		
Opening balance	9,646.79	8,928.70
Add: Profit for the year	2,899.81	1,123.42
	<u>12,546.60</u>	<u>10,052.12</u>
Less : Appropriations		
Transferred to General Reserve	300.00	100.00
Proposed Dividend on Equity shares [Dividend per share Rs. 3.50 (2012-13 -Rs. 1.50)]	608.95	260.98
Tax on Dividend	103.49	44.35
Closing balance	<u>11,534.16</u>	<u>9,646.79</u>
4. Long - term borrowings		
	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Secured		
Term loans		
- From banks	9,879.02	9,142.21
- From others	1,082.97	1,443.96
	<u>10,961.99</u>	<u>10,586.17</u>
Unsecured		
Public deposits	977.04	879.17
	<u>11,939.03</u>	<u>11,465.34</u>
Less : Current maturities of long term borrowings	3,793.37	4,073.85
	<u>8,145.66</u>	<u>7,391.49</u>
	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Details of Current maturities of long term borrowings:		
Secured		
Term loans		
- From banks	2,992.96	3,458.90
- From others	360.99	360.99
Unsecured		
Public deposits	439.42	253.96
	<u>3,793.37</u>	<u>4,073.85</u>

SECURED

I. Banks

- Nil (2012-13 – Rs.333.20 lacs), Rs.713.00 lacs (2012-13 – Rs.1285.00 lacs), Rs.200.00 lacs (2012-13 – Rs.1000.00 lacs), Rs.1875.00 lacs (2012-13 – Rs.2500.00 lacs), Rs.1450.00 lacs (2012-13 – Nil) and Rs.276.33 lacs (2012-13 - Nil) currently carrying interest between 7.75% to 13.65% (net of interest subvention) and repayable in 0, 5, 1, 12, 16 and 20 quarterly installments respectively are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans.
- Rs.1025.92 lacs (2012-13 – Rs.1496.51 lacs) carrying interest of 12.50% and repayable in 9 quarterly installments 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.
- Nil (2012-13 – Rs.22.54 lacs), Rs.360.00 lacs (2012-13 – Rs.480.00 lacs) Rs.1120.00 lacs (2012-13 – Rs.1400.00 lacs) and Rs.414.88 lacs (2012-13 – Nil) currently carrying interest between 7.50% to 12.75% (net of interest subvention) and repayable in 0, 12, 16 and 16 quarterly installments respectively are secured by first charge on specific movable assets of Shriram Rayons, a unit of the Company.

- d) Rs.163.71 lacs (2012-13 – Rs.272.91 lacs) currently carrying interest of 8.25% (net of interest subvention) repayable in 6 quarterly installments is secured by first mortgage and charge on specific immovable and movable assets of Shriram Rayons, a unit of the Company.
- e) Rs.231.00 lacs (2012-13 – Rs.321.00 lacs) currently carrying interest of 14.25% repayable in 8 quarterly installments is secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans.
- f) Rs.124.46 lacs (2012-13 – Nil) currently carrying interest of 12.50% repayable in 16 quarterly installments is secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, both present and future, excluding the assets exclusively charged subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans.
- g) Rs.1900.00 lacs (2012-13 – Nil) carrying Nil interest (net of interest subvention) repayable in 36 monthly installments is secured by residual charge on fixed assets of sugar division of the Company.
- h) Rs.24.72 lacs (2012-13 – Rs.31.05 lacs) currently carrying interest of 11.25% repayable in 50 monthly installments are secured by hypothecation of specific assets.

II. Others

Rs.1082.97 lacs (2012-13 – Rs.1443.96 lacs) carrying interest of 4% and repayable in 3 yearly installments 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 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
(a) Deferred tax liabilities		
- Depreciation	5,630.28	5,665.97
(b) Deferred tax assets		
- Accrued expenses deductible on payment	405.98	348.36
- Provision for gratuity and leave salary	374.07	361.06
- Provision for doubtful debts and advances	13.77	12.28
- Unabsorbed depreciation	-	595.50
- Others	47.27	121.80
	<u>841.09</u>	<u>1,439.00</u>
Net	<u>4,789.19</u>	<u>4,226.97</u>

6. Other long - term liabilities

	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Trade payables		
- Micro and small enterprises*	-	-
- Others	78.13	72.36
Others		
- Interest accrued but not due on borrowings	138.30	191.47
- Others	59.09	92.74
	<u>275.52</u>	<u>356.57</u>

* Refer note 36

7. Long - term provisions

	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Provision for employee benefits *		
- Gratuity	262.92	296.62
- Leave salary	543.93	483.32
Provision for contingencies **	100.00	-
	<u>906.85</u>	<u>779.94</u>

* Refer note 43

** Refer note 32

Notes forming part of the financial statements (continued)

8. Short - term borrowings

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Secured		
Loans repayable on demand - Cash credits from banks *	<u>17,910.77</u>	<u>29,245.59</u>
	<u>17,910.77</u>	<u>29,245.59</u>

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

9. Trade payables

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Acceptances	3,602.31	3,481.94
Trade payables		
- Micro and small enterprises*	-	-
- Others	<u>28,388.75</u>	<u>18,639.62</u>
	<u>31,991.06</u>	<u>22,121.56</u>

* Refer note 36

10. Other current liabilities

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Current maturities of long term borrowings *	3,793.37	4,073.85
Interest accrued but not due on borrowings	206.25	176.24
Unclaimed dividends	48.65	45.38
Unclaimed deposits and interest accrued thereon	7.65	24.47
Payables for fixed assets		
- Micro and small enterprises **	-	-
- Others	277.84	146.94
Other payables		
- Statutory dues	1,666.41	2,232.47
- Advances from customers	322.55	316.94
- Security deposits	221.59	198.40
- Others	<u>188.21</u>	<u>206.19</u>
	<u>6,732.52</u>	<u>7,420.88</u>

* Refer note 4

** Refer note 36

11. Short - term provisions

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Provision for employee benefits *		
- Leave salary	293.70	282.33
Proposed Dividend	608.95	260.98
Tax on Dividend	<u>103.49</u>	<u>44.35</u>
	<u>1,006.14</u>	<u>587.66</u>

* Refer note 43

12 Fixed Assets Rs.lacs

Particulars	Gross block			Depreciation			Net block		
	As at 31.03.2013	Additions	Deductions	As at 31.03.2014	As at 31.03.2013	For the year	On deductions	As at 31.03.2014	As at 31.03.2013
Tangible Assets									
Land	1,290.67	-	-	1,290.67	-	-	-	1,290.67	1,290.67
Buildings	6,886.68	517.53	8.51	7,395.70	3,705.98	196.19	5.87	3,499.40	3,180.70
Plant and equipment	51,105.15	1,933.61	202.47	52,836.29	27,254.42	2,099.03	193.75	23,676.59	23,850.73
Furniture and fixtures	541.43	32.28	4.22	569.49	387.23	48.43	2.09	135.92	154.20
Vehicles	696.07	104.14	93.50	706.71	290.94	64.71	53.23	404.29	405.13
Office equipment	540.61	84.07	12.46	612.22	311.99	17.69	6.01	288.55	228.62
Total Tangible Assets	61,060.61	2,671.63	321.16	63,411.08	31,950.56	2,426.05	260.95	29,295.42	
Previous year	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
Capital work in progress								1846.17	1467.68

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. 12087.75 lacs (2012-2013 Rs.12230.37 lacs) is included in the gross block of fixed assets as on March 31, 2014.

The revaluation amount included in net block is Rs.789.07 lacs(2012-13 -Rs.789.07 lacs) in Land, Rs.577.62 lacs(2012-13 - Rs.676.37 lacs) in Buildings and Rs.802.77 lacs (2012-13 – Rs.914.29 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. 5.42 lacs (2012-13 Rs.56.99 lacs)

Notes forming part of the financial statements (continued)

13. Non-current investments*

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Trade Investments – Unquoted		
Investments in equity instruments		
- Daurala Co-operative Development Union Limited 2 (2012-13 - 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 (2012-13 - 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 (2012-13 - 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 (2012-13 - 7,00,000) 5% redeemable non-cumulative Preference shares of Rs. 100 each, fully paid-up	700.00	700.00
Less :Provision for diminution in value	<u>700.00</u>	<u>700.00</u>
Investments in Government securities **	-	0.11
	<u>613.40</u>	<u>613.51</u>
(i) Aggregate amount of unquoted investments (net of provision for diminution in value)	613.40	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 <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Capital advances	344.67	507.43
Security deposits	379.74	277.23
Loans and advances to related parties – Secured *	-	627.76
MAT Credit entitlement	1,262.73	1,389.60
Advance tax (net of provision)	350.51	451.24
Other loans and advances		
- Excise, Cenvat and VAT receivable	301.37	129.68
- To employees	39.19	49.16
- Others		
- Unsecured - considered good	18.01	8.18
- Unsecured - considered doubtful	3.94	3.94
	<u>2,700.16</u>	<u>3,444.22</u>
- Less : Provision for doubtful advances	3.94	3.94
	<u>2,696.22</u>	<u>3,440.28</u>

* Refer note 38

15. Current investments *

	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Investments in Mutual Funds – Fully paid up		
Unquoted		
28466.237 (2012-13 – Nil) Reliance Money Manager Fund Growth Plan – Growth units of Rs. 1000 each	500.00	-
1102082.201(2012-13 – Nil) HDFC Cash Management Fund Treasury Advantage Plan Retail – Growth units of Rs. 10 each	300.00	-
1760780.378 (2012-13 – Nil) HSBC Ultra Short Term Bond Fund Growth units of Rs. 10 each	200.00	-
669379.246 (2012-13 – Nil) HSBC Income Fund Growth units of Rs. 10 each	140.00	-
203598 (2012-13 – Nil) Birla Sunlife Saving Fund - Growth Regular Plan units of Rs.10 each	500.00	-
36967.546 (2012-13 – Nil) IDBI Liquid Fund Direct Plan Growth units of Rs. 1000 each	500.00	-
Nil (2012-13 – 455592.395) DWS Cash Opportunities Fund Institutional Plan - Growth units of Rs.10 each	-	63.26
Nil (2012-13 -2753251.289) Birla Sunlife Dynamic Fund - Retail Growth -Regular Plan units of Rs. 10 each	-	497.38
Nil (2012-13 -73908.191) SBI Dynamic Bond Fund – Regular Plan Growth units of Rs. 10 each	-	10.00
	2,140.00	570.64
Aggregate repurchase price of units of mutual funds	2,150.69	626.10
* Refer note 1(e)		

