

Ref.No: CL/BSE

August 12, 2016

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

**SCRIP CODE – 523369**

Dear Sir,

As required under the SEBI(LODR) Regulations,2015 , we send herewith a copy of the Annual report of the Company for the year ended 31.03.2016.

You are requested to take the above on record.

Yours faithfully,



(Y.D.Gupta)  
Company Secretary



Encl: a/a

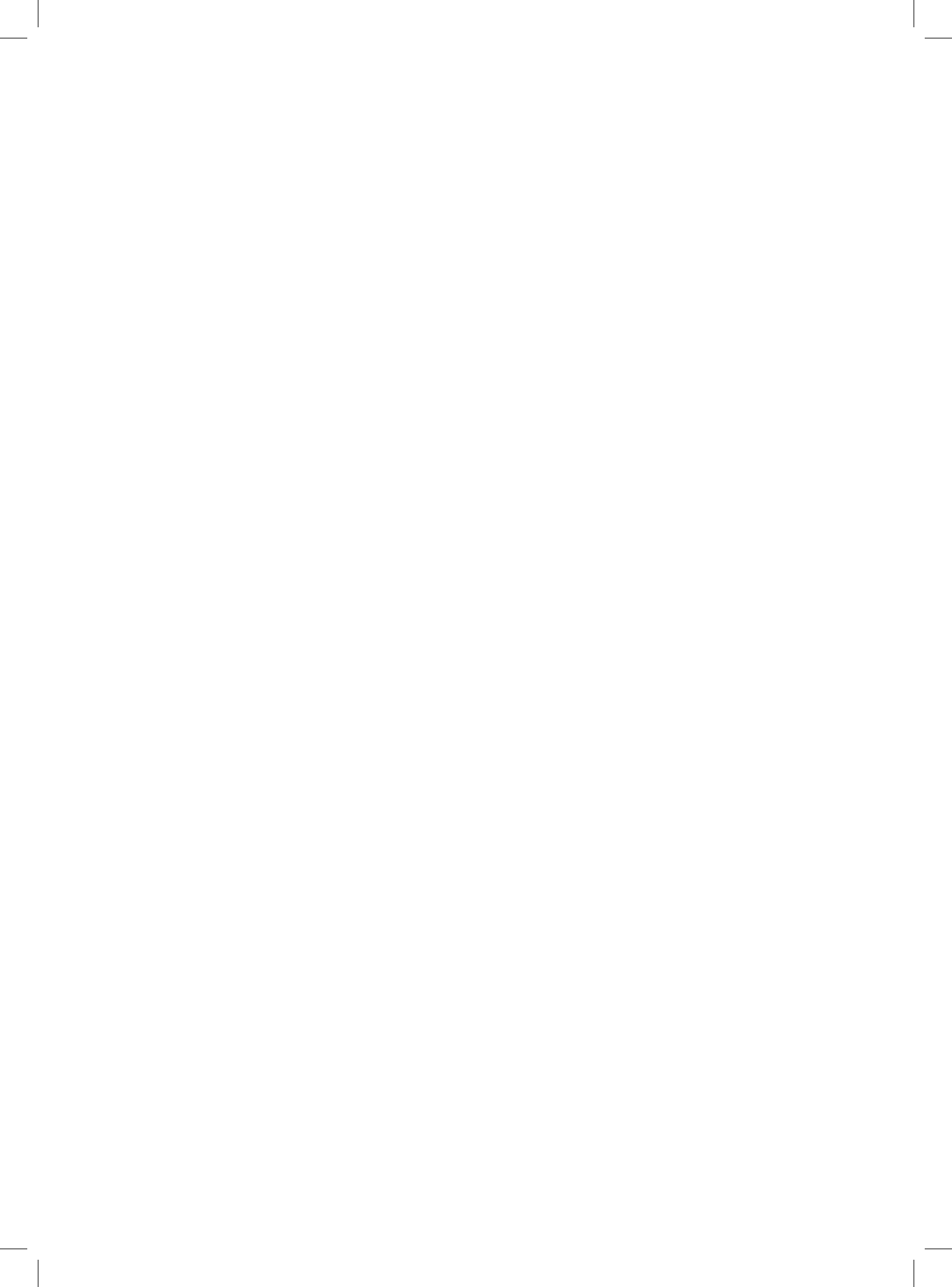


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# DCM SHRIRAM

**DCM SHRIRAM INDUSTRIES LTD.**

*Annual Report 2015-16*



# DCM SHRIRAM INDUSTRIES LIMITED

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

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Smt. Kavitha Dutt Chitturi

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

<b>Company Secretary</b>	Shri Y.D. Gupta	Sr. General Manager (Law & Taxation)
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<b>Bankers</b>	State Bank of India
	Punjab National Bank
	Oriental Bank of Commerce
	State Bank of Bikaner & Jaipur
	State Bank of Hyderabad
	IDBI Bank Ltd.
	Karnataka Bank Ltd.
	Bijnor Zila Sahkari Bank Ltd.
	Meerut Zila Sahkari Bank Ltd.
Lakhimpur Kheri Zila Sahkari Bank Ltd.	

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

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# DCM SHRIRAM INDUSTRIES LIMITED

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

## NOTICE

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The 25th Annual General Meeting of the Company will be held on Wednesday, the 10th August, 2016 at 10.00 A.M. at the Kamani Auditorium, 1, Copernicus Marg (Near Mandi House), New Delhi- 110 001 for transacting the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2016 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2016.
3. To appoint a director in place of Shri Alok B. Shriram (holding DIN 00203808), 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 on the recommendation of the Audit Committee, plus service tax payable thereon and reimbursement of traveling and other incidental expenses, if any, incurred by them in connection with the audit.”

### SPECIAL BUSINESS:

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

“RESOLVED that pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014 the remuneration of Rs.1.21 lacs fixed by the Board of Directors on recommendation of the Audit Committee for audit of the cost records of the Company by M/s Ramanath Iyer & Co., for the year 2016-17, be and is hereby ratified and confirmed.”

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 Section 197 read with Section 198 of the Companies Act, 2013 and other applicable provisions, if any, and subject to the Articles of Association of the Company, approval be and is hereby accorded for payment every year, of commission on profits of up to 1% of the Net Profit of the Company, computed in the manner laid down u/s 198 of the Companies Act, 2013, to the non-executive directors of the Company in such amount and proportion as may be decided by the Board of Directors, from the financial year 2016-17 onwards.”

By order of the Board  
For DCM SHRIRAM INDUSTRIES LIMITED



(Y.D. Gupta)

Company Secretary & Sr. General Manager  
(Law & Taxation)  
FCS 3405

New Delhi,  
May 30, 2016.

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**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 04.08.2016 to 10.08.2016 (both days inclusive).
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IS ATTACHED. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company.

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

4. Dividend of Rs.3 per share of Rs.10 (30%) has been recommended by the Board of Directors for the year ended 31.03.2016 and subject to the approval of the shareholders at the ensuing AGM, is proposed to be paid on or before 09.09.2016.
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 2009, as on the date of the 24th Annual General Meeting (AGM) held on 24.9.2015, on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and on the website of the Company i.e. <https://www.dcmsr.com>.

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

6. Those who hold shares in physical form may notify change of address if any to Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032 or New Delhi House, 305, 3rd Floor, Barakhamba Road, New Delhi – 110001, along with self attested copies of address proof and PAN card.
7. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Karvy Computershare Pvt. Ltd.
8. The information with regard to Shri Alok B. Shriram, whose reappointment as a Director, liable to retire by rotation, forms an integral part of this Notice.
9. Electronic copy of the Annual Report for year ending 31.3.2016 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report are being sent by the permitted mode.
10. Electronic copy of the Notice of the 25th 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 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by the permitted mode.
11. Members may also note that the Notice of the 25th Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website [www.dcmsr.com](http://www.dcmsr.com) for download. The

# DCM SHRIRAM INDUSTRIES LIMITED

physical copies of the aforesaid documents will also be available at the Company's Registered Office in New Delhi for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post/courier, free of cost. For any communication, the shareholders may also send requests to the Company's email id: investorservices@dcmr.com.

12. A member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be entitled to vote again at the meeting. Members attending the meeting but have not exercised their right to vote through remote e-voting can cast their votes at the meeting through ballot paper.

13. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide all its members facility to exercise their right to vote at the 25th 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 07.08.2016 at 10.00 AM and will end on 09.08.2016 at 5.00 PM. The members will not be able to cast their vote electronically beyond the date and time mentioned above. The procedure and instructions for e-voting are as follows :

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

User - ID	<ul style="list-style-type: none"> <li>- <u>For Members holding shares in Demat Form:</u> <ul style="list-style-type: none"> <li>a) For NSDL- 8 character DPID followed by 8 digit Client ID</li> <li>b) For CDSL- 16 digit beneficiary ID</li> </ul> </li> <li>- <u>For Members holding shares in Physical Form:</u> Electronic Voting Event Number (EVEN) followed by Folio no. registered with the Company</li> </ul>
Password	Your Unique password is printed on the AGM Attendance slip / forwarded through the electronic notice via email, in case email is registered.
Captcha	Enter the Verification code i.e. please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- (c) Please contact on toll free no.18003454001 for any further clarification.
- (d) Members whose name appear in the register of members/ beneficial owners as on cut off date i.e. 03.08.2016, can cast their vote on-line from 07.08.2016 from 10.00 AM to 09.08.2016 up to 5.00 PM.
- (e) After entering these details appropriately, click on "LOGIN".
- (f) Members holding shares in Demat/ Physical form will now reach Password Change Menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z) one numeric value (0-9) and a special character (#, \$, &..). Kindly note that this password can be used by the Demat holders for voting for resolution of any other company on which they are eligible to vote, provided that company opts for e-voting

through **Karvy Computershare Private Limited e-voting platform**. System will prompt you to change your password and update any contact details like mobile 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.