16. Inventories *

	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Raw materials **	5,817.26	6,144.13
Work-in-progress	1,557.26	1,334.42
Finished goods ***	30,612.92	33,548.34
Traded goods	33.96	57.85
Stores and spares	3,402.02	2,912.99
	41,423.42	43,997.73

* Refer note 1(f)

** Includes raw materials in transit Rs.535.44 lacs (2012-13 Rs.711.97 lacs)

*** Includes finished goods in transit Rs.423.65 lacs (2012-13 Rs.86.78 lacs)

Notes forming part of the financial statements (continued)

17. Trade receivables

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured - considered good	15.14	16.66
- considered doubtful	<u>36.59</u>	<u>32.21</u>
	51.73	48.87
Less : Provision for doubtful receivables	<u>36.59</u>	<u>32.21</u>
	<u>15.14</u>	<u>16.66</u>
Others		
Secured - considered good	2.56	2.33
Unsecured - considered good	<u>11,216.17</u>	<u>9,532.64</u>
	<u>11,218.73</u>	<u>9,534.97</u>
	<u>11,233.87</u>	<u>9,551.63</u>

18. Cash and bank balances

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Cash and cash equivalents :		
- Cash in hand	40.67	44.57
- Balances with banks – in current accounts	<u>281.34</u>	<u>776.11</u>
	<u>322.01</u>	<u>820.68</u>
Other bank balances :		
In deposit accounts		
- Original maturity more than 3 months and upto 12 months	94.47	124.81
- Original maturity more than 12 months *	21.00	22.42
In earmarked accounts		
- Unpaid dividend accounts	48.65	45.38
- Balances held as margin money or security against borrowings, guarantees and other commitments		
- Original maturity more than 3 months and upto 12 months	146.56	181.66
- Original maturity more than 12 months	60.00	65.26
- Other earmarked accounts	<u>42.82</u>	<u>44.68</u>
	<u>413.50</u>	<u>484.21</u>
	<u>735.51</u>	<u>1,304.89</u>
* Balances with banks include deposits with remaining maturity of more than 12 months from the balance sheet date	5.00	22.42

19. Short - term loans and advances

(Unsecured considered good unless otherwise stated)

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Loans and advances to related parties - Secured *	621.41	-
Other loans and advances		
- Security deposits	4.70	23.47
- Excise, Cenvat, VAT receivable and other Govt. dues	2,352.97	1,867.08
- To employees	21.92	16.68
- Others	<u>1,386.49</u>	<u>709.58</u>
	<u>4,387.49</u>	<u>2,616.81</u>

* Refer note 38

20. Other current assets

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Interest accrued on deposits	22.47	32.31
Unbilled revenue	528.05	612.34
	<u>550.52</u>	<u>644.65</u>

21. Revenue from operations

	Year ended <u>31.03.2014</u> Rs. lacs	Year ended 31.03.2013 Rs.lacs
Sale of products		
- Export	37,700.31	27,149.14
- Domestic	94,962.22	84,428.33
	<u>1,32,662.53</u>	<u>1,11,577.47</u>
Sale of services		
- Processing charges	1,439.91	715.67
- Others	134.84	50.33
	<u>1,574.75</u>	<u>766.00</u>
	<u>1,34,237.28</u>	<u>1,12,343.47</u>
Other operating revenues		
- Sale of scrap	415.59	449.64
- Duty Draw back and other export benefits	2,216.20	1,528.35
- Others	291.09	26.10
	<u>2,922.88</u>	<u>2,004.09</u>
	<u>1,37,160.16</u>	<u>1,14,347.56</u>
Less: Excise duty	5,830.12	4,872.30
	<u>1,31,330.04</u>	<u>1,09,475.26</u>

Product-wise particulars of sales are as under :

	Year ended <u>31.03.2014</u> Rs. lacs	Year ended 31.03.2013 Rs.lacs
Sugar	44,625.36	43,818.95
Alcohol	18,246.34	12,796.72
Organic/Fine chemicals	30,597.46	25,986.89
Industrial fibres	32,404.47	22,665.96
Others	6,788.90	6,308.95
	<u>1,32,662.53</u>	<u>1,11,577.47</u>

22. Other income

	Year ended <u>31.03.2014</u> Rs. lacs	Year ended 31.03.2013 Rs.lacs
Interest income *	181.07	194.57
Profit on sale of fixed assets	59.76	318.15
Provisions / Liabilities no longer required, written back	220.24	280.48
Rent	32.01	30.84
Profit on sale of current investments	76.63	128.20
Gain on foreign exchange fluctuation (net)	900.06	341.71
Miscellaneous income	100.36	113.33
	<u>1,570.13</u>	<u>1,407.28</u>

* Income-tax deducted at source Rs.7.74 lacs (2012-13 Rs.9.64 lacs)

Notes forming part of the financial statements (continued)

23. Cost of materials consumed

	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs.lacs
Opening stock	6,144.13	4,366.60
Add: Purchases	72,970.13	69,651.75
	<u>79,114.26</u>	<u>74,018.35</u>
Less : Closing stock	5,817.26	6,144.13
	<u>73,297.00</u>	<u>67,874.22</u>
Particulars of materials consumed are as under :		
	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs.lacs
Sugarcane	40,732.17	40,235.55
Molasses (Net of internal transfers)	146.80	68.85
Wood pulp	8,081.32	6,161.24
Others	24,336.71	21,408.58
	<u>73,297.00</u>	<u>67,874.22</u>

24. Purchase of traded goods

	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs.lacs
Grain Spirits	10,837.89	7,243.56
Others	402.54	440.27
	<u>11,240.43</u>	<u>7,683.83</u>

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

	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs.lacs
Opening stock		
Finished goods	33,548.34	31,734.83
Work in progress	1,334.42	868.45
Traded goods	57.85	44.47
	<u>34,940.61</u>	<u>32,647.75</u>
Closing stock		
Finished goods	30,612.92	33,548.34
Work in progress	1,557.26	1,334.42
Traded goods	33.96	57.85
	<u>32,204.14</u>	<u>34,940.61</u>
	<u>2,736.47</u>	<u>(2,292.86)</u>
Particulars of Stocks of Finished / Traded Goods & Work-in-progress are as under :		
	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs.lacs
<u>Stocks of Finished Goods / Traded Goods</u>		
Sugar	29,042.07	30,892.35
Alcohol	197.46	91.44
Organic/Fine chemicals	406.20	495.05
Industrial fibres	916.31	1,980.60
Others	84.84	146.75
	<u>30,646.88</u>	<u>33,606.19</u>
<u>Work-in-progress</u>		
Sugar	564.47	540.08
Alcohol	69.63	52.50
Organic/Fine chemicals	524.05	495.31
Industrial fibres	399.11	246.53
	<u>1,557.26</u>	<u>1,334.42</u>

26. Employee benefits expense

	Year ended <u>31.03.2014</u> Rs. lacs	Year ended <u>31.03.2013</u> Rs.lacs
Salaries , wages etc.	7,612.60	6,579.76
Contribution to provident and other funds	993.44	1,029.91
Staff welfare expenses	358.51	328.16
	<u>8,964.55</u>	<u>7,937.83</u>

27. Finance costs

	Year ended <u>31.03.2014</u> Rs. lacs	Year ended <u>31.03.2013</u> Rs.lacs
Interest expense	3,710.20	3,955.59
Other borrowing costs	283.58	260.19
	<u>3,993.78</u>	<u>4,215.78</u>

28. Depreciation

	Year ended <u>31.03.2014</u> Rs. lacs	Year ended <u>31.03.2013</u> Rs.lacs
Depreciation on tangible assets	2,426.05	2,300.39
Less:Transferred from revaluation reserve *	207.93	174.17
	<u>2,218.12</u>	<u>2,126.22</u>

* Refer note 3 (a)

29. Other expenses

	Year ended <u>31.03.2014</u> Rs. lacs	Year ended <u>31.03.2013</u> Rs.lacs
Stores and spares	6,641.84	5,925.58
Power and fuel	8,525.54	6,289.61
Repairs - Building	406.16	311.27
- Plant and machinery	2,855.98	2,350.65
Rent	468.74	470.51
Auditors' remuneration		
- As auditors	27.00	25.00
- Limited review of unaudited financials results	16.35	15.00
- Verification of statements and other records	5.15	3.00
- Out-of-pocket expenses	0.50	0.50
Insurance	162.03	163.38
Rates and taxes	68.22	43.31
Increase / (decrease) in excise duty on finished goods	(137.46)	35.74
Freight and transport	854.22	708.89
Commission to selling agents	1,919.63	1,401.38
Loss on sale of fixed assets	25.99	18.32
Donation	15.46	0.05
Provision for contingencies *	100.00	-
Bad debts and advances provided / written off	16.47	5.12
Miscellaneous expenses	3,908.87	3,603.19
	<u>25,880.69</u>	<u>21,370.50</u>

* Refer note 32

Notes forming part of the financial statements (continued)

30. Tax expense

	Year ended <u>31.03.2014</u> Rs. lacs	Year ended <u>31.03.2013</u> Rs.lacs
Current Tax		
- Provision for tax	980.23	282.50
- MAT (credit) / reversal	126.87	(282.50)
	<u>1,107.10</u>	-
Deferred tax charge	562.22	843.60
	<u>1,669.32</u>	<u>843.60</u>

	This year	Previous year
31. Earnings per share		
Profit after tax as per statement of profit and loss	(Rs.lacs) 2899.81	1123.42
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.) 16.67	6.46

32. 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. During the year, based on a detailed assessment of the maximum possible exposure on ultimate settlement of these issues, the Company has made a provision for contingencies of Rs. 100 lacs in these accounts.

	As at <u>31.03.2014</u> (Rs. lacs)	As at <u>31.03.2013</u> (Rs. lacs)
33. Contingent liabilities not provided for:-		
Income tax matters*	196.55	193.40
Excise / Service tax / Customs duty matters*	122.08	759.35
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	784.04	1069.60
Bills discounted	3045.21	2729.45

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

34. a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs. 1216.15 lacs (2012-13 – Rs. 297.66 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 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.

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35. Research and development expenses amounting to Rs. 128.63 lacs (2012-13 - Rs. 113.67 lacs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. 30.04 lacs (2012-13 - Rs. 53.27 lacs) has been included in fixed assets.
36. Parties covered under "The Micro, Small and Medium Enterprise Development Act, 2006" (MSMED Act, 2006) have been identified on the basis of confirmations received.