- (g) You need to login again with the new credentials.
  - (h) On successful login, system will prompt to select `Event` i.e. `Company Name`.
  - (i) If you are holding shares in Demat form and had logged on to “<https://evoting.karvy.com>” and cast your vote earlier for any company, then your existing login id and password are to be used.
  - (j) On the voting page, you will see Resolution Description and against the same the option `FOR / AGAINST/ ABSTAIN` for voting. Enter the number of shares (which represents number of votes) under `FOR/ AGAINST/ ABSTAIN` or alternatively you may partially enter any number in `FOR` and partially in `AGAINST`, but the total number in “FOR / AGAINST” taken together should not exceed your total shareholding. If the shareholder does not want to cast vote, select “ABSTAIN”.
  - (k) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
  - (l) Once you `CONFIRM` your vote on the resolution, you will not be allowed to modify your vote.
  - (m) Corporate/ Institution Members (Corporate/ FIs/ FIIs/ Trust / Mutual Funds/ Banks, etc) are required to send scanned (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to [investorservices@dcmsr.com](mailto:investorservices@dcmsr.com) with copy to [evoting@karvy.com](mailto:evoting@karvy.com). The file scanned image of the Board Resolution should be in the naming format “Corporate Name-Event no.”.
  - (n) Shri M.L. Arora (C.P.No.3209) and in his absence Shri Swaran Kumar Jain (C.P.No.4906), Practicing Company Secretaries, have been appointed as the Scrutinizer/s to scrutinize the e-voting process in a fair and transparent manner.
14. The Scrutinizer shall immediately after the conclusion of voting at the General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses, not in the employment of the Company and make, not later than 3 days of conclusion of the meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall counter-sign the report and declare the results forthwith.
15. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website “<https://www.dcmsr.com>” and on the website of Karvy immediately.
16. The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by companies through electronic mode. We propose to send all future communications in electronic mode to the email address provided by you. Members who have not registered their email IDs are requested to intimate their email ID to the Company’s Registrars, viz. Karvy Computershare Pvt. Ltd. (Email ID: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)) or their depository participants.
17. **Inspection:** All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days, upto and including the date of the Annual General Meeting of the Company.
18. **Profile of the Director retiring by rotation:** Shri Alok B. Shriram, aged 55 years, has 36 years of experience in various management positions. He has done his graduation from Shriram College



## **DCM SHRIRAM INDUSTRIES LIMITED**

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of Commerce. He is presently the Vice Chairman & Dy. Managing Director of the Company and is looking after the Rayons Division. He is also Chairman & Managing Director of DCM Hyundai Ltd., an Associate Company.

Shri Alok B. Shriram holds 8536 equity shares of Rs.10 each in the Company.

Shri Alok B. Shriram was the immediate past President of the PHD Chamber of Commerce and Industry and is also a Member of its Managing Committee. He is a Member of the Committee for approving borrowings and also Stakeholders Committee of the Board. He is not a director on the Board of any other listed company.

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

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

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

#### Item No. 5

The Board of Directors in their meeting held on 30.5.2016 appointed M/s. Ramanath Iyer & Co., Cost Auditors, 808, Pearls Business Park, Netaji Subhash Place, Delhi – 110034 as Cost Auditors of the Company for the year 2016-17 at a remuneration of Rs.1.21 lacs plus out of pocket expense and taxes as may be applicable, on recommendation of the Audit Committee, pursuant to Section 148 of the Companies Act, 2013.

The above remuneration to the Cost Auditors, fixed by the Board for the financial year 2016-17 is for ratification and confirmation by the shareholders as required under Rule 14 of the Companies (Audit & Auditors) Rules, 2014.

None of the directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.5.

#### Item No. 6

The Company's Board presently consists of 4 executive directors and 6 non-executive independent directors. The independent directors are having long experience in the areas of management, finance, legal, etc. and all are professionals. They contribute substantial time to the affairs of the Company and provide valuable advice and guidance in the management of the Company. The directors are presently being paid sitting fees of Rs.50,000 per Board meeting and Rs.25,000 per Committee meeting attended by them.

Considering their contribution to the Company, the Board of Directors in its meeting held on 30.05.2016 decided to recommend to the shareholders payment every year, of commission on profits of up to 1% of the Net Profit of the Company to the non-executive directors of the Company and in such amount and proportion as may be decided by the Board of Directors, subject to the provisions of Section 197 read with Section 198 and other applicable provisions, if any, of the Companies Act, 2013 from the financial year 2016-17 onwards.

The Board recommends the resolution for the approval by the shareholders of the Company.

Except S/Shri P.R. Khanna, S.B. Mathur, S.C. Kumar, Ravinder Narain, C. Vikas Rao and Smt. Kavitha Dutt Chitturi, all non-executive independent directors, none of the other directors and key managerial personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at no.6.

#### 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 Financial Statements of your Company for the year ended 31st March, 2016.

With economic conditions in the leading economies yet to see sustained strength and growth, the forecasts for growth have been prone to frequent downward revisions, making nearly all economies, most notably emerging market economies increasingly susceptible given the market linkages. India has been amongst the few exceptions, having recorded one of the highest growth rate globally in the years 2014-15 and 2015-16. By all indications, the Country's economic momentum is likely to prevail in the coming year too, albeit at a gradual pace.

Although when compared with other economies, India's GDP growth at over 7% has been enviably high, compared to the year 2014-15, when the growth was 7.2%, the GDP growth in 2015-16 was about 7.6%, a marginal increase. This is in spite of the fact that there was continued decline in exports, investments and manufacturing. The potential growth of the Country can be raised further if it can successfully implement necessary reforms including unifying the tax regime, labour market regulations as well as opening up further to foreign direct investment and trade. These measures have been stuck up in the political cob-web. The prediction of above normal monsoon after two consecutive years of failure, gives a ray of hope of better economic performance, particularly in the agriculture sector, which has been lagging behind. The ongoing drought which is affecting over one third of the population in various parts of the Country is a matter of grave concern. Long term measures to address this perennial problem need to be taken on priority.

As regards your Company's operations, all segments other than sugar continued to perform well. The sugar prices after falling to a six year low during the first quarter, started picking up during September, 2015 on lowering of production estimates for the sugar season 2015-16 and compulsory export of 4 million MT of sugar during the season mandated by the Central Government. The market sentiments further improved in the subsequent months due to expected drop in Brazilian cane production and also in the sugar season 2016-17 domestically due to severe drought conditions prevailing in Maharashtra and other sugar producing states.

## **Financial Summary**

Though the adversity in the sugar operations continued for about 6 months in the financial year, the Company achieved a turnover of Rs.1226 cr. against Rs.1305 cr. in the previous year. There was a gross profit of Rs.57.4 cr. as compared to Rs.29.9 cr. in the previous year and net profit of Rs.33.2 cr. as compared to Rs.4.4 cr. in the previous year. The reduction in loss in the sugar segment helped in improving the profit position.

## **Appropriation and Dividend**

Looking into the better profit position achieved by your Company, but keeping the cash flow requirements in mind, the Board of Directors is pleased to recommend a dividend of Rs.3 per equity share of Rs.10 (30%) for the year ended 31.3.2016. The dividend payout for the year under review, inclusive of corporate tax on dividend distribution, is Rs.6.28 cr.

After provision for proposed dividend, the balance carried forward in the Profit & Loss Account will be Rs.39.02 cr., which includes Rs.12.06 cr. brought forward from the previous year.

## **Auditors' Report**

There are no qualifications, reservation, or adverse remarks or disclaimer in the Auditors Report to the members on the Annual Financial Statements for the year ended 31.3.2016. Regarding the 'Emphasis of Matter' in the Auditors Report on the consolidated financial statements with regard to the financial assets and income therefrom of the subsidiary company's financial statements for the year ended 31.3.2016, as clarified in Note No.47 of the consolidated financial statements, the subsidiary company has no intention of undertaking NBFC business and it will take steps to set right the position.

# DIRECTORS' REPORT (continued)

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## Secretarial Audit Report

M/s. Chandrasekaran Associates, Company Secretaries, carried out a Secretarial Audit for the year 2015-16 pursuant to Section 204 of the Companies Act, 2013 (the Act). A copy of their Report in Form MR-3 as per Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure – 1**. There is no qualification in the Report.

## THE STATE OF COMPANY'S AFFAIRS

### Sugar

During the year the Daurala Sugar Works (DSW) produced 1.86 Lac MT of sugar by crushing 17.83 Lac MT of cane as against 1.62 Lac MT of sugar by crushing 16.79 Lac MT in the previous year. **The recovery in the year was better at 10.44% as against 9.68% last year.** This was achieved by extensive propagation of high sucrose cane variety in our cane area. The supply of power to grid remained satisfactory and sale prospects of Renewable Energy Certificates improved during the year.

The Sugar business continued to incur heavy losses though improvement in sugar prices during second half of the year helped in curtailing losses.

The financial year 2015-16 started on a cautious note due to record high production of around 28 Million MT and prices being under constant pressure. Sugar prices continued to languish at below Rs.2800 per qtl. (even touching Rs.2300 per qtl. in July'15 – a six year low) during the first half of the year because of high production as well as pressure from the Government/ Courts to clear cane dues. The prices improved through the second half to a level of Rs. 3400 per qtl. in March, 2016 due to lower global/ domestic production estimates and Central Government encouraging the export of sugar. As per Industry estimate, 1.5 - 2.0 Million MT of sugar is expected to be exported in the year. The improvement in sugar prices enabled the Industry to cut down on losses and cane dues.

International prices of white sugar also improved to around US\$ 450 per MT as against US\$ 380 per MT in March, 2015, because of anticipated global deficit of over 5 Million MT.

The State and the Central Governments have been supportive of the Industry during its lean phase and announced certain measures to provide relief to the Industry.

- The UP Government maintained the sugar cane price (SAP) at Rs.280 per qtl. for Sugar Season 2015-16, and waived taxes/ charges to the extent of Rs.11.70 per qtl. Additionally, a cane incentive of upto Rs.23.30 per qtl. linked to selling price of sugar, molasses, bagasse and press-mud from October, 2015 to May, 2016 was announced. However, considering improvement in sugar situation, this may accrue partially only.
- To encourage export participation under the Minimum Indicative Export Quota initiative, the Central Government announced an incentive of Rs. 4.5 per qtl. of cane, payable directly to farmers. The Central Government also encouraged supply of ethanol to Oil Marketing Companies (OMC) under Ethanol Blending Programme (EBP) and for this some incentives/ better prices were declared.

The Government's decisions/ actions as well as lower domestic/ International production estimates have helped the Industry revive during the current year. Hopefully, going forward the Industry should turn-around, which will be reflected in the results for the current financial year.

On the operational front the Company continues to lay emphasis on improving efficiencies and reducing costs. Sustained efforts for improved performance would remain a priority.

### Alcohol

The profitability of the Alcohol Business improved significantly relative to the previous year due to lower cost of the molasses and improved production efficiencies. The off-take by OMCs for EBP increased

considerably, giving a fillip to demand. The Company also participated in this Programme, and made significant sales of Ethanol to OMCs during the year.

### **Chemicals**

The profitability of the Chemicals business declined relative to the previous year, as demand slowed due to adverse economic conditions in China, and elsewhere.

In some of our products, the Chinese resorted to aggressive marketing strategies including significant price reduction.

The Company was able to partially offset the impact of adverse conditions by successfully reducing cost of production.

Contract Manufacturing of a new product was commenced during the year.

Efforts for process optimization through R&D, continued as a priority. Investments were made to reduce the environment load.

### **Rayon**

Continued recession in Europe coupled with the turmoil in the Chinese economy adversely impacted the high end Automobile Industry and consequently the demand for high performance tyres was at a low key.

Although Shriram Rayons was affected in terms of total orders, it was able to protect its market share due to better reputation for quality and timely delivery among customers. The emphasis continued for widening customer base for value added products.

The Unit continues its emphasis on reducing operating costs by optimizing capacity utilization, efficient operating techniques and energy cost reduction. This has helped in maintaining the operating margin in spite of lower volume and lower export realizations due to steep fall in value of Euro.

Nylon Chafer sales continued to be affected by the lower off take from domestic tyre producers due to the onslaught of imported tyres on the Indian tyre market.

With operationalization of energy related projects, the Unit was able to bring down coal consumption substantially and was able to meet 79% of its fuel requirement from renewable sources. This has helped the Unit to control the energy cost as well as protect the environment.

The Unit further upgraded the effluent treatment plant and installed online monitoring system for effluent discharged.

### **Material changes and commitments**

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

### **Subsidiary/ Associate Companies**

The Company has a non-material wholly owned subsidiary, Daurala Foods & Beverages Pvt. Ltd. (DFBL), which is not carrying on any operations presently. DCM Hyundai Limited (DHL) is an associate company.

The required information with regard to the performance and financial position of the subsidiary and associate companies are annexed in Form AOC - I as annexure to the Annual Financial Statements for the year ended 31.3.2016.

There has been no change in relationship of subsidiary/ associate companies during the year except that the Company acquired the remaining 10 equity shares of Rs.10 each in DFBL resulting in its becoming a wholly owned subsidiary.

# **DIRECTORS' REPORT (continued)**

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## **BOARD MEETINGS AND DIRECTORS**

### **Meetings of the Board**

During the year 2015-16 six Board meetings were held. The dates of the meetings, attendance, etc., are given in the Corporate Governance Report annexed hereto.

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

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

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

Shri C. Vikas Rao and Smt. Kavitha Dutt Chitturi, whose appointments as Independent Directors, were approved by the shareholders in the last AGM, had visited Shriram Rayons Unit, Kota on 25.9.2015 as part of familiarization programme. They spent considerable time in visiting the Rayon plant and had discussions with officers at various levels. Shri C. Vikas Rao and Smt. Kavitha Dutt Chitturi followed up the familiarization programme by a visit to the Company's Daurala Complex on 16th and 30th March, 2016, respectively. They visited the Sugar, Alcohol and Chemical plants and acquainted themselves with the operations of these plants.

Other Independent Directors have been on the Board of the Company for a long time and are well versed with the Company's business model and the nature of industries in which it is operating.

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

A familiarization programme for IDs laid down by the Board has been posted on the Company's website – [www.dcmsr.com](http://www.dcmsr.com)

### **Policy on Board Diversity**

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

### **Directors Appointment and Remuneration**

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

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

The directors of the Company are paid remuneration as per the Remuneration Policy of the Company, the gist of which is given under the heading 'Remuneration Policy' herein below. The details of remuneration paid to the directors during the year 2015-16 are given in Form MGT-9 annexed hereto and also in the Corporate Governance Report forming part of this Report.

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

There has been no change in the composition of the Board of Directors or Key Managerial Personnel during the year 2015-16.

The Board of Directors in its meeting held on 30.5.2016 re-designated Shri Alok B. Shriram, Dy. Managing Director as `Vice Chairman & Dy. Managing Director` and Shri Madhav B. Shriram, Whole Time Director as `Dy. Managing Director`, on recommendation of NRC, in exercise of the authority conferred on the Board by the shareholders by respective resolutions approving the terms of appointment of these managerial personnel. The Board also increased the remuneration including commission payable to Shri Madhav B. Shriram from not exceeding 2.25% of the Net Profit as per Section 198 of the Companies Act, 2013 to not exceeding 3% of the Net Profit, as may be decided by the Board, from the financial year 2016-17.

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

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

As required under the Act and the SEBI (LODR) Regulations, 2015 an evaluation of the performance of the IDs, Board as a whole and Committees during the year 2015-16 was carried out by the Board of Directors based on the criteria laid down by the NRC. A copy of the `criteria` is annexed as **Annexure 2** hereto.

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

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

### **Directors' Responsibility Statement**

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

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

### **Internal Financial Controls**

A comprehensive internal financial control system is followed by the Company at all its establishments. This is further strengthened by an internal audit process under the overall supervision of the Audit Committee of the Board. The services for the internal audit are outsourced. Qualified and experienced

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

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professionals are engaged to ensure effective and independent evaluation of, inter alia, the internal financial controls.

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

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

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

The expert agency engaged by the Company to assess the adequacy of the existing internal financial controls and suggest measures for further strengthening the same has come out with a report and made a presentation to the Board of Directors. The expert agency observed in their report as under:

“We are of the view that adequate key control procedures exist in substance, in line with the definition of Internal Financial Control as explained in The Act.”

### **Loans, Guarantees and Investments**

The Company has not given any loan covered u/s 186 of the Act during the year. The Company has acquired the remaining 10 equity shares of Rs.10 each in the Company's subsidiary, DFBL, during the year making it a wholly owned subsidiary.

The Company has not given any guarantee during the year 2015-16. The deed of guarantee executed by the Company in favour of IDBI Bank Ltd. with regard to crop loan from the Bank to the farmers who supply cane to the Company's Unit Daurala Sugar Works on recommendation of the Company, remained dormant as no crop loan was provided by the Bank to the farmers during the year under the Scheme.

### **Related Party Transactions**

The transactions entered with a related party during the year under review was on Arm's Length basis and in the ordinary course of business. All related party transactions were approved by the Audit Committee and the Board. The relevant information regarding related party transactions has been set out in Note No.38 of the Standalone Financial Statements for the y.e. 31.3.2016. In view of this, disclosure in Form AOC-2 is not required.

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

### **CSR Activities**

Pursuant to Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, a report in the prescribed proforma is annexed – **Annexure 3**. The Company has spent the mandated amount of Rs. 48.89 lacs on CSR activities during the year.

### **Risk Management**

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

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

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

### Public Deposits

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

		(Rs./lacs)
i)	Accepted during the year	248.88
ii)	Remained unpaid or unclaimed as at the end of the year	8.25
iii)	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved	No
	a) at the beginning of the year	}
	b) maximum during the year	}
	c) at the end of the year	}
iv)	The details of deposits which are not in compliance with the requirement of Chapter V of the Act.	Nil
		}
		}
		}

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

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

### Extract of the Annual Return

Extract of the Annual Return for the year 2015-16 in Form MGT-9 is annexed – **Annexure 4.**

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

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

### REMUNERATION POLICY

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

#### i. Guiding principle

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

#### ii. Directors

Non-executive directors are paid remuneration in the form of sitting fees for attending Board/ Committee meetings as fixed by the Board from time to time subject to statutory provisions. Presently sitting fee is Rs.50,000 per Board meeting and Rs.25,000 per Committee meeting.



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

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

### **iii. KMP and SMP**

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

### **iv. Other employees**

The remuneration of other employees is fixed from time to time by the Management as per the guiding principle laid down in the Remuneration Policy and considering industry standards and cost of living. In addition to salary, they are also provided perquisites and retirement benefits as per Schemes of the Company and statutory requirements, where applicable.

### **Managerial Remuneration**

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

Particulars of employees who have drawn remuneration of Rs.60 lacs or more during the year 2015-16 are annexed – **Annexure 7**

### **Audit Committee**

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

### **Vigil Mechanism**

Pursuant to Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, 2015, the Board of Directors, on the recommendation of the Audit Committee, adopted a Vigil Mechanism (Whistle Blower Policy) in its meeting held on 14.8.2014. The Policy has been widely circulated among the employees and also put on the website of the Company.