Based upon the information available, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is Nil (2012-13 - Nil). Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

37. Segment reporting

A. Business segments

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

B. Geographical segments

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

C. Segment accounting policies

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

i) Segment assets and liabilities

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

ii) Segment revenue and expenses

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

iii) Unallocated expenses

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

iv) Inter segment sales

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

Notes forming part of the financial statements (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	66432.36	59771.66	34253.67	24473.13	33551.25	28098.68	-	-	134237.28	112343.47
Less : Excise Duty	2592.00	2109.00	458.52	452.15	2779.60	2311.15	-	-	5830.12	4872.30
Net External sales	63840.36	57662.66	33795.15	24020.98	30771.65	25787.53	-	-	128407.16	107471.17
Income from operations	457.06	228.80	1945.90	1316.14	519.92	459.15	-	-	2922.88	2004.09
Inter segment revenue	2.74	3.39					(2.74)	(3.39)	-	-
Other Income	142.89	209.18	1052.43	303.47	224.83	437.91	-	-	1420.15	950.56
Unallocable income									149.98	456.72
Total revenue	64443.05	58104.03	36793.48	25640.59	31516.40	26684.59	(2.74)	(3.39)	132900.17	110882.54
Segment results	967.29	2984.88	6843.70	2903.48	2409.64	1285.41	-	-	10220.63	7173.77
Unallocated expenses (net of unallocable income)									1657.72	990.97
Operating profit									8562.91	6182.80
Finance costs									3993.78	4215.78
Profit / (Loss) before tax									4569.13	1967.02
Tax expense										
- Current tax									1107.10	-
- Deferred tax charge									562.22	843.60
Profit after tax									2,899.81	1,123.42
Other information										
Segment assets	51297.18	52913.54	25559.91	23256.56	11847.57	11715.81	-	-	88704.66	87885.91
Unallocated assets									6217.36	5431.96
Total assets	51297.18	52913.54	25559.91	23256.56	11847.57	11715.81	-	-	94922.02	93317.87
Segment liabilities	24767.45	16187.81	6814.32	5896.67	3679.44	3863.24	-	-	35261.21	25947.72
Share capital & reserves									23164.31	21187.21
Unallocated liabilities									36496.50	46182.94
Total liabilities	24767.45	16187.81	6814.32	5896.67	3679.44	3863.24	-	-	94922.02	93317.87
Capital expenditure	203.20	679.39	2330.52	1393.14	454.95	610.59				
Depreciation	1005.30	976.24	646.52	582.31	530.58	530.62				
Non cash expenses other than depreciation	7.01	8.84	22.47	9.40	7.28	3.02				

* 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	95199.86	83733.40	37700.31	27149.14	132900.17	110882.54
Carrying amount of segment assets by location	81761.65	81935.86	6943.01	5950.05	88704.66	87885.91
Capital expenditure by location of assets	2988.67	2683.12	-	-	2988.67	2683.12

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

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

Subsidiary : Daurala Foods & Beverages Private Limited (DFBPL)

Associate : DCM Hyundai Limited (DHL).

Key management personnel : Mr. Tilak Dhar, Mr. Alok B. Shriram, Mr. D.C. Mittal, Mr. Madhav B. Shriram, Mr. Anil Gujral (upto 31/01/2014) and Mr. K. N. Rao (w.e.f. 01/02/2014).

Relatives/HUF of key management personnel : Mrs. Karuna Shriram, Mrs. Kiran Mittal, Mr. Akshay Dhar, Ms. Kanika Shriram, Mrs. Divya Shriram, Ms. Aditi Dhar, Ms. Ritu Bansal, Mr. Rudra Shriram (w.e.f. 22/08/2013), Mrs. K. Rao (w.e.f. 01/02/2014) and M/s. Bansi Dhar & Sons - HUF (BDS).

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

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

i) Transactions with subsidiary and associate

(Rs. lacs)

Particulars	Subsidiary		Associate		Total	
	This year	Previous year	This year	Previous year	This year	Previous year
Rental expenses - DFBPL	17.64	8.82	-	-	17.64	8.82
Purchase of fixed assets / stores and spares - DFBPL	-	0.03	-	-	-	0.03
Interest charged on loans - DHL	-	-	59.61	59.61	59.61	59.61
Interest received on loans - DHL	-	-	65.96	5.97	65.96	5.97
Balance outstanding as at the year end from: - DHL						
- Principal	-	-	541.94	541.94	541.94	541.94
- Interest	-	-	79.47	85.82	79.47	85.82

Notes forming part of the financial statements (continued)

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	88.32	31.00
	- Mr. Alok B. Shriram	88.32	30.68
	- Mr. D.C. Mittal	52.23	48.97
	- Mr. Madhav B. Shriram	66.11	30.20
	- Mr. K. N. Rao	5.75	-
	- Mr. Anil Gujral	31.58	28.54
- Relatives of key management personnel		13.40	11.39
		345.71	180.78
Rental expenses			
- Relatives/HUF of key management personnel	- BDS	48.90	36.00
	- Mrs. Karuna Shriram	4.44	3.86
	- Mrs. Kiran Mittal	17.13	16.32
	- Mrs. K. Rao	0.54	-
- Others	- BEPL	5.55	0.30
	- HRTPL	1.14	0.09
		77.70	56.57
Public Deposits received			
- Key management personnel	- Mr. D.C. Mittal	-	5.00
- Relatives of key management personnel	- Mrs. Kiran Mittal	-	3.00
	- Mrs. Ritu Bansal	0.80	3.96
		0.80	11.96
Public Deposits paid			
- Relatives of key management personnel	- Mrs. Divya Shriram	10.00	-
Housing Loan			
- Principal amount given and received back	- Mr. Alok B. Shriram	-	47.50
- Interest charged thereon		-	0.67
Balance outstanding at the year end			
- Receivables	- BDS	44.53	28.36
	- Mrs. K. Rao	0.81	-
	- Mrs. Kiran Mittal	17.40	16.32
		62.74	44.68
- Payables (Public Deposits)			
- Key management personnel	- Mr. D.C. Mittal	14.42	13.06
- Relatives of key management personnel	- Mrs. Kiran Mittal	14.00	12.34
	- Mrs. Divya Shriram	-	10.00
	- Mrs. Ritu Bansal	7.72	6.59
	- Mr. Akshay Dhar	2.00	2.00
	- Ms. Aditi Dhar	2.00	2.00
		40.14	45.99

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

39. 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, 2014 the future minimum lease payments under non-cancellable period which is not later than one year are Rs. Nil (2012-13 – Rs. 58.64 lacs).
- ii) Lease rent charged to the Statement of Profit & Loss relating to operating leases entered or renewed after April 1, 2001 are Rs. 468.00 lacs (2012-13 - Rs. 448.85 lacs).

40. The following are the particulars of disputed dues on account of excise duty, service tax, income-tax and sales tax matters that have not been deposited by the Company as at March 31, 2014:-

Name of the Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount involved * (Rs. lacs)	Amount paid under protest (Rs. lacs)
Central Excise Act, 1944	Excise Duty	High Court	March '86 to December '89	20.00	-
	Modvat Credit	Commissioner (Appeals)	1995-96, November '04 to December '08	31.79	-
Service Tax Laws- Finance Act, 1994	Service Tax	High Court	2004-07	27.87	-
		Deputy Commissioner	January '08 to October '08	1.44	-
		Assistant Commissioner, Central Excise & Customs	December'09 to December'10	4.28	-
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal (ITAT)	2005-06	193.40	193.40
		Commissioner of Income Tax (Appeals)	2003-05	# 2112.46	1297.96
Sales Tax Laws	Sales Tax	Commercial Tax Tribunal	2008-09	0.88	-
		Additional Commissioner	2007-11	10.78	7.94

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

Name of the Statute	Nature of dues	Forum where department has preferred appeal	Period to which the amount relates (various years covering the period)	Amount involved * (Rs. lacs)
Central Excise Act, 1944	Excise duty	Customs, Excise & Service Tax Appellate Tribunal	2003-08	26.71
		High Court	1998-99	3.54
	Modvat Credit	High Court	1995-96	15.15
Income Tax Act, 1961	Income Tax	High Court	1999-2005	# 1441.45
Service Tax Laws- Finance Act, 1994	Service Tax	Customs, Excise & Service Tax Appellate Tribunal	2005	2.01
Sales Tax Laws	Sales Tax	High Court	1976-2002	151.35
		Commercial Tax Tribunal	2006-07	0.32

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

Income Tax Assessments framed / demand raised for six years (Financial year 1999-2000 to 2004-2005) u/s 153 A/C of the Income Tax Act, 1961 (the Act) have been quashed by ITAT. However, assessments for two years (Financial year 2003-2004 and 2004-2005) have been reformed / demand raised on similar facts u/s 143(3) of the Act for which the Company is in appeal before Commissioner of Income Tax (Appeals).

Notes forming part of the financial statements (continued)

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

Nature of Derivative	Number of deals		Purpose		Amount in foreign currency			Amount (Rs. lacs)	
	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13	Currency	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
Forward Cover	6	6	Hedging	Hedging	Euro	600000	600000	491.46	436.15

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

Particulars	As at 31.03.2014			As at 31.03.2013		
	Amount in foreign currency	Amount (Rs. lacs)		Amount in foreign currency	Amount (Rs. lacs)	
- Trade receivables	Euro	5978432	4896.34	Euro	5170866	3565.83
	US\$	3390990	2020.57	US\$	3558490	1923.49
	GBP	25927	26.10	GBP	27384	22.41
- Acceptances	Euro	14936	12.47	Euro	5582	3.94
	US\$	5947564	3589.84	US\$	6360104	3478.00
- Trade payables	Euro	59067	49.39	Euro	4835	3.53
	US\$	361160	218.00	US\$	154265	84.56
- Commission & discount	US\$	41063	24.78	US\$	54955	30.02
	Euro	553607	460.32	Euro	383589	268.51
- Royalty	Euro	39710	33.15	Euro	44289	31.29

42. Proceedings in a Petition filed by a shareholder before the Hon'ble Company Law Board (CLB) u/s 397/398 of the Companies Act, 1956 in November 2007, challenging the preferential issue of equity warrants by the Company, are continuing.

43. Employee benefits

a) Defined contribution plans

Rs. 577.30 lacs (2012-13 - Rs. 512.86 lacs) for provident fund contribution and Rs.140.67 lacs (2012-13 - Rs. 186.09 lacs) for superannuation fund contribution have been charged to the Statement of Profit and Loss. The contributions towards these schemes are at rates specified in the rules of the schemes. In case of provident fund administered through a trust, shortfall if any, shall be made good by the Company.

b) Defined benefit plans

- Liability for gratuity, privilege leaves and medical leaves is determined on actuarial basis. Gratuity liability is provided to the extent not covered by the funds available in the gratuity fund.
- Gratuity Scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service, except death while in employment.

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

	As at March 31, 2014 (Rs.lacs)		As at March 31, 2013 (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	2818.36	641.19	2590.79	562.81
2. Current service cost	151.48	63.59	137.26	55.42
3. Interest cost	225.47	51.29	207.26	45.02
4. Actuarial (gain)/loss	121.39	147.21	206.36	145.01
5. Benefits paid	(324.45)	(192.45)	(323.31)	(167.07)
6. Present value of obligation as at the end of the year	2992.25	710.83	2818.36	641.19
Change in plan assets				
1. Plan assets at the beginning of the year	2521.74	-	2326.67	-
2. Expected return on plan assets	223.17	-	218.71	-
3. Contribution by the Company	-	-	-	-
4. Benefits paid	(15.42)	-	(25.01)	-
5. Actuarial gain / (loss)	(0.16)	-	1.37	-
6. Plan assets at the end of the year	2729.33	-	2521.74	-
Liability recognised in the financial statements	262.92	710.83	296.62	641.19
Long term	262.92	543.93	296.62	483.32
Short term	-	166.90	-	157.87
Cost for the year				
Change in present value of obligation				
1. Current service cost	151.48	63.59	137.26	55.42
2. Interest cost	225.47	51.29	207.26	45.02
3. Expected return on plan assets	(223.17)	-	(218.71)	-
4. Actuarial (gain)/loss	121.55	147.21	204.99	145.01
5. Net cost	275.33	262.09	330.80	245.45
Constitution of plan assets				
Other than equity, debt, property and bank account	-	-	-	-
Funded with LIC *	2729.33	-	2521.74	-
Main actuarial assumptions				
Discount rate	8.75% p.a.	8.75% p.a.	8.00% p.a.	8.00% p.a.
Rate of increase in compensation levels	6.25% p.a.	6.25% p.a.	5.50% p.a.	5.50% p.a.
Rate of return on plan assets	8.85% p.a.	-	9.40% p.a.	-
Expected average remaining working lives of employees (years)	14.07	15.59	13.59	15.00

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

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

Notes forming part of the financial statements (continued)

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

(Rs./lacs)

Particulars	2013-14		2012-13		2011-12		2010-11		2009-10	
	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves
Present value of obligation at the end of the year	2992.25	710.83	2818.36	641.19	2590.79	562.81	2508.49	550.62	2373.81	503.86
Fair value of plan assets at the end of the year	2729.33	-	2521.74	-	2326.67	-	2165.22	-	1992.92	-
Surplus /(Deficit) in plan assets	(262.92)	(710.83)	(296.62)	(641.19)	(264.12)	(562.81)	(343.27)	(550.62)	(380.89)	(503.86)
Actuarial Gain/(loss) on plan assets	(0.16)	-	1.37	-	(18.66)	-	2.50	-	-	-
Actuarial Gain/(loss) on obligation	(121.39)	(147.21)	(206.36)	(145.01)	(16.07)	(124.71)	(83.23)	(95.68)	(81.13)	(74.55)

44. Other information

Description	Year ended 31.03.2014		Year ended 31.03.2013	
	Rs.lacs	%	Rs.lacs	%
(a) Value of imports on CIF basis				
Raw materials	14734.56		14313.02	
Components and spare parts	714.73		421.04	
Capital goods	317.91		-	
(b) Expenditure in foreign currency				
Royalty (net of tax)	128.12		119.19	
Technical Services	-		-	
Commission, travelling and others	1304.46		889.19	
(c) Earnings in foreign exchange				
FOB value of exports	37281.27		26961.41	
Sale of services	34.14		34.61	
(d) Value of imported/indigenous raw materials, spare parts, components and stores consumed				
i) Raw materials				
Imported	17515.75	24	13606.11	20
Indigenous	55781.25	76	54268.11	80
	73297.00	100	67874.22	100
ii) Stores and spares				
Imported	246.87	4	418.25	7
Indigenous	6394.97	96	5507.33	93
	6641.84	100	5925.58	100

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

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 30.5.2014

D.C. Mittal
President
B.P. Khandelwal
Company Secretary &
Head (Corporate Laws)
N.K. Jain
Chief Financial Officer

For and on behalf of the Board

Tilak Dhar
Chairman & Managing Director

Alok B. Shriram
Dy. Managing Director

Madhav B. Shriram
Whole-Time Director

Shri K.N. Rao
Shri P.R. Khanna
Dr. V.L. Dutt
Shri S.B. Mathur
Shri Ravinder Narain
Shri S.C. Kumar
Directors

**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, 2014, 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information 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, 2014;
- (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 / financial information of the subsidiary viz., Daurala Foods and Beverages Private Limited, whose financial statements / financial information reflect total assets (net) of Rs. 890.84 lacs as at 31st March, 2014, total revenues of Rs. 69.26 lacs and net cash inflow amounting to Rs. 8.91 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 profit of Rs. 219.06 lacs for the year ended 31st March, 2014, as considered in the consolidated financial statements, in respect of associate viz., DCM Hyundai Limited, whose financial statements / financial information have not been audited by us. These financial statements / financial information 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 : 30.5.2014

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Consolidated Balance Sheet of DCM Shriram Industries Limited as at March 31, 2014

Particulars	Note No.	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	1,739.84	1,739.84
Reserves and surplus	5	22,390.87	20,126.97
		<u>24,130.71</u>	<u>21,866.81</u>
Minority Interest *[Rs.119.09 (2012-13–Rs.109.60)]		*	*
Non-current liabilities			
Long - term borrowings	6	8,145.66	7,391.49
Deferred tax liabilities (Net)	7	4,760.03	4,199.48
Other long-term liabilities	8	275.52	356.57
Long-term provisions	9	906.85	779.94
		<u>14,088.06</u>	<u>12,727.48</u>
Current liabilities			
Short-term borrowings	10	17,910.77	29,245.59
Trade payables	11	31,991.68	22,125.18
Other current liabilities	12	6,732.60	7,421.05
Short-term provisions	13	1,006.14	587.66
		<u>57,641.19</u>	<u>59,379.48</u>
TOTAL		<u>95,859.96</u>	<u>93,973.77</u>
ASSETS			
Non-current assets			
Fixed assets	14		
- Tangible assets		29,310.68	29,144.23
- Capital work in progress		1,846.17	1,467.68
		<u>31,156.85</u>	<u>30,611.91</u>
Non - current investments	15	746.40	527.45
Long - term loans and advances	16	2,800.89	3,519.35
		<u>34,704.14</u>	<u>34,658.71</u>
Current assets			
Current investments	17	2,140.00	570.64
Inventories	18	41,423.42	43,997.73
Trade receivables	19	11,233.87	9,551.63
Cash and bank balances	20	894.70	1,405.32
Short - term loans and advances	21	4,891.65	3,118.15
Other current assets	22	572.18	671.59
		<u>61,155.82</u>	<u>59,315.06</u>
TOTAL		<u>95,859.96</u>	<u>93,973.77</u>

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 : 30.5.2014

D.C. Mittal
President
B.P. Khandelwal
Company Secretary &
Head (Corporate Laws)
N.K. Jain
Chief Financial Officer

For and on behalf of the Board

Tilak Dhar
Chairman & Managing Director

Alok B. Shriram
Dy. Managing Director

Madhav B. Shriram
Whole-Time Director

Shri K.N. Rao
Shri P.R. Khanna
Dr. V.L. Dutt
Shri S.B. Mathur
Shri Ravinder Narain
Shri S.C. Kumar
Directors

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

Particulars	Note No.	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs. lacs
REVENUE			
Revenue from operations	23	137,160.16	114,347.56
Less: Excise duty		<u>5,830.12</u>	<u>4,872.30</u>
		131,330.04	109,475.26
Other income	24	<u>1,639.39</u>	<u>1,473.31</u>
TOTAL REVENUE		<u>132,969.43</u>	<u>110,948.57</u>
EXPENSES			
Cost of materials consumed	25	73,297.00	67,874.22
Purchase of traded goods	26	11,240.43	7,683.83
(Increase)/ Decrease in inventories of finished goods, work-in-progress and traded goods	27	2,736.47	(2,292.86)
Employee benefits expense	28	8,964.55	7,937.83
Finance costs	29	3,993.78	4,215.78
Depreciation	30	2,237.04	2,145.95
Other expenses	31	<u>25,864.96</u>	<u>21,366.31</u>
TOTAL EXPENSES		<u>128,334.23</u>	<u>108,931.06</u>
Profit before tax		4,635.20	2,017.51
Tax expense:			
Current tax	32	1,107.10	-
Deferred tax charge		<u>560.55</u>	<u>861.12</u>
		1,667.65	861.12
Profit for the year after tax and before minority interest		<u>2,967.55</u>	<u>1,156.39</u>
Minority interest * [Rs. 9.49 (2012-13 Rs. 4.88)]		*	*
Profit for the year after tax but before share of results of an associate		2,967.55	1,156.39
Share of net profit / (loss) of an associate		<u>219.06</u>	<u>(562.87)</u>
Profit for the year		3,186.61	593.52
Earnings per equity share - basic/ diluted (Rs.)	33	18.32	3.41
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 : 30.5.2014

D.C. Mittal
President
B.P. Khandelwal
Company Secretary &
Head (Corporate Laws)
N.K. Jain
Chief Financial Officer

For and on behalf of the Board

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

Shri K.N. Rao
Shri P.R. Khanna
Dr. V.L. Dutt
Shri S.B. Mathur
Shri Ravinder Narain
Shri S.C. Kumar
Directors

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Consolidated Cash Flow Statement for the year ended March 31, 2014