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

### **Share Capital**

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

### **Unclaimed Shares Suspense Account**

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

	No. of Folios	No. of Shares
Outstanding shares in the suspense account as on 1st April, 2015	6090	84144
No. of shareholders approached for transfer of shares from the Account and no. of shares released during the year 2015-16	21	265
Balance as on 31.3.2016	6069	83879

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

### Market Capitalization

Particulars	As at 31.3.2016	As at 31.3.2015	Variation
- Market capitalization (Rs./cr.)	211.74	128.58	64.68%
- Price Earning Ratio	6.04	29.32	-79.30%

The Company has not made any public offer of shares.

### Statutory Auditors

The statutory auditors of the Company are M/s A. F. Ferguson & Co. (Registration No.112066W), Chartered Accountants, 9, Scindia House, K.G. Marg, New Delhi – 110001. There was no change in the statutory auditors during the year. They being eligible, are being recommended to the shareholders for re-appointment for holding office as statutory auditors from the close of the ensuing AGM till the conclusion of the next AGM. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from M/s. A.F. Ferguson & Co. that their appointment, if made, would be in conformity with the limits specified in the said Section.

### Cost Auditors

M/s Ramnath Iyer & Co., Cost Accountants, 808, Pearls Business Park, Netaji Subhash Place, Pitampura, Delhi – 110034, who were appointed as Cost Auditors of the Company for the year 2014-15, submitted the Cost Audit report, due for filing on or before 27.9.2015, to the Central Government on 16.9.2015. They have been reappointed as Cost Auditors for the year 2016-17. A resolution for ratification of their remuneration for the year 2016-17, as required under the Companies Act, 2013, forms part of the Notice convening the AGM.

### Corporate Governance

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

### Anti-Sexual Harassment Policy

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

### Acknowledgement

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

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

For and on behalf of the Board

New Delhi,  
May 30, 2016



**CHAIRMAN**

# DIRECTORS' REPORT (continued)

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## SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED MARCH 31, 2016

### Annexure - 1

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

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

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

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and effective from 01.07.2015.
- (ii) The Listing Agreement entered into by the Company with BSE Limited / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 02.12.2015.

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

We further report that -

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

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

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

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

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

Rupesh Agarwal  
Partner

For Chandrasekaran Associates  
Company Secretaries  
Membership No. A16302  
Certificate of Practice No. 5673

Date: 27.05.2016  
Place: Noida

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

# **DIRECTORS' REPORT (continued)**

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## **Annexure - A**

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

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

Rupesh Agarwal

Partner

For Chandrasekaran Associates  
Company Secretaries  
Membership No. A16302  
Certificate of Practice No. 5673

Date: 27.05.2016  
Place: Noida

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## **Annexure - 2**

### **Criteria for performance evaluation of Independent Directors**

The Board will evaluate the performance of Independent Directors on a scale of 1 – 5 on the following parameters. The ID being evaluated shall abstain from the Board meeting in which the evaluation process is undertaken.

1. Attendance in the Board / Committee/ General meetings.
2. How well prepared for the meetings.
3. Participation in discussion/ deliberations.
4. Quality and value of contribution to the Board deliberations.
5. Contribution to the development of business strategy, policies, risk management, management systems and control procedures.
6. How successfully brought his knowledge and experience in enriching existing strategy.
7. Contribution to Board cohesion, including the ability to listen to and respect the ideas of fellow directors and members of management.
8. Awareness of Regulatory frame works applicable to the Company.
9. Eagerness to devote time and effort learning about the Company and its business.
10. Commitment to fiduciary responsibility.
11. Compliance with the Code of Business Conduct & Ethics laid down by the Board.
12. Overall effectiveness of the IDs.

**REPORT ON CSR ACTIVITIES**

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

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

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

2. The CSR Committee comprises of Shri Tilak Dhar, CMD (Chairman), Shri Alok B. Shriram, VC & DMD (Member), and Shri S.C. Kumar, Independent Director, (Member).
3. Average net profit of the Company for last three financial years – Rs.24.42 cr.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) – Rs.48.85 lacs.
5. Details of CSR spent during the financial year
- Total amount to be spent for the financial year – Rs.48.85 lacs
  - Amount unspent, if any. - Nil
  - Manner in which the amount spent during the financial year is detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) local area or other 2) Specify the State and District where projects or programs was undertaken.	Amount outlay (budget) project or programs wise  (Rs./lacs)	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	PM National Relief Fund	Item No.viii of Schedule VII of the Cos. Act, 2013	Towards flood relief to the people of Nepal	1.00	1) 1.00	1.00	PM's NRF. *
2	Construction of toilet block for girls in a school	Sanitation (Item No.i of Sch.VII)	Delhi	1.95	1) 1.95	1.95	Through CII
3	- Renovation of Town Hall at adopted village  - Contribution to Rotary Club Delhi Midtown	Rural development (Item x of Sch.VII)  - do -	Kundanpur, Rajasthan  Bibipur, Haryana	4.15  1.00	1) 4.15  1) 1.00	4.15  1.00	Direct  Rotary Club Delhi Midtown.

## DIRECTORS' REPORT (continued)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
4	Distribution of Kit Holder Bags to prospective Golfers	Promotion of Sports (Item vii of Sch. VII)	Delhi	2.48	1) 2.48	2.48	Through Delhi Golf Club
5	Support to Mushara	Promotion of Urdu language (Item v of Sch.VII)	Delhi	13.54	1) 13.54	13.54	Direct
6	Medicines, Hospital service and medical camps	Promotion of health care (Item No.i of Sch. VII)	Daurala, Meerut, UP	8.81	1) 8.81	8.81	Direct
7	Rain water harvesting & cleaning of water bodies	Environment sustainability (Item No.iv of Sch.VII)	Daurala, Meerut, UP	9.11	1) 9.11	9.11	Direct
8	Contribution to the corpus of a Society for carrying out CSR activities exclusively	(sub-para viii of circular dt. 18.6.2014)	Delhi	6.85	6.85	6.85	Implementing Agency. *
	<b>TOTAL</b>			<b>48.89</b>	<b>48.89</b>	<b>48.89</b>	

\* Contributions to PM's National Relief Fund and to a Society's corpus created exclusively for undertaking CSR activities, respectively.

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

Not applicable

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

Sd/-

**VC & Dy. Managing Director**

Sd/-

**Chairman CSR Committee**

**EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2016**
**Annexure - 4**
**Form No. MGT-9**

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

**I. REGISTRATION AND OTHER DETAILS:**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Sugar*	1072	53.60
2	Industrial Fibres and related products	1399 /13999	22.84
3	Chemicals	2011/ 20119	20.60

\* Comprising of sugar, power and alcohol

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

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

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



# DIRECTORS' REPORT (continued)

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2016

Annexure - 4 (contd.)

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share holding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				%age change during the year
	Demat	Physical	Total	%age of total shares	Demat	Physical	Total	%age of total shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF	97721	0	97721	0.56	140800	0	140800	0.81	0.25
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt.	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	7569184	0	7569184	43.51	7604583	0	7604583	43.71	0.2
e) Banks/ FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
<b>SubTotal (A)(1)</b>	<b>7666905</b>	<b>0</b>	<b>7666905</b>	<b>44.07</b>	<b>7745383</b>	<b>0</b>	<b>7745383</b>	<b>44.52</b>	<b>0.45</b>
<b>2) Foreign</b>									
a) NRIs –Individuals	0	0	0	0	0	0	0	0	0
b) Other – individuals	0	0	0	0	0	0	0	0	0
c) Bodies corp..	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total share-holding of promoter (A)= (A)(1)+(A)(2)</b>	<b>7666905</b>	<b>0</b>	<b>7666905</b>	<b>44.07</b>	<b>7745383</b>	<b>0</b>	<b>7745383</b>	<b>44.52</b>	<b>0.45</b>
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds	101	4746	4847	0.03	101	4746	4847	0.03	0
b) Banks/FI	2120	1991	4111	0.02	1850	1991	3841	0.02	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt	0	0	0	0	0	0	0	0	0
e) Venture capital funds	0	0	0	0	0	0	0	0	0
f) Insurance companies	1331259	0	1331259	7.65	1331259	0	1331259	7.65	0
g) FIs	3800	0	3800	0.02	0	0	0	0	-0.02
h) Foreign venture capital funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1)</b>	<b>1337280</b>	<b>6737</b>	<b>1344017</b>	<b>7.72</b>	<b>1333210</b>	<b>6737</b>	<b>1339947</b>	<b>7.7</b>	<b>-0.02</b>
<b>2) Non-institutions</b>									
a) Bodies corp.									
i) Indian	5535579	20813	5556392	31.94	5565360	20813	5586173	32.11	0.17
ii) Overseas	0	0	0	0					0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lac	1482320	938467	2420787	13.91	1403100	919102	2322202	13.34	-0.57
ii) Individual shareholders holding nominal share capital excess of Rs.1 lac	262533	0	262533	1.51	246370	0	246370	1.42	-0.09
c) Others									
- Clearing members	3111	0	3111	0.02	18926	0	18926	0.11	0.09
- Pakistani nationals	0	43113	43113	0.25	43113	0	43113	0.25	0
- NRIs	69946	22434	92380	0.53	64830	22294	87124	0.5	-0.03
- Trusts	9199	0	9199	0.05	9199	0	9199	0.05	0
<b>Sub-total(B)(2)</b>	<b>7362688</b>	<b>1024827</b>	<b>8387515</b>	<b>48.21</b>	<b>7350898</b>	<b>962209</b>	<b>8313107</b>	<b>47.78</b>	<b>-0.43</b>
<b>Total Public shareholding (B)=(B)(1)+(B)(2)</b>	<b>8699968</b>	<b>1031564</b>	<b>9731532</b>	<b>55.93</b>	<b>8684108</b>	<b>968946</b>	<b>9653054</b>	<b>55.48</b>	<b>-0.45</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>16366873</b>	<b>1031564</b>	<b>17398437</b>	<b>100</b>	<b>16429491</b>	<b>968946</b>	<b>17398437</b>	<b>100</b>	<b>0</b>

**(ii) Shareholding of Promoters**

S. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		Number of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	Number of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Versa Trading Ltd.	2224725	12.79	0	2224725	12.79	0	0
2	Bantam Enterprises Pvt. Ltd.	1345320	7.73	0	1345320	7.73	0	0
3	Lily Commercial Pvt. Ltd.	1033243	5.94	0	1044323	6	0	0.06
4	Divine Investments Pvt. Ltd.	674993	3.88	0	682493	3.92	0	0.04
5	H.R. Travels P.Ltd.	569500	3.27	0	575580	3.31	0	0.04
6	HI-VAC Wares Pvt. Ltd.	715704	4.11	0	715704	4.11	0	1.57
7	Quick Litho-graphers Pvt. Ltd.	400700	2.30	0	405280	2.33	0	0.03
8	Peekay Alkalies Pvt. Ltd.	255590	1.47	0	258419	1.49	0	0.02
9	Super Wares Pvt. Ltd.	164898	0.95	0	166723	0.96	0	0.01
10	Gentech Chemicals P. Ltd.	147001	0.84	0	148506	0.85	0	0.01
11	Tilak Dhar-Karta (L.Bansi Dhar & Sons- HUF)	10837	0.06	0	53916	0.31	0	0.25
12	Suman Bansi Dhar	56812	0.33	0	56812	0.33	0	0
13	Alok B. Shriram	8536	0.05	0	8536	0.05	0	0
14	Meridian Marketing P. Ltd.	33337	0.19	0	33337	0.19	0	0
15	Divya Shriram	87	0	0	87	0	0	0
16	Urvashi Tilak Dhar	521	0	0	521	0	0	0
17	Karuna Shriram	4346	0.02	0	4346	0.02	0	0
18	Madhav B. Shriram	66	0	0	66	0	0	0
19	Tilak Dhar	11816	0.07	0	11816	0.07	0	0
20	DCM Hyundai Ltd.	4173	0.02	0	4173	0.02	0	0
21	Aditi Dhar	100	0	0	100	0	0	0
22	Akshay Dhar	100	0	0	100	0	0	0
23	Kanika Shriram	4500	0.03	0	4500	0.03	0	0.03
	<b>TOTAL</b>	<b>7666905</b>	<b>44.07</b>	<b>0</b>	<b>7745383</b>	<b>44.52</b>	<b>0</b>	<b>0.45</b>

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	7666905	44.07		
Date-wise increase / decrease in promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / Transfer/Bonus / Sweat / equity, etc)				
- 18.12.2015 (Market purchase)	13000	0.07	7679905	44.14
- 25.12.2015 (Market Purchase)	13824	0.08	7693729	44.22
- 31.12.2015 (Market purchase)	34014	0.20	7727743	44.42
- 15.01.2016 (Market purchase)	100	0.0	7727843	44.42
- 22.01.2016 (Market purchase)	17540	0.10	7745383	44.52
At the end of the year (31.3.2016)			7745383	44.52

# DIRECTORS' REPORT (continued)

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2016

Annexure - 4 (contd.)

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No.	For Each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	%age of total shares of the company	No. of shares	%age of total shares of the company
	<b>At the beginning of the year</b>				
1	HB Stockholdings Ltd.	4346615	24.98	4346615	24.98
2	LIC	1331259	7.65	1331259	7.65
3	Pearey Lall & Sons (EP)Ltd.	466944	2.68	466944	2.68
4	Saraswati Sugar Mills Ltd	265000	1.52	265000	1.52
5	Puran Associates Pvt. Ltd.	210581	1.21	210581	1.21
6	Pankaj Singhal	44497	0.26	0	0
7	Ritu Singhal	39426	0.23	0	0
8	N. Rangappa	52825	0.3	61700	0.35
9	Kalyani P. Jain .	26432	0.15	28352	0.16
10	Maninder Jit Bhandari	28405	0.16	28405	0.16
	<b>Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)</b>				
25.12.15	Pankaj Singhal (Market sale)	-25100		19397	
31.12.15		-6075		13322	
8.1.16		-13322		0	
18.12.15	Ritu Singhal (market sale)	-19059		20367	
25.12.15		-20367		0	
8.5.15	Kalyani P Jain	935		27367	
15.5.15		600		27967	
29.5.15		385		28352	
17.4.15	N. Rangappa	275		53100	
24.4.15		1561		54661	
1.5.15		239		54900	
8.5.15		700		55600	
22.5.15		2200		57800	
29.5.15		700		58500	
5.6.15		220		58720	
12.6.15		1930		60650	
19.6.15		1693		62343	
26.6.15		3432		65775	
30.6.15		519		66294	
3.7.15		806		67100	
10.7.15		2300		69400	
17.7.15		1704		71104	
24.7.15		-404		70700	
31.7.15		-2475		68225	
7.8.15		-8625		59600	
14.8.15		-4700		54900	
21.8.15		-3200		51700	
28.8.15		-2800		48900	

30.9.15		129		49029	
2.10.15		171		49200	
9.10.15		1300		50500	
16.10.15		800		51300	
23.10.15		-400		50900	
30.10.15		-1900		49000	
6.11.15		500		49500	
20.11.15		-4000		45500	
27.11.15		1200		46700	
4.12.15		1800		48500	
11.12.15		2100		50600	
18.12.15		900		51500	
31.12.15		2200		53700	
1.1.16		730		54430	
8.1.16		3270		57700	
15.1.16		2900		60600	
22.1.16		2708		63308	
29.1.16		1692		65000	
5.2.16		1600		66600	
11.3.16		-700		65900	
18.3.16		-9900		56000	
31.3.16		5700		61700	
	<b>At the end of the year (or on the date of separation, if separated during the year).</b>				

(v) Shareholding of Directors and Key Managerial Personnel:

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

# DIRECTORS' REPORT (continued)

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2016

Annexure - 4 (contd.)

## V. INDEBTEDNESS

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

(Rs./lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	41204.70	150.00	535.11	41889.81
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) interest accrued but not due	111.93	4.04	63.37	179.34
Total (i+ii+iii)	41316.63	154.04	598.48	42069.15
Change in Indebtedness during the financial year				
• Addition	0.00	0.00	0.00	0.00
• Reduction	-1005.76	-0.47	-67.50	-1073.73
Net Change in Indebtedness at the end of the financial year				
l) Principal amount	40182.55	150.00	476.59	40809.14
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	128.32	3.57	54.39	186.28
TOTAL (i + ii +iii)	40310.87	153.57	530.98	40995.42

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs.)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		CMD	VC & DMD	DMD	Dir. & CEO (Rayons)	
1.	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	3135000	3240000	3030840	2039400	11445240
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	758407	790014	1123062	382460	3053943
	(c) Profits in lieu of salary u/s 17(3) of Income-tax Act, 1961	1881000	1809000	1701000	1188000	6579000
2	Stock Option	--	--	--	--	
3	Sweat equity	--	--	--	--	
4	Commission: - As % of profit others, specify - others, specify (Reward)	6540000	6480000	3080000	250000	16100000 250000
5	Others, please specify	--	--	--	--	
	Total (A)	12314407	12319014	8934902	3859860	37428183
	Ceiling as per Act	Rs.428.29 lacs (being 10% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013)				

**B. Remuneration to other directors:**

(Rs.)

S.No.	Particulars of Remuneration	Name of Directors						Total Amount
		P.R. Khanna	S.C. Kumar	S.B. Mathur	Ravinder Narain	C.V. Rao	Kavitha D. Chitturi	
1	Independent directors							
	• Fee for attending Board & Committee meetings	650000	475000	650000	275000	325000	275000	2650000
	• Commission	-	-	-	-	-	-	
	• Others, Please specify	-	-	-	-	-	-	
	Total (1)	650000	475000	650000	275000	325000	275000	2650000
2	Other Non-Executive Directors							
	• Fee for attending Board Committee meetings	-	-	-	-	-	-	
	• Commission	-	-	-	-	-	-	
	• Others, Please specify	-	-	-	-	-	-	
	Total (2)	-	-	-	-	-	-	
	Total (B)-(1+2)	650000	475000	650000	275000	325000	275000	2650000
	Total Managerial remuneration							40078183
	Overall Ceiling as per the Act	Rs.471.11 lacs (being 11% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013, sitting fee not to be included for the limit)						

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

(Rs.)

S.No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	1219780	1761450	2981230
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	330100	682731	1012831
	(c) Profits in lieu of salary u/s 17(3) of Income-tax Act, 1961	--	180000	180000
2	Stock Option	--	--	--
3	Sweat equity	--	--	--
4	Commission: - As % of profit - others, specify	--	--	--
5	Others, please specify	--	--	--
	<b>Total</b>	1549880	2624181	4174061

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

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

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

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

### A. CONSERVATION OF ENERGY

#### i) Steps taken and impact on conservation of energy :

- Phased replacement of traditional tubelights and streetlights by "LED lights", to reduce power consumption.
- Installation of VFD for speed control at two new bottling lines.
- Reduction in steam consumption in distillation by increasing alcohol % in wash.
- Replacement of old pumps with energy efficient pumps.
- Fluorescent Lamps replaced with LED lamps.
- Installation of Capacitor Banks to improve Power Factor.
- Steam consumption reduced by stopping condensing TG set and using only cogeneration TG set.
- Additional steam flow meter commissioned for continuous monitoring & control of steam flow at Spinbath.
- Installation of Control valve to conserve water.
- Reduction of total water extraction by recycling, reclaiming & reusing.
- Reduction in steam by desuperheating.
- Reduction of energy consumption by process optimisation.
- Installation of glass reinforced thermal pipes to prevent heat loss i.e. lesser energy loss and corrosion resulting in better life.
- Recycling of steam condensate water i.e. the hot water used for process heating is generated through this condensate thereby saving live steam. Also the same water is used for makeup in cooling water, saving water extraction & pumping cost.