	Year ended <u>31.03.2014</u>	Year ended <u>31.03.2013</u>
	Rs. lacs	Rs. lacs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,635.20	2,017.51
Adjustments for:		
Depreciation	2,237.04	2,145.95
Finance Costs	3,993.78	4,215.78
Interest income	(250.27)	(260.61)
Provision for contingencies	100.00	-
Profit on sale of fixed assets	(59.76)	(318.15)
Loss on sale of fixed assets	25.99	18.32
Investments / assets written off	0.11	-
Net (gain) / loss on sale of current investments	(76.63)	(128.20)
Inventory written off	-	2.55
Operating profit before working capital changes	10,605.46	7,693.15
Adjustments for:		
Increase / (Decrease) in trade payables, other current liabilities and short term provision	9,322.62	(491.52)
(Decrease) / Increase in long term liabilities & long term provisions	(1.06)	84.39
(Increase) in trade receivables, short term loans & advances and other current asset	(3,368.63)	(951.66)
Decrease / (Increase) in long term loans & advances and other non current assets	347.35	(151.20)
Decrease / (Increase) in inventories	2,574.31	(4,004.57)
Cash generated from operations	19,480.05	2,178.59
Income tax (paid)	(905.10)	(325.65)
Net cash generated from operating activities (A)	18,574.95	1,852.94
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,751.04)	(2,945.40)
Sale of fixed assets	91.64	370.48
Purchase of current non trade investments	(2,190.00)	(3,138.50)
Sale of current non trade investments	697.27	5,372.34
Decrease / (Increase) in bank balances not considered as cash and cash equivalents	20.87	(59.72)
Interest received	268.92	192.91
Inter Corporate deposits made	-	(70.00)
Net cash (used in) investing activities (B)	(3,862.34)	(277.89)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	4,600.29	2,302.55
Repayment of borrowings	(4,140.23)	(4,528.77)
(Decrease) / Increase in short term borrowings	(11,334.82)	4,604.51
Finance Costs	(4,025.55)	(4,304.20)
Dividend paid	(257.71)	(0.09)
Corporate dividend tax paid	(44.35)	-
Net cash (used in) financing activities (C)	(15,202.37)	(1,926.00)
Net (decrease) in cash and cash equivalents (A+B+C)	(489.76)	(350.95)
Cash and cash equivalents		
- At beginning of year	844.26	1,195.21
- At end of year	354.50	844.26

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 30.5.2014

D.C. Mittal
President
B.P. Khandelwal
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For and on behalf of the Board

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Dr. V.L. Dutt
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Shri Ravinder Narain
Shri S.C. Kumar
Directors

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2014

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, 2014 is 99.99% (2012-13 : 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, 2014 is 49.28% (2012-13 : 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, 2014.

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 (2012-13 : Rs 166 lacs). The Company's share in accumulated profits of DHL is Rs. 580.40 lacs (2012-13 : Rs. 361.34 lacs) and has been accordingly reflected in these financial statements.

3. Significant Accounting Policies

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

The consolidated financial statements of the Company and its subsidiary (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention, as modified to include the revaluation of certain fixed assets. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

- b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make prudent and reasonable estimates and assumptions that affect the reported amounts of assets and liabilities and

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2014 (continued)

disclosure of contingent liabilities on the date of financial statements and the results of operations during the year. Differences between the actual results and estimates are recognised in the year in which the results are known or materialised.

c) Fixed assets

i) Owned assets

All fixed assets are stated at cost of acquisition or construction including taxes and other incidental expenses related to acquisition, installation cost, 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 for their intended use) relating to borrowed funds or deferred credits attributable to acquisition or construction of fixed assets are included in the gross book value of fixed assets to which they relate.

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, other than temporary, in the value of such investments. 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 and the capital expenditure is included in fixed assets.

h) Export benefits

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

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 at balance sheet date on an actuarial basis is provided to the extent not covered by the funds available in the gratuity fund. Excess funding, if any, is recognised as an asset.
- iii) Provision for privilege and medical leave salary is determined on actuarial basis.
- iv) Provision for casual leave is determined on arithmetical basis.

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 dispatch to customers and include excise duty.

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

l) Income-tax

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

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.

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2014 (continued)

4. Share Capital

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Authorised		
6,50,00,000 (2012-13 - 6,50,00,000) Equity shares of Rs. 10 each	<u>6,500.00</u>	<u>6,500.00</u>
Issued, subscribed and fully paid up		
1,73,98,437 (2012-13 - 1,73,98,437) Equity shares of Rs. 10 each	<u>1,739.84</u>	<u>1,739.84</u>
	<u>1,739.84</u>	<u>1,739.84</u>

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

Name of the shareholder	As at <u>31.03.2014</u> No of shares	As at <u>31.03.2013</u> No of shares
a) Bantam Enterprises Private Limited	13,45,320	13,45,320
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	10,33,243
e) Versa Trading Limited	22,24,725	22,24,725

5. Reserves and surplus

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Amalgamation Reserve *	1,411.38	1,411.38
Capital Redemption Reserve	0.10	0.10
Securities Premium Account	3,406.68	3,406.68
Capital Reserve	234.89	234.89
Revaluation Reserve	2,169.46	2,379.73
General Reserve	2,902.69	2,602.69
Surplus in Statement of Profit and Loss	12,265.67	10,091.50
	<u>22,390.87</u>	<u>20,126.97</u>

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

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Movement in reserves and surplus is as under:		
(a) Revaluation Reserve		
Opening balance	2,379.73	2,580.38
Less: Transferred to Statement of Profit and Loss for set off against depreciation (refer note 30)	207.93	174.17
Less: Utilised for set off on deletion of revalued assets	2.34	26.48
Closing balance	<u>2,169.46</u>	<u>2,379.73</u>
(b) General Reserve		
Opening balance	2,602.69	2,502.69
Add : Transferred from Surplus in Statement of Profit and Loss	300.00	100.00
Closing balance	<u>2,902.69</u>	<u>2,602.69</u>
(c) Surplus in Statement of Profit and Loss		
Opening balance	10,091.50	9,903.31
Add: Profit for the year	3,186.61	593.52
	<u>13,278.11</u>	<u>10,496.83</u>
Less: Appropriations		
Transferred to General Reserve	300.00	100.00
Proposed Dividend on Equity shares [Dividend per share Rs. 3.50 (2012-13 -Rs. 1.50)]	608.95	260.98
Tax on Dividend	103.49	44.35
Closing balance	<u>12,265.67</u>	<u>10,091.50</u>

6. Long - term borrowings

	As at 31.03.2014	As at 31.03.2013
	Rs. lacs	Rs. lacs
Secured		
Term loans		
- From banks	9,879.02	9,142.21
- From others	1,082.97	1,443.96
	10,961.99	10,586.17
Unsecured		
Public deposits	977.04	879.17
	11,939.03	11,465.34
Less : Current maturities of long term borrowings	3,793.37	4,073.85
	8,145.66	7,391.49

	As at 31.03.2014	As at 31.03.2013
	Rs. lacs	Rs. lacs
Details of Current maturities of long term borrowings:		
Secured		
Term loans		
- From banks	2,992.96	3,458.90
- From others	360.99	360.99
Unsecured		
Public deposits	439.42	253.96
	3,793.37	4,073.85

SECURED

I. Banks

- a) Nil (2012-13 – Rs.333.20 lacs), Rs.713.00 lacs (2012-13 – Rs.1285.00 lacs), Rs.200.00 lacs (2012-13 – Rs.1000.00 lacs), Rs.1875.00 lacs (2012-13 – Rs.2500.00 lacs), Rs.1450.00 lacs (2012-13 – Nil) and Rs.276.33 lacs (2012-13 - Nil) currently carrying interest between 7.75% to 13.65% (net of interest subvention) and repayable in 0, 5, 1, 12, 16 and 20 quarterly installments respectively are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans.
- b) Rs.1025.92 lacs (2012-13 – Rs.1496.51 lacs) carrying interest of 12.50% and repayable in 9 quarterly installments 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 (2012-13 – Rs.22.54 lacs), Rs.360.00 lacs (2012-13 – Rs.480.00 lacs) Rs.1120.00 lacs (2012-13 – Rs.1400.00 lacs) and Rs.414.88 lacs (2012-13 – Nil) currently carrying interest between 7.50% to 12.75% (net of interest subvention) and repayable in 0, 12, 16 and 16 quarterly installments respectively are secured by first charge on specific movable assets of Shriram Rayons, a unit of the Company.
- d) Rs.163.71 lacs (2012-13 – Rs.272.91 lacs) currently carrying interest of 8.25% (net of interest subvention) repayable in 6 quarterly installments is secured by first mortgage and charge on specific immovable and movable assets of Shriram Rayons, a unit of the Company.
- e) Rs.231.00 lacs (2012-13 – Rs.321.00 lacs) currently carrying interest of 14.25% repayable in 8 quarterly installments is secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans.
- f) Rs.124.46 lacs (2012-13 – Nil) currently carrying interest of 12.50% repayable in 16 quarterly installments is secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, both present and future, excluding the assets exclusively charged subject to prior

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2014 (continued)

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.

- g) Rs.1900.00 lacs (2012-13 – Nil) carrying Nil interest (net of interest subvention) repayable in 36 monthly installments is secured by residual charge on fixed assets of sugar division of the Company.
- h) Rs.24.72 lacs (2012-13 – Rs.31.05 lacs) currently carrying interest of 11.25% repayable in 50 monthly installments are secured by hypothecation of specific assets.

II. Others

Rs.1082.97 lacs (2012-13 – Rs.1443.96 lacs) carrying interest of 4% and repayable in 3 yearly installments 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	As at
	31.03.2014	31.03.2013
	Rs. lacs	Rs. lacs
(a) Deferred tax liabilities		
- Depreciation	<u>5,629.39</u>	<u>5,692.03</u>
(b) Deferred tax assets		
- Accrued expenses deductible on payment	405.98	348.36
- Provision for gratuity and leave Salary	374.07	361.06
- Provision for doubtful debts and advances	13.77	12.28
- Unabsorbed depreciation	28.27	649.05
- Others	<u>47.27</u>	<u>121.80</u>
	<u>869.36</u>	<u>1,492.55</u>
Net	<u>4,760.03</u>	<u>4,199.48</u>

8. Other long - term liabilities

	As at	As at
	31.03.2014	31.03.2013
	Rs. lacs	Rs. lacs
Trade payables		
- Micro and small enterprises*	-	-
- Others	78.13	72.36
Others		
- Interest accrued but not due on borrowings	138.30	191.47
- Others	59.09	92.74
	<u>275.52</u>	<u>356.57</u>
* Refer Note 38		

9. Long - term provisions

	As at	As at
	31.03.2014	31.03.2013
	Rs. lacs	Rs. lacs
Provision for employee benefits *		
- Gratuity	262.92	296.62
- Leave salary	543.93	483.32
Provision for contingencies **	100.00	-
	<u>906.85</u>	<u>779.94</u>

* Refer Note 44

** Refer Note 34

10. Short - term borrowings

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Secured		
Loans repayable on demand - Cash credits from banks *	17,910.77	29,245.59
	<u>17,910.77</u>	<u>29,245.59</u>

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

11. Trade payables

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Acceptances		
Trade payables	3,602.31	3,481.94
- Micro and small enterprises*	-	-
- Others	28,389.37	18,643.24
	<u>31,991.68</u>	<u>22,125.18</u>