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

- Company's Daurala Complex utilises only clean conventional energy, using agro fuels for co-generation of steam & power and supplies the surplus green power generated to the grid.
- Utilisation of agro waste as boiler fuel increased with operationalisation of additional agro waste boiler.

#### iii) Capital investment on energy conservation equipments : Rs. 0.02 Cr.

### B. TECHNOLOGY ABSORPTION :

#### i) Efforts made towards technology absorption :

- Installation of PHE's for cooling of fermenting wash, to reduce water consumption.
- Installation of cooling tower for water recycling.
- Installation of Online effluent water monitoring system, Auto changeover system for cooling water pump, Vacuum circuit breaker, Magnetic strainer, Single stage ION exchanger changed to double stage.
- Installation of Magnetic flow meter, Electronic measurement & control system, Chlorine sensor, Audio visual alarms and Gas alarms.
- Replacement of lead with the engineering plastic (FRVE) for corrosive liquid service.
- Weighing bridge converted from pit to pit-less.

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

- Improved fermentation efficiency, improvement in quality of products, optimization of steam & power consumption, reduction in carbon foot print, lower costs and downtime, reduction in consumption in

water & coal, reduction in liquid effluent, a cleaner and safer environment, lower waste generation at source, safe working, increased boiler throughput, and power factor improvement.

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

iv) **Expenditure incurred on Research & Development** : Rs. 1.65 crs.

**C. FOREIGN EXCHANGE EARNINGS & OUTGO 2015-2016 :**

- Total foreign exchange earned Rs. 350.44 crs. and used Rs. 141.26 crs.

**Annexure - 6**

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

1. Ratio of the remuneration of each director to the median of the employees of the Company for the financial year 2015-16 :

- Shri Tilak Dhar, CMD	- 62 : 1
- Shri Alok B. Shriram, VC & DMD	- 62 : 1
- Shri Madhav B. Shriram, DMD	- 45 : 1
- Shri K.N. Rao, Director & CEO (Rayons)	- 20 : 1

2. The percentage increase in remuneration of each Director, CFO and Company Secretary in the financial year 2015-16:

- Shri Tilak Dhar, CMD	- 129.49 %
- Shri Alok B. Shriram, VC & DMD	- 119.29 %
- Shri Madhav B. Shriram, DMD	- 63.31 %
- Shri K.N. Rao, Director & CEO (Rayons)	- 3.16 %
- Shri N.K. Jain, CFO	- 6.15 %
- Shri Y.D. Gupta, Company Secretary	- 7.36 %

3. Percentage increase in the median remuneration of employees in the financial year

- 5.81 %

4. Number of permanent employees on the rolls of the Company: 2341

5. Explanation on the relationship between average increase in remuneration and Company performance:

For the financial year ended 31st March, 2016 the average increase in the remuneration of employees was 4.10 % and the increase in the profit before tax of the Company was 231.98%. In the previous year profit was lower because of the slump in the sugar business.

6. Comparison of the remuneration of the KMP against the performance of the Company:

Aggregate remuneration of KMP for the F.Y. 31.3.2016 (Rs./ lacs)	164.88
Profit Before Tax (Rs./ lacs)	3870.79
Remuneration of KMP (as % of PBT)	4.26

7. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and the justification thereof, and point out if there are any exceptional circumstances for increase in the managerial remuneration:



## DIRECTORS' REPORT (continued)

Average increase in remuneration of employees other than managerial personnel during the year 2015-16 was 1.51%, whereas the average increase in remuneration of managerial personnel was 78.80%. In the previous year the managerial personnel were paid only minimum remuneration as per Schedule V of the Act because of inadequacy of profits. Hence, the increase in the remuneration of managerial personnel this year is higher comparing to the previous year.

8. Comparison of remuneration of each KMP against the performance of the Company:

Particulars	Shri Tilak Dhar Chairman & Managing Director	Shri N.K. Jain Chief Financial Officer	Shri Y.D. Gupta Company Secretary
Remuneration in Financial year 2015-16 (Rs./lacs)	123.14	26.24	15.50
Profit before tax (PBT) (Rs./lacs)	3870.79		
Remuneration (as % of PBT)	3.18	0.68	0.40

9. The key parameters for any variable component of remuneration availed by the Directors:

Considering the improved profit position in the year 2015-16, the Board of Directors have approved commission to the managerial personnel as per the terms of their appointments. As the commission is linked to Net Profit as per Section 198 of the Act, on a percentage basis the same is the variable component of the remuneration to CMD, DMD and WTD.

10. The ratio of the remuneration of the highest paid Director to that of the employees who are not directors but received remuneration in excess of the highest paid Director during the year: None

### Annexure - 7

#### Statement of Particulars under Section 197(12) of the Companies Act, 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 forming part of the Report of Directors for the year ended March 31, 2016.

(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	12848841	B.Com., CA (Inter), MBA	36	08-09-80	60	Manager, DCM Ltd.
Shriram, Alok B.	Vice Chairman & Dy. Managing Director	12849294	B.Com. (Hons.)	36	01.01.90	55	Dy. General Manager, Shriram Honda Power Equipment Ltd.
Shriram, Madhav B.	Dy. Managing Director	9635453	B. Com., MBA	28	22.05.90	51	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

**CORPORATE GOVERNANCE REPORT**
**Annexure - 8**
**Corporate Governance Philosophy**

Corporate Governance (CG) is based on principles such as conducting the business with integrity and fairness, being transparent with regard to all transactions, making necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner. There is a need for those in control of the company to be able to distinguish between personal and corporate interests while managing the company. Adhering to principles of CG has been in vogue always. However, the term gained prominence in the year 2000 when SEBI had introduced Clause 49 of the Listing Agreement requiring listed companies to report on CG practices followed by them in the Annual Reports.

The Company's CG philosophy underlines the above principles. CG is a continuous process, which keeps evolving and undergoes changes with time.

The CG Report in respect of the year ended 31.3.2016 is given below:

**Board of Directors**

The Company's Board comprises of an ideal combination of executive and non-executive directors, headed by Chairman & Managing Director. Of the 10 directors, 4 are executive directors. Three executive directors represent the promoters. All the non-executive directors are independent directors and are persons of eminence with experience in the fields of finance, law, trade or industry. The Board's composition is in consonance with the CG requirements under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(4) of the Companies Act, 2013.

**Board Meetings, attendance and other directorships**

During the year six Board meetings were held on 29.5.2015, 14.8.2015, 24.9.2015, 6.11.2015, 12.2.2016 and 29.3.2016. 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 (Promoter)	5	Yes	NIL	Nil	Nil
2	Shri Alok B. Shriram	00203808	DMD (Promoter)	6	Yes	2	2	Nil
3	Shri Madhav B Shriram	00203521	WTD (Promoter)	4	Yes	1	1	Nil
4	Shri K.N. Rao	06730043	Director & CEO (Rayons)	5	No	NIL	Nil	Nil
5	Shri P.R. Khanna	00048800	Non-executive/ Independent	6	Yes	4	5	2
6	Shri S.B. Mathur	00013239	"	6	Yes	8	4	3
7	Shri Ravinder Narain	00059197	"	5	Yes	3	3	1
8	Shri S.C. Kumar	00064453	"	6	Yes	2	3	1
9	Shri C. Vikas Rao	06900458	"	6	Yes	Nil	Nil	Nil
10	Mrs. Kavitha Dutt Chitturi	00139274	"	5	Yes	2	2	Nil

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

\*\* Audit and Stakeholders' Relationship Committees.

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

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

**Familiarization programme for independent directors**

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

**Audit Committee**

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

# DIRECTORS' REPORT (continued)

## Terms of reference

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

The Audit Committee, inter alia, ensures that an effective internal financial control system is in place. During the year 4 meetings of the Audit Committee were held on 29.5.2015, 14.8.2015, 6.11.2015 and 12.2.2016.

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

Name of the Member	Status	No. of Meetings attended
Shri P.R. Khanna	Chairman	4
Shri S.B. Mathur	Member	4
Shri S.C. Kumar	Member	4
Shri K.N. Rao	Member	4

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

The Minutes of the Committee are placed before the Board.

## Nomination and Remuneration Committee

The Nomination & Remuneration Committee (NRC) carries out the functions as per Section 178 of the Companies Act and SEBI (LODR) Regulations, 2015. The composition of the Committee is given below. There being no item for consideration, no meeting of the Committee was held during the year.

Name of the Member	Status
Shri S.B. Mathur	Chairman
Shri P.R. Khanna	Member
Shri Ravinder Narain	Member
Shri S.C. Kumar	Member
Shri Tilak Dhar	Member

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

## Remuneration Policy

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

The details of remuneration of executive directors for the year ended 31.3.2016 are given below :

(Rs./lacs)

Whole-time Directors	Salary	Commission/ Reward	Perquisites	Retirement benefits
Shri Tilak Dhar (CMD)	31.35	65.40	23.27	8.46
Shri Alok B. Shriram (DMD)	32.40	64.80	23.15	8.14
Shri Madhav B. Shriram(WTD)	30.30	30.80	27.59	7.65
Shri K.N. Rao [ Director & CEO (Rayons) ]	20.39	2.50	13.94	5.34

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

Non-executive directors are paid sitting fees for attending the Board and Committee meetings. Presently the sitting fees is Rs.50,000 per Board meeting and Rs.25,000 per Committee meetings. The details of the sitting fee paid during the year to non-executive directors 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	650000	960
Shri S.B. Mathur	650000	-
Shri Ravinder Narain	275000	570
Shri S.C. Kumar	475000	-
Shri C. Vikas Rao	325000	-
Mrs. Kavitha Dutt Chitturi	275000	500

There are no other pecuniary relationships with the non-executive directors vis-a-vis the Company.

#### Stakeholders' Relationship Committee

Shri P.R. Khanna, an independent director, is the Chairman of the Committee. Shri Y.D. Gupta, Company Secretary, is its Secretary and is also the Compliance Officer.

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

During the year, the Company received 8 shareholders' complaints all of which have been resolved to the satisfaction of the shareholders. No complaint was pending as on 31.3.2016.

No meeting of the Committee was held there being no major complaints to address to and also the proposals for transfer / transmission of shares were within the delegation given to the Company Secretary. However, the details of share transfer/ transmission approved by the Company Secretary and status of investor complaints were regularly reported to the Board.

#### General Body Meetings

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

Financial Year	Date	Venue
2012-2013	12/08/2013	Air Force Auditorium, Subroto Park, New Delhi - 110010
2013-2014	14/08/2014	- do -
2014-2015	24/09/2015	Kamani Auditorium, Copernicus Marg, New Delhi - 110001

No Special resolution was proposed in the AGMs held in the years 2013, 2014 and 2015.

#### 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(B)(ii) to the stand-alone financial statements.

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

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

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

#### Means of communication

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

The notice of the AGM along with Annual Report is sent to the shareholders well in advance of the AGM. In cases where the email IDs are notified the same is sent by email. The gist of the notice is also published in newspapers. In addition, the Stock Exchange is notified of any important developments or price sensitive information. 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](http://www.dcmsr.com) – in which general information about the Company, Code of Business Conduct and Ethics, Remuneration Policy, Shareholding

# DIRECTORS' REPORT (continued)

Pattern, Related Party Transaction Policy, Quarterly/ Annual results, Code of Conduct framed under SEBI (Prohibition of Insider Trading) Regulations, 2015, etc. have been posted. Particulars of unclaimed dividend/ deposits, etc. are also posted on the website for information of investors.

## General Shareholder Information

The AGM will be held on 10th August, 2016 at 10.00 A.M. at Kamani Auditorium, 1, Copernicus Marg (near Mandi House), New Delhi - 110001.

**Financial Year** – April to March

## Date of Book Closure

The Register of members and other share transfer books will remain closed from 4th August, 2016 to 10th August, 2016 (both days inclusive).

## Dividend

The Board of Directors has recommended a dividend of Rs.3 per equity share of Rs.10 (30%) for the year. The dividend on approval by shareholder at the AGM will be paid by not later than 09.09.2016.

## Listing on Stock Exchange

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

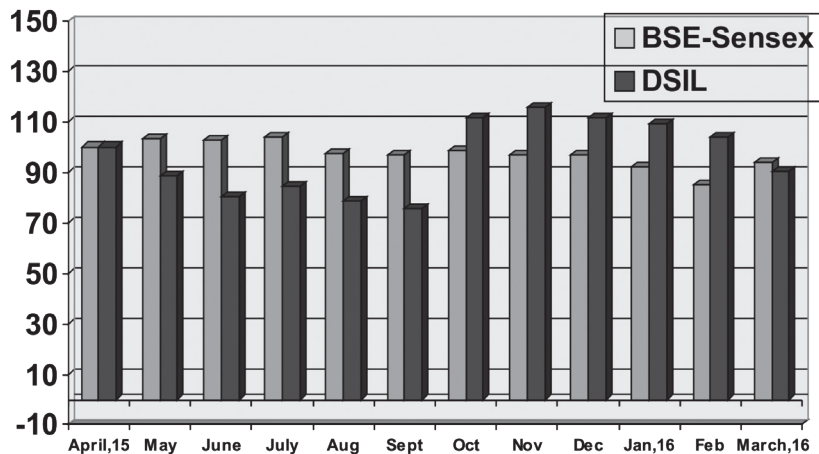
It is confirmed that the Company has paid Annual Listing Fee to the above Stock Exchange. The Company's stock code on BSE is 523369.

## Market price data (BSE)

(Rs.)

Month	April 2015	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2016	Feb.	Mar.
High	86.00	83.50	74.65	71.00	77.00	68.00	104.00	114.60	99.50	110.00	100.00	124.00
Low	72.00	70.40	57.10	61.35	55.55	56.25	62.50	85.25	81.15	86.35	72.50	80.35

## DCM Shriram Industries Ltd. Vs. BSE Sensex



## Registrar and Share Transfer Agents and Share Transfer System

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

- Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District.  
Nanakramguda, Hyderabad – 500 032  
Phone 040-67161500/ 18003454001  
Email ID: einward.ris@karvy.com

- New Delhi House, 305, 3rd Floor,  
Barakhamba Road, New Delhi - 110001  
Phone 011-43681700  
Email ID: delhi@karvy.com

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

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

### Distribution of Shareholding

Nominal value of Shareholding Rs.			Shareholders		Face Value	
			Number	%age	(Rs.)	% age
Upto		5000	79179	99.18	15976740	9.18
5001	To	10000	329	0.41	2530000	1.46
10001	To	20000	156	0.19	2211990	1.27
20001	To	30000	54	0.07	1362090	0.78
30001	To	40000	25	0.03	904810	0.52
40001	To	50000	21	0.03	950720	0.55
50001	To	100000	32	0.04	2175240	1.25
100001	&	Above	41	0.05	147872780	84.99
<b>TOTAL</b>			<b>79837</b>	<b>100</b>	<b>173984370</b>	<b>100%</b>

### Shareholding pattern

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

### Dematerialization of shares

The shares in the Company are under compulsory dematerialized trading. Up to 31.03.2016, 164.29 lacs (94.43%) equity shares in the Company have been dematerialized. The Company's ISIN No. is INE843D01019.

### Outstanding instruments

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

### Plant locations

Daurala Sugar Works  
Daurala, Meerut (U.P.)

Shriram Rayons  
Shriram Nagar, Kota (Raj.)

Daurala Organics  
Daurala, Meerut (U.P.)

### Address for correspondence with the Company:

'Investor Service Section'  
6th Floor, Kanchenjunga Building,  
18, Barakhamba Road, New Delhi – 110001.  
e-mail ID – investorservices@dcmsr.com  
CIN - L74899DL1989PLC035140

### Other Disclosures

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

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

# DIRECTORS' REPORT (continued)

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

I declare that all Board members, Key Managerial and Senior Management personnel have individually affirmed compliance with the Code of Business Conduct and Ethics adopted by the Company during the year 2015-16.



(Tilak Dhar)

Chairman & Managing Director

May 30, 2016

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

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

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

We state during the year April 1, 2015 to March 31, 2016, eight investor grievances were received and no investor grievances were pending against the Company as per the records maintained by the Company as on 31.3.2016.

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, 2016

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## 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 segment-wise/ product-wise performance and outlook of these operations. The Directors' Report also deals with internal financial control systems and their adequacy and risk and concerns.

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

### Sugar

Sugar is an integral part of rural economy and almost all households in India, affecting a large number of farmers, consumers, transporters, workers etc. This has resulted in India being the largest consumer and second largest producer of sugar in the world. As the sector affects large number of people, its sustainability/ development is the responsibility of all stakeholders. The Sugar Industry has also helped in bridging the energy deficit, wherein it supplies green power to the State Electricity Boards. Further, the Industry is supplying ethanol under the Government's Ethanol Blending Programme (EBP) which helps reduce dependence on imported oil, saves on foreign exchange and is environment friendly.

At the beginning of financial year 2015-16, the Industry was straddled with high sugar stocks due to high production during last 2-3 years and slow progress of export facilitation, which was necessary to enable exports of sugar manufactured from high cost cane. The Industry resorted to distress selling to meet cane dues as well as to save on carrying cost. This resulted in free-fall of sugar prices to below Rs.2300 per qtl. (a six year low). However, from the second half on-wards, the

prospects of the Industry improved due to lower global/ domestic production estimates, mainly due to lower anticipated production in Brazil, Thailand and India. Further, the Central/ State Governments announced some measures to provide relief to Sugar Industry and tackle surplus sugar situation, by way of facilitating exports.

Due to positive steps by the Governments/ lower production estimates, sugar prices improved to a level of Rs.3400 per qtl. in March, 2016. At these prices, the sugar situation is expected to ease with Industry able to meet cane dues and other expenses.

Overall, the Season 2015-16 is headed for fall in worldwide production. The decline in Indian output due to severe drought in some regions coincides with a shortfall in sugar production in Thailand and China – possibly leading to first global deficit in 5 years.

Consequent to the drought, the planting of cane in those areas of India is being affected and the production in 2016-17 may come down further. Given the expected closing stock of 7 Million MT this year, there should not be any shortage in the next year in the domestic market. However, if the monsoon is deficient, the Indian Government may resort to import of sugar, which would not be in the interest of cane farmers and domestic industry.

The prices of sugar would be largely dictated by demand and supply situation and Governments' comfort level. In the interest of all stakeholders i.e. cane growers, consumers and Industry etc., it is expedient for the Government to workout a mechanism to establish a linkage between sugar prices and cane prices.