* Refer Note 38

12. Other current liabilities

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Current maturities of long term borrowing *	3,793.37	4,073.85
Interest accrued but not due on borrowings	206.25	176.24
Unclaimed dividends	48.65	45.38
Unclaimed deposits and interest accrued thereon	7.65	24.47
Payables for fixed assets		
- Micro and small enterprises **	-	-
- Others	277.84	146.94
Other payables		
- Statutory dues	1,666.48	2,232.56
- Advances from customers	322.55	316.94
- Security deposits	221.59	198.40
- Others	188.22	206.27
	<u>6,732.60</u>	<u>7,421.05</u>

* Refer Note 6

** Refer Note 38

13. Short - term provisions

	As at <u>31.03.2014</u> Rs. lacs	As at <u>31.03.2013</u> Rs. lacs
Provision for employee benefits *		
- Leave salary	293.70	282.33
Proposed Dividend	608.95	260.98
Tax on Dividend	103.49	44.35
	<u>1,006.14</u>	<u>587.66</u>

* Refer Note 44

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2014 (continued)

14. Fixed Assets	Rs.lacs									
	Particulars	Gross block				Depreciation			Net block	
		As at 31.03.2013	Additions	Deductions	As at 31.03.2014	For the year	On deductions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Land	1,290.67	-	-	1,290.67	-	-	-	1,290.67	1,290.67	1,290.67
Buildings	6,991.78	517.53	8.51	7,500.80	196.19	5.87	4,031.54	3,469.26	3,150.56	3,150.56
Plant and equipment	51,472.60	1,933.61	202.47	53,203.74	2,117.83	193.75	29,481.75	23,721.99	23,914.93	23,914.93
Furniture and fixtures	557.14	32.28	4.22	585.20	48.55	2.09	449.28	135.92	154.32	154.32
Vehicles	696.07	104.14	93.50	706.71	64.71	53.23	302.42	404.29	405.13	405.13
Office equipment	540.61	84.07	12.46	612.22	17.69	6.01	323.67	288.55	228.62	228.62
Total Tangible Assets	61,548.87	2,671.63	321.16	63,899.34	2,444.97	260.95	34,588.66	29,310.68		
Previous year	58,927.57	3,006.09	384.79	61,548.87	2,320.12	287.66	32,404.64		29,144.23	
Capital work in progress								1846.17	1467.68	

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.12087.75 lacs (2012-2013 Rs.12230.37 lacs) is included in the gross block of fixed assets as on March 31, 2014.

The revaluation amount included in net block is Rs.789.07 lacs (2012-13 -Rs.789.07 lacs) in Land, Rs.577.62 lacs (2012-13 - Rs.676.37 lacs) in Buildings and Rs.802.77 lacs (2012-13 Rs.914.29 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. 5.42 lacs (2012-13 Rs.56.99 lacs)

15. Non-current investments*

	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Trade Investments – Unquoted		
Investments in equity instruments		
- Daurala Co-operative Development Union Limited		
2 (2012-2013 - 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 (2012-2013 - 19,72,000) Equity shares of Rs. 10 each, fully paid up	166.00	166.00
Add- Group share of net profit	580.40	361.34
	<u>746.40</u>	<u>527.34</u>
Investment in preference shares		
- Versa Trading Limited		
7,00,000 (2012-2013 - 7,00,000) 5% redeemable non-cumulative		
Preference shares of Rs. 100 each, fully paid-up	700.00	700.00
Less :Provision for diminution in value	<u>700.00</u>	<u>700.00</u>
	-	-
Investments in Government securities **	-	0.11
	<u>746.40</u>	<u>527.45</u>
(i) Aggregate amount of unquoted investments (net of provision for diminution in value)	746.40	527.45
(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 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Capital advances	344.67	507.43
Security deposits	379.74	277.23
Loans and advances to related parties – Secured *	-	627.76
MAT Credit entitlement	1,330.18	1,443.52
Advance tax (net of provision)	387.73	476.39
Other loans and advances		
- Excise, Cenvat and VAT receivable	301.37	129.68
- To employees	39.19	49.16
- Others		
- Unsecured - considered good	18.01	8.18
- Unsecured - considered doubtful	3.94	3.94
	<u>2,804.83</u>	<u>3,523.29</u>
- Less : Provision for doubtful advances	3.94	3.94
	<u>2,800.89</u>	<u>3,519.35</u>

* Refer note 40.

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2014 (continued)

17. Current investments *

	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Investments in Mutual Funds – Fully paid up Unquoted		
28466.237 (2012-13 – Nil) Reliance Money Manager Fund Growth Plan – Growth units of Rs. 1000 each	500.00	-
1102082.201(2012-13 – Nil) HDFC Cash Management Fund Treasury Advantage Plan Retail – Growth units of Rs. 10 each	300.00	-
1760780.378 (2012-13 – Nil) HSBC Ultra Short Term Bond Fund Growth units of Rs. 10 each	200.00	-
669379.246 (2012-13 – Nil) HSBC Income Fund Growth units of Rs. 10 each	140.00	-
203598 (2012-13 – Nil) Birla Sunlife Saving Fund - Growth Regular Plan units of Rs.10 each	500.00	-
36967.546 (2012-13 – Nil) IDBI Liquid Fund Direct Plan Growth units of Rs. 1000 each	500.00	-
Nil (2012-13 – 455592.395) DWS Cash Opportunities Fund Institutional Plan - Growth units of Rs.10 each	-	63.26
Nil (2012-13 - 2753251.289) Birla Sunlife Dynamic Fund - Retail Growth – Regular Plan units of Rs. 10 each	-	497.38
Nil (2012-13 – 73908.191) SBI Dynamic Bond Fund – Regular Plan Growth units of Rs. 10 each	-	10.00
	<u>2,140.00</u>	<u>570.64</u>
Aggregate repurchase price of units of mutual funds	2,150.69	626.10

* Refer note 3 (e)

18. Inventories *

	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Raw materials **	5,817.26	6,144.13
Work-in-progress	1,557.26	1,334.42
Finished goods ***	30,612.92	33,548.34
Traded goods	33.96	57.85
Stores and spares	3,402.02	2,912.99
	<u>41,423.42</u>	<u>43,997.73</u>

* Refer note 3 (f)

** Includes raw materials in transit Rs.535.44 lacs (2012-13 Rs.711.97 lacs)

*** Includes finished goods in transit Rs.423.65 lacs (2012-13 Rs.86.78 lacs)

19. Trade receivables

	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured - considered good	15.14	16.66
- considered doubtful	36.59	32.21
	<u>51.73</u>	<u>48.87</u>
Less : Provision for doubtful receivables	36.59	32.21
	<u>15.14</u>	<u>16.66</u>
Others		
Secured - considered good	2.56	2.33
Unsecured - considered good	11,216.17	9,532.64
	<u>11,218.73</u>	<u>9,534.97</u>
	<u>11,233.87</u>	<u>9,551.63</u>

20. Cash and Cash Equivalents*

	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Cash and cash equivalents :		
- Cash in hand	40.67	44.57
- Balances with banks – in current accounts	313.83	799.69
	<u>354.50</u>	<u>844.26</u>
Other bank balances :		
In deposit accounts		
- Original maturity more than 3 months and upto 12 months	221.17	201.66
- Original maturity more than 12 months *	21.00	22.42
In earmarked accounts		
- Unpaid dividend accounts	48.65	45.38
- Balances held as margin money or security against borrowings, guarantees and other commitments		
- Original maturity more than 3 months and upto 12 months	146.56	181.66
- Original maturity more than 12 months	60.00	65.26
- Other earmarked accounts	42.82	44.68
	<u>540.20</u>	<u>561.06</u>
	<u>894.70</u>	<u>1,405.32</u>
* Balances with banks include deposits with remaining maturity of more than 12 months from the balance sheet date	5.00	22.42

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

	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Loans and advances to related parties - Secured *	621.41	-
Other loans and advances		
- Security deposits	4.70	23.47
- Excise, Cenvat, VAT receivable and other Govt. dues	2,352.97	1,867.08
- To employees	21.92	16.68
- Others	1,890.65	1,210.92
	<u>4,891.65</u>	<u>3,118.15</u>

* Refer note 40

22. Other current assets

	As at 31.03.2014 Rs. lacs	As at 31.03.2013 Rs. lacs
Interest accrued on deposits	44.13	59.25
Unbilled revenue	528.05	612.34
	<u>572.18</u>	<u>671.59</u>

23. Revenue from Operations

	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs. lacs
Sale of products		
- Export	37,700.31	27,149.14
- Domestic	94,962.22	84,428.33
	<u>1,32,662.53</u>	<u>1,11,577.47</u>
Sale of services		
- Processing charges	1,439.91	715.67
- Others	134.84	50.33
	<u>1,574.75</u>	<u>766.00</u>
	<u>1,34,237.28</u>	<u>1,12,343.47</u>
Other operating revenues		
- Sale of scrap	415.59	449.64
- Duty Draw back and other export benefits	2,216.20	1,528.35
- Others	291.09	26.10
	<u>2,922.88</u>	<u>2,004.09</u>
	<u>1,37,160.16</u>	<u>1,14,347.56</u>
Less: Excise duty	5,830.12	4,872.30
	<u>1,31,330.04</u>	<u>1,09,475.26</u>
Product-wise particulars of sales are as under :		
	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs. lacs
Sugar	44,625.36	43,818.95
Alcohol	18,246.34	12,796.72
Organic/Fine chemicals	30,597.46	25,986.89
Industrial fibres	32,404.47	22,665.96
Others	6,788.90	6,308.95
	<u>1,32,662.53</u>	<u>1,11,577.47</u>

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2014 (continued)

24. Other Income

	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs. lacs
Interest income *	250.27	260.60
Profit on sale of fixed assets	59.76	318.15
Provisions / Liabilities no longer required, written back	220.24	280.48
Rent	32.01	30.84
Profit on sale of current investments	76.63	128.20
Gain on foreign exchange fluctuation (net)	900.06	341.71
Miscellaneous income	100.42	113.33
	1,639.39	1,473.31

* Income-tax deducted at source Rs.7.74 lacs (2012-13 Rs.13.67 lacs)

25. Cost of materials consumed

	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs. lacs
Opening stock	6,144.13	4,366.60
Add: Purchases	72,970.13	69,651.75
	79,114.26	74,018.35
Less : Closing stock	5,817.26	6,144.13
	73,297.00	67,874.22

Particulars of materials consumed are as under :

	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs. lacs
Sugarcane	40,732.17	40,235.55
Molasses (Net of internal transfers)	146.80	68.85
Wood pulp	8,081.32	6,161.24
Others	24,336.71	21,408.58
	73,297.00	67,874.22

26. Purchase of traded goods

	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs. lacs
Grain Spirits	10,837.89	7,243.56
Others	402.54	440.27
	11,240.43	7,683.83

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

	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs. lacs
Opening 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
Closing stock		
Finished goods	30,612.92	33,548.34
Work in progress	1,557.26	1,334.42
Traded goods	33.96	57.85
	32,204.14	34,940.61
	2,736.47	(2,292.86)

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

	Year ended 31.03.2014 Rs. lacs	Year ended 31.03.2013 Rs. lacs
Stocks of Finished Goods / Traded Goods		
Sugar	29,042.07	30,892.35
Alcohol	197.46	91.44
Organic/Fine chemicals	406.20	495.05
Industrial fibres	916.31	1,980.60
Others	84.84	146.75
	30,646.88	33,606.19
Work-in-progress		
Sugar	564.47	540.08
Alcohol	69.63	52.50
Organic/Fine chemicals	524.05	495.31
Industrial fibres	399.11	246.53
	1,557.26	1,334.42

28. Employee benefits expense

	Year ended <u>31.03.2014</u>	Year ended <u>31.03.2013</u>
	Rs. lacs	Rs. lacs
Salaries, wages etc.	7,612.60	6,579.76
Contribution to provident and other funds	993.44	1,029.91
Staff welfare expenses	358.51	328.16
	<u>8,964.55</u>	<u>7,937.83</u>

29. Finance costs

	Year ended <u>31.03.2014</u>	Year ended <u>31.03.2013</u>
	Rs. lacs	Rs. lacs
Interest expense	3,710.20	3,955.59
Other borrowing costs	283.58	260.19
	<u>3,993.78</u>	<u>4,215.78</u>

30. Depreciation

	Year ended <u>31.03.2014</u>	Year ended <u>31.03.2013</u>
	Rs. lacs	Rs. lacs
Depreciation on tangible assets	2,444.97	2,320.12
Less:-Transferred from revaluation reserve *	207.93	174.17
	<u>2,237.04</u>	<u>2,145.95</u>

*Refer note 3 (d)

31. Other expenses

	Year ended <u>31.03.2014</u>	Year ended <u>31.03.2013</u>
	Rs. lacs	Rs. lacs
Stores and spares	6,641.84	5,928.13
Power and fuel	8,525.54	6,289.61
Repairs - Building	406.16	311.27
- Plant and machinery	2,855.98	2,350.65
Rent	451.94	462.10
Auditors' remuneration		
- As auditors	27.45	25.45
- Tax Audit	0.22	0.22
- Limited review of unaudited financials results	16.35	15.00
- Verification of statements and other records	5.15	3.00
- Out-of-pocket expenses	0.50	0.50
Insurance	162.09	163.45
Rates and taxes	68.24	43.34
Increase / (decrease) in excise duty on finished goods	(137.46)	35.74
Freight and transport	854.22	708.89
Commission to selling agents	1,919.63	1,401.38
Loss on sale of fixed assets	25.99	18.32
Donation	15.46	0.05
Provision for contingencies *	100.00	-
Bad debts and advances provided / written off	16.47	5.12
Miscellaneous expenses	3,909.19	3,604.09
	<u>25,864.96</u>	<u>21,366.31</u>

* Refer note 34

32. Tax expenses

	Year ended <u>31.03.2014</u>	Year ended <u>31.03.2013</u>
	Rs. lacs	Rs. lacs
Current Tax		
- Provision for tax	993.76	292.54
- MAT (credit) / reversal	113.34	(292.54)
	<u>1,107.10</u>	<u>-</u>
Deferred tax charge	560.55	861.12
	<u>1,667.65</u>	<u>861.12</u>

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2014 (continued)

	This year (Rs.lacs)	Previous year (Rs.lacs)
33. Earnings per share		
Profit / (loss) after tax		
as per statement of profit and loss	(Rs.lacs)	593.52
Weighted average number of		
Equity shares outstanding	(Nos.)	173,98,437
Earnings per share - basic / diluted		
(face value - Rs. 10 per share)	(Rs.)	3.41
	18.32	
34. 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. During the year, based on a detailed assessment of the maximum possible exposure on ultimate settlement of these issues, the company has made a provision for contingencies of Rs. 100 lacs in these accounts.		
	As at	As at
	31.03.2014	31.03.2013
35. Contingent liabilities not provided for:-	(Rs. lacs)	(Rs. lacs)
Income tax matters*	912.10	427.01
Excise / Service tax / Customs duty matters*	144.27	777.33
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	895.29	1177.14
Bills discounted	3045.21	2729.45
* Matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position.		
36. a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs. 1216.15 lacs (2012-13 – Rs. 297.66 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.		
37. Research and development expenses amounting to Rs. 128.63 lacs (2012-13 - Rs. 113.67 lacs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. 30.04 lacs (2012-13 - Rs. 53.27 lacs) has been included in fixed assets.		
38. Parties covered under "The Micro, Small and Medium Enterprise Development Act, 2006" (MSMED Act, 2006) have been identified on the basis of confirmations received. Based upon the information available, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is Nil (2012-13 - Nil). Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.		
39. Segment reporting		
A. Business segments:		
Based on the guiding principles given in Accounting Standard (AS)17 "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006, the Group's business segments are Sugar (comprising sugar, power and molasses based alcohols), Industrial Fibres and related products (comprising rayon, synthetic yarn, cord, fabric etc.) and Chemicals (comprising Organic & Fine Chemicals).		
B. Geographical segments:		
The Group's geographical segments are Domestic and Overseas, by location of customers.		
C. Segment accounting policies:		
In addition to the significant accounting policies applicable to the segments as set out in note 3 of notes forming part of the consolidated financial statements, the accounting policies in relation to segment accounting are as under :-		
i) Segment assets and liabilities:		
Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include investments, share capital, reserves and surplus, loan funds, income tax - current and deferred and certain other assets and liabilities not allocable to the segments on a reasonable basis. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amount of certain assets/liabilities allocable to two or more segments are allocated to the segments on a reasonable basis.		
ii) Segment revenue and expenses :		
Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segment.		
iii) Unallocated expenses:		
Unallocated expenses represent general administrative expenses, head-office expenses and other expenses that arise at the Company level and relate to the Company as a whole. As such, these expenses have not been considered in arriving at the segment results.		
iv) Inter segment sales :		
Inter segment sales between operating segments are accounted for at market price. These transactions are eliminated in consolidation.		

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	66432.36	59771.66	34253.67	24473.13	33551.25	28098.68	-	-	134237.28	112343.47
Excise Duty	2592.00	2109.00	458.52	452.15	2779.60	2311.15	-	-	5830.12	4872.30
	63840.36	57662.66	33795.15	24020.98	30771.65	25787.53	-	-	128407.16	107471.17
Income from operations	457.06	228.80	1945.90	1316.14	519.92	459.15			2922.88	2004.09
Inter segment revenue	2.74	3.39					(2.74)	(3.39)	-	-
Other Income	212.15	275.22	1052.43	303.47	224.83	437.91	-	-	1489.41	1016.60
Unallocable income									149.98	456.71
Total revenue	64512.31	58170.07	36793.48	25640.59	31516.40	26684.59	(2.74)	(3.39)	132969.43	110948.57
Segment results	1033.36	3035.37	6843.70	2903.48	2409.64	1285.41	-	-	10286.70	7224.26
Unallocated expenses (net of unallocated income)									1657.72	990.97
Operating profit									8628.98	6233.29
Finance Costs									3993.78	4215.78
Profit / (Loss) Before Tax									4635.20	2017.51
Tax expenses										
- Current tax									1107.10	-
- Deferred tax charge									560.55	861.12
Profit / (Loss) after tax before results of an associate									2967.55	1156.39
Share of net profit / (Loss) of associate									219.06	(562.87)
Profit after tax									3186.61	593.52
Other information										
Segment assets	52102.12	53555.07	25559.91	23256.56	11847.57	11715.81	-	-	89509.60	88527.44
Unallocated assets									6350.36	5446.33
Total assets	52102.12	53555.07	25559.91	23256.56	11847.57	11715.81	-	-	95859.96	93973.77
Segment liabilities	24768.17	16191.62	6814.32	5896.67	3679.44	3863.24	-	-	35261.93	25951.53
Share capital & reserves									24130.71	21866.81
Unallocated liabilities									36467.32	46155.43
Total liabilities	24768.17	16191.62	6814.32	5896.67	3679.44	3863.24	-	-	95859.96	93973.77
Capital expenditure	203.20	679.39	2330.52	1393.14	454.95	610.59				
Depreciation	1020.79	993.76	646.52	582.31	530.58	530.62				
Non cash expenses other than depreciation	7.01	8.84	22.47	9.40	7.28	3.02				

* 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	95269.12	83799.43	37700.31	27149.14	132969.43	110948.57
Carrying amount of segment assets by location	82566.59	82577.39	6943.01	5950.05	89509.60	88527.44
Capital expenditure by location of assets	2988.67	2683.12	-	-	2988.67	2683.12

40. Related party disclosures under Accounting Standard (AS)18
A. Names of related parties and nature of related party relationship

Associate : DCM Hyundai Limited (DHL).

Key management personnel : Mr. Tilak Dhar, Mr. Alok B. Shriram, Mr. D.C. Mittal, Mr. Madhav B. Shriram, Mr. Anil Gujral (upto 31/01/2014) and Mr. K. N. Rao (w.e.f. 01/02/2014).

Relatives / HUF of key management personnel : Mrs. Karuna Shriram, Mrs. Kiran Mittal, Mr. Akshay Dhar, Ms. Kanika Shriram, Mrs. Divya Shriram, Ms. Aditi Dhar, Ms. Ritu Bansal, Mr. Rudra Shriam (w.e.f. 22/08/2013), Mrs. K. Rao (w.e.f. 01/02/2014) and M/s. Bansi Dhar & Sons - HUF (BDS).

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

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2014 (continued)

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

i) Transactions with associate (Rs. lacs)

Particulars	This Year	Previous Year
Interest charged on loans - DHL	59.61	59.61
Interest received on loans - DHL	65.96	5.97
Balance outstanding as at the year end from - DHL		
- Principal	541.94	541.94
- Interest	79.47	85.82

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	88.32	31.00
- Mr. Alok B. Shriram	88.32	30.68
- Mr. D.C. Mittal	52.23	48.97
- Mr. Madhav B. Shriram	66.11	30.20
- Mr. K. N. Rao	5.75	-
- Mr. Anil Gujral	31.58	28.54
- Relatives of key management personnel	13.40	11.39
	345.71	180.78
Rental expenses		
- Relatives/HUF of key management personnel		
- BDS	48.90	36.00
- Mrs. Karuna Shriram	4.44	3.86
- Mrs. Kiran Mittal	17.13	16.32
- Mrs. K. Rao	0.54	-
- Others		
- BEPL	5.55	0.30
- HRTPL	1.14	0.09
	77.70	56.57
Public Deposits received		
- Key management personnel	-	5.00
- Relatives of key management personnel	-	3.00
- Mrs. Ritu Bansal	0.80	3.96
	0.80	11.96
Public Deposits paid		
- Relatives of key management personnel	10.00	-
Housing Loan		
- Principal amount given and received back	-	47.50
- Interest charged thereon	-	0.67
Balance outstanding at the year end		
- Receivables		
- BDS	44.53	28.36
- Mrs. K. Rao	0.81	-
- Mrs. Kiran Mittal	17.40	16.32
	62.74	44.68
- Payables (Public Deposits)		
- Key management personnel		
- Mr. D.C. Mittal	14.42	13.06
- Mrs. Kiran Mittal	14.00	12.34
- Mrs. Divya Shriram	-	10.00
- Mrs. Ritu Bansal	7.72	6.59
- Mr. Akshay Dhar	2.00	2.00
- Ms. Aditi Dhar	2.00	2.00
	40.14	45.99

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

41. 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, 2014 the future minimum lease payments under non-cancellable period which is not later than one year are Nil (2012-13 Rs. 58.64 lacs).
- ii) Lease rent charged to the Statement of Profit & Loss relating to operating leases entered or renewed after April 1, 2001 are Rs. 451.20 lacs (2012-13 - Rs. 440.45 lacs).

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

Nature of Derivative	Number of deals		Purpose		Amount in foreign currency			Amount (Rs. lacs)	
	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13	Currency	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
Forward Cover	6	6	Hedging	Hedging	Euro	600000	600000	491.46	436.15

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

Particulars	As at 31.03.2014			As at 31.03.2013		
	Amount in foreign currency	Amount (Rs. lacs)		Amount in foreign currency	Amount (Rs. lacs)	
- Trade receivables	Euro	5978432	4896.34	Euro	5170866	3565.83
	US\$	3390990	2020.57	US\$	3558490	1923.49
	GBP	25927	26.10	GBP	27384	22.41
- Acceptances	Euro	14936	12.47	Euro	5582	3.94
	US\$	5947564	3589.84	US\$	6360104	3478.00
- Trade payables	Euro	59067	49.39	Euro	4835	3.53
	US\$	361160	218.00	US\$	154265	84.56
- Commission & discount	US\$	41063	24.78	US\$	54955	30.02
	Euro	553607	460.32	Euro	383589	268.51
- Royalty	Euro	39710	33.15	Euro	44289	31.29

43. Proceedings in a Petition filed by a shareholder before the Hon'ble Company Law Board (CLB) u/s 397/398 of the Companies Act, 1956 in November 2007, challenging the preferential issue of equity warrants by the Company, are continuing.

44. Employee benefits

a) Defined contribution plans

Rs. 577.30 lacs (2012-13 - Rs. 512.86 lacs) for provident fund contribution and Rs. 140.67 lacs (2012-13 - Rs. 186.09 lacs) for superannuation fund contribution have been charged to the Statement of Profit and Loss. The contributions towards these schemes are at rates specified in the rules of the schemes. In case of provident fund administered through a trust, shortfall if any, shall be made good by the Company.

b) Defined benefit plans

- i) Liability for gratuity, privilege leaves and medical leaves is determined on actuarial basis. Gratuity liability is provided to the extent not covered by the funds available in the gratuity fund.
- ii) Gratuity Scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service, except death while in employment.

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2014 (continued)

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

	As at March 31, 2014 (Rs.lacs)		As at March 31, 2013 (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	2818.36	641.19	2590.79	562.81
2. Current service cost	151.48	63.59	137.26	55.42
3. Interest cost	225.47	51.29	207.26	45.02
4. Actuarial (gain)/loss	121.39	147.21	206.36	145.01
5. Benefits paid	(324.45)	(192.45)	(323.31)	(167.07)
6. Present value of obligation as at the end of the year	2992.25	710.83	2818.36	641.19
Change in plan assets				
1. Plan assets at the beginning of the year	2521.74	-	2326.67	-
2. Expected return on plan assets	223.17	-	218.71	-
3. Contribution by the Company	-	-	-	-
4. Benefits paid	(15.42)	-	(25.01)	-
5. Actuarial gain / (loss)	(0.16)	-	1.37	-
6. Plan assets at the end of the year	2729.33	-	2521.74	-
Liability recognised in the financial statements	262.92	710.83	296.62	641.19
Long term	262.92	543.93	296.62	483.32
Short term	-	166.90	-	157.87
Cost for the year				
Change in present value of obligation				
1. Current service cost	151.48	63.59	137.26	55.42
2. Interest cost	225.47	51.29	207.26	45.02
3. Expected return on plan assets	(223.17)	-	(218.71)	-
4. Actuarial (gain)/loss	121.55	147.21	204.99	145.01
5. Net cost	275.33	262.09	330.80	245.45
Constitution of plan assets				
Other than equity, debt, property and bank account	-	-	-	-
Funded with LIC *	2729.33	-	2521.74	-
Main actuarial assumptions				
Discount rate	8.75% p.a.	8.75% p.a.	8.00% p.a.	8.00% p.a.
Rate of increase in compensation levels	6.25% p.a.	6.25% p.a.	5.50% p.a.	5.50% p.a.
Rate of return on plan assets	8.85% p.a.	-	9.40% p.a.	-
Expected average remaining working lives of employees (years)	14.07	15.59	13.59	15.00

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

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

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

(Rs./lacs)

Particulars	2013-14		2012-13		2011-12		2010-11		2009-10	
	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves	Gratuity Scheme	Privilege & Medical leaves
Present value of obligation as at the end of the year	2992.25	710.83	2818.36	641.19	2590.79	562.81	2508.49	550.62	2373.81	503.86
Fair value of plan assets at the end of the year	2729.33	-	2521.74	-	2326.67	-	2165.22	-	1992.92	-
Surplus /(Deficit) in plan assets	(262.92)	(710.83)	(296.62)	(641.19)	(264.12)	(562.81)	(343.27)	(550.62)	(380.89)	(503.86)
Acturial Gain/(loss) on plan assets	(0.16)	-	1.37	-	(18.66)	-	2.50	-	-	-
Acturial Gain/(loss) on obligation	(121.39)	(147.21)	(206.36)	(145.01)	(16.07)	(124.71)	(83.23)	(95.68)	(81.13)	(74.55)

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

	As at 31.03.2014 Rs.lacs	As at 31.03.2013 Rs.lacs
Share Capital	750.00	750.00
Reserves & Surplus	140.13	68.97
Total Assets	890.84	822.77
Total Liabilities	890.84	822.77
Investments	-	-
	Year ended 31.03.2014 Rs.lacs	Year ended 31.03.2013 Rs.lacs
Turnover	86.05	74.44
Profit before taxation	69.49	54.15
Provision for Taxation	(1.67)	17.52
Profit after taxation	71.16	36.63
Proposed dividend	-	-

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

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

Jaideep Bhargava
Partner

Place : New Delhi
Date : 30.5.2014



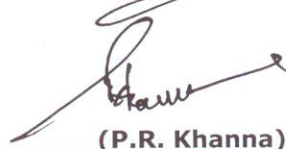

D.C. Mittal
President
B.P. Khandelwal
Company Secretary &
Head (Corporate Laws)
N.K. Jain
Chief Financial Officer

For and on behalf of the Board

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



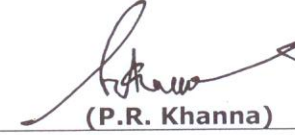
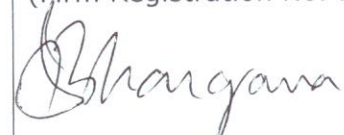
Shri K.N. Rao
Shri P.R. Khanna
Dr. V.L. Dutt
Shri S.B. Mathur
Shri Ravinder Narain
Shri S.C. Kumar
Directors

FORM A
Format of covering letter of the annual audit report to be filed with the stock exchanges
(Pursuant to Clause 31(a) of the Listing Agreement)

Sr. No	Particulars	Details
1.	Name of the Company	DCM Shriram Industries Limited
2.	Annual standalone financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	No qualification or matter of emphasis has been included in the Audit Report
4.	Frequency of observation	Not applicable in view of comments in (3) above.
5.	To be signed by- <ul style="list-style-type: none"> • Chairman & Managing Director • Chief Financial Officer • Audit Committee Chairman • Auditor of the Company 	<div style="text-align: center;">  (Tilak Dhar) </div> <hr/> <div style="text-align: center;">  (N.K. Jain) </div> <hr/> <div style="text-align: center;">  (P.R. Khanna) </div> <p>Refer our Audit Report dated May 30, 2014 on the standalone financial statements of the Company</p> <p>For A.F. Ferguson & Co. Chartered Accountants (Firm Registration No. 112066W)</p> <div style="text-align: center;">  Jaideep Bhargava (Partner) (Membership No. 090295) NEW DELHI, May 30, 2014 </div>

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FORM A
Format of covering letter of the annual audit report to be filed with the stock exchanges
(Pursuant to Clause 31(a) of the Listing Agreement)

Sr. No	Particulars	Details
1.	Name of the Company	DCM Shriram Industries Limited
2.	Annual consolidated financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	No qualification or matter of emphasis has been included in the Audit Report
4.	Frequency of observation	Not applicable in view of comments in (3) above.
5.	To be signed by- <ul style="list-style-type: none"> • Chairman & Managing Director • Chief Financial Officer • Audit Committee Chairman • Auditor of the Company 	<div style="text-align: center;">  (Tilak Dhar) </div> <hr/> <div style="text-align: center;">  (N.K. Jain) </div> <hr/> <div style="text-align: center;">  (P.R. Khanna) </div> <p>Refer our Audit Report dated May 30, 2014 on the consolidated financial statements of the Company</p> <p>For A.F. Ferguson & Co. Chartered Accountants (Firm Registration No. 112066W)</p> <div style="text-align: center;">  Jaideep Bhargava (Partner) (Membership No. 090295) NEW DELHI, May 30, 2014 </div>