The Unit has been making constant efforts to improve efficiencies and operating parameters. This has resulted in reduction in operating cost. Further, the efforts of the Company in popularizing new cane varieties with high yield and sucrose content resulted in improved sugar recovery (10.44% in financial year 2015-16 as against 9.68% last year). Further improvement in recovery is expected during next year. Supply of power to grid and realization from Renewable Energy Certificates are on expected lines.

The overall operations of the Company's Sugar Unit continues to be satisfactory and continued improvement in efficiency/ operations is a priority.

### **Alcohol**

Higher opening stocks of molasses in U.P. resulted in lower prices of molasses during the year.

While off-take of alcohol from domestic distilleries by the Chemical Sector remained subdued partially due to imports of alcohol, that of the Oil Marketing Companies for the Alcohol / Petrol Blending Programme saw considerable improvement. Demand from Potable Sector also remained low due to decline in liquor sales and gradual shift of demand from Molasses to Grain Based Alcohol.

The Company took some steps for process improvement, resulting in enhanced production efficiencies, and energy saving. Consequently, overall margins were better than in the previous year.

The Company has always been proactive in adopting various measures for environment protection. To augment its efforts in this direction, a Multi Effect Evaporator for effluent treatment was set up and commissioned. This will reduce the environment load and result in decrease in water usage.

### **Chemicals**

Chinese manufacturers intensified their aggressive policies to push sales, as they faced lower domestic demand.

Though our sales were lower due to low demand of some major products, efforts were made to maintain profitability by improved operations and reducing cost of production.

Products based on chlorinated processes showed good demand. Contract Manufacturing of a new product was started during the year.

Reducing environment load has been a priority area for the Company and significant investments were made in this regard.

### **Rayon**

Shriram Rayons manufactures Rayon tyre cord yarn, grey and treated fabric. The treated product is directly used by Tyre companies as reinforcement material for manufacture of high performance tyres.

The market was adversely affected due to continued recession in Europe coupled with turmoil in Chinese economy and general global economic slowdown.



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

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The Unit is exporting its products to most of the international tyre manufacturers in various countries and has a wide customer base. Capability to supply treated fabric with consistent product quality and on-time delivery has helped the Unit in maintaining its market share although the total sales volume was lower as compared to previous year.

The margins in export prices continue to be under strain. The production input prices including raw material prices are going down in Europe, where the high performance rayon market is concentrated, whereas they are going up in India. This has posed challenges in maintaining the profitability.

Additionally, the decreasing Euro Dollar parity has adversely affected export realization. The Unit made all efforts to protect the margins by maintaining production at optimum capacity and efforts on cost reduction mainly in energy and wastage.

The Nylon Chafer business continues to be subdued. The Indian tyre producers have been adversely affected by the cheaper imports and they operated at lower production throughout the year.

The Unit optimized its power & steam generation with the operation of Back Pressure Turbines and stopping of condensing turbine. The balance power requirement was met by drawing cheaper open access power. The Unit has been able to meet the reduced steam requirement by operating husk fired boilers except during maintenance and cleaning period. This has eliminated dependency on costly open market coal.

Shriram Rayons continued its efforts to reduce, recycle and reuse water, which is a precious natural resource.

The Effluent Treatment Plant was further upgraded and online effluent monitoring system was installed. It is linked to Central Pollution Control Board and Rajasthan State Pollution Control Board.

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

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

Industrial relations remained cordial in all its operations during the year. As on 31.3.2016 the total number of employees on the Company's pay roll was 2341.

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

### **Environment protection**

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

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 continued to use agrowaste fuels in place of fossil fuels to a large extent.

# INDEPENDENT AUDITORS' REPORT



TO THE MEMBERS OF  
DCM SHRIRAM INDUSTRIES LIMITED

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **DCM SHRIRAM INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

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

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

## Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

# INDEPENDENT AUDITORS' REPORT (continued)

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- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 and 33(a) to (c) of the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer Note 34(b) to the financial statements.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **Annexure "B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Jaideep Bhargava  
Partner  
(Membership No. 090295)

Place : New Delhi  
Date : 30.5.2016

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

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

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

We have audited the internal financial controls over financial reporting of **DCM SHRIRAM INDUSTRIES LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial

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

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

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

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

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

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

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

Jaideep Bhargava  
Partner  
(Membership No. 090295)

Place : New Delhi  
Date : 30.5.2016

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

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

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
- (c) According to the information and explanations given to us and the records examined by us and based on the confirmation obtained by the Company from the custodian of the Company, with whom the title deeds are deposited as security for loans and the examination of the registered sale deed / transfer deed / conveyance deed, provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

# INDEPENDENT AUDITORS' REPORT (continued)

(Rs./Lacs)

Particulars of the land	Amount as on 31-03-2016	Remarks
Land situated at Daurala, Uttar Pradesh	379.04	Vested from DCM Limited pursuant to a Scheme of Arrangement of erstwhile DCM Limited, are yet to be endorsed in the name of the Company.
Land Situated at Daurala, Uttar Pradesh	44.95	The title deeds are in the name of Daurala Organics Limited, erstwhile company that was merged with the Company under section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High court of judicature.

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

(Rs./Lacs)

Particulars of the land	Amount as on 31-03-2016	Remarks
Land situated at Kota, Rajasthan	465.00	Acquired from DCM Limited pursuant to a Scheme of Arrangement of erstwhile DCM Limited, are yet to be endorsed in the name of the Company.

- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals other than for stock lying with third parties and/ or goods in transit for which confirmations have been obtained and subsequent receipts have been verified in most of the cases. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- The Company has been regular in depositing undisputed statutory dues, including, Provident Fund, Employees' State Insurance, Entry Tax, Income tax, Purchase Tax, Customs Duty, Excise Duty, Value Added Tax, Works Contract Tax, Sales Tax, Cess and other material statutory dues applicable to it and generally been regular in depositing dues in case of Tax Deducted At Source and Service Tax with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2016 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, 2016 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	Deputy Commissioner	January '08 to October '08	1.44	-
		Customs, Excise & Service Tax Appellate Tribunal	January '11 to January '12 and July '12 to March '14	360.02	16.19
		Assistant Commissioner, Central Excise & Customs	December'09 to December'10	4.28	-
		Commissioner (Appeals)	2009-14	59.60	1.54
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2003-06	1708.75	1708.75
Sales Tax Laws	Sales Tax	Additional Commissioner (Appeal)	2004-05	2.21	0.88

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

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

Name of the Statute	Nature of dues	Forum where department has preferred appeal	Period to which the amount relates (various years covering the period)	Amount involved * (Rs. lacs)	Amount paid under protest (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	-
Service Tax Laws-Finance Act, 1994	Service Tax	Customs, Excise & Service Tax Appellate Tribunal	2005	2.01	-
Sales Tax Laws	Sales Tax	High Court	1976-80, 1982-85, 1989-90, 1992-93, 1995-98 and 2008-11	137.38	-

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

# INDEPENDENT AUDITORS' REPORT (continued)

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We have been further informed that there are no dues in respect of Customs Duty and Value Added Tax which have not been deposited as on March 31, 2016 on account of any dispute.

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

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

Jaideep Bhargava  
Partner  
(Membership No. 090295)

Place : New Delhi  
Date : 30.5.2016

# Balance Sheet as at March 31, 2016



Particulars	Note No.	As at 31.03.2016 Rs.lacs	As at 31.03.2015 Rs.lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	1,739.84	1,739.84
Reserves and surplus	3	23,788.71	21,094.13
		<u>25,528.55</u>	<u>22,833.97</u>
<b>Non-current liabilities</b>			
Long - term borrowings	4	7,246.38	8,117.18
Deferred tax liabilities (Net)	5	5,941.29	5,394.32
Other long-term liabilities	6	118.29	188.23
Long-term provisions	7	741.14	838.88
		<u>14,047.10</u>	<u>14,538.61</u>
<b>Current liabilities</b>			
Short-term borrowings	8	27,671.88	30,402.57
Trade payables	9		
- Total outstanding dues of Micro enterprises and small enterprises		-	1.35
- Total outstanding dues of creditors other than Micro enterprises and small enterprises		27,543.34	24,657.72
Other current liabilities	10	10,393.78	6,407.13
Short-term provisions	11	885.01	431.07
		<u>66,494.01</u>	<u>61,899.84</u>
<b>TOTAL</b>		<u>1,06,069.66</u>	<u>99,272.42</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	12		
- Tangible assets		31,992.85	31,919.80
- Intangible assets		124.82	-
- Capital work in progress		753.28	871.62
		<u>32,870.95</u>	<u>32,791.42</u>
Non - current investments	13	613.40	613.40
Long - term loans and advances	14	4,212.32	3,341.94
		<u>37,696.67</u>	<u>36,746.76</u>
<b>Current assets</b>			
Current investments	15	895.91	1,241.49
Inventories	16	51,041.46	42,733.33
Trade receivables	17	11,365.10	9,628.34
Cash and cash equivalents	18	908.87	685.80
Short - term loans and advances	19	3,505.27	4,258.48
Other current assets	20	656.38	3,978.22
		<u>68,372.99</u>	<u>62,525.66</u>
<b>TOTAL</b>		<u>1,06,069.66</u>	<u>99,272.42</u>

## Significant Accounting Policies

1

Accompanying notes 1 to 48 form part of the financial statements

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

Jaideep Bhargava  
Partner

Place : New Delhi  
Date : 30.5.2016

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

For and on behalf of the Board

Shri Tilak Dhar  
Chairman & Managing Director

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

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



# Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note No.	Year ended	Year ended
		<u>31.03.2016</u>	<u>31.03.2015</u>
		Rs. lacs	Rs. lacs
<b>REVENUE</b>			
Revenue from operations	21	1,26,412.69	1,34,809.19
Less: Excise duty		4,800.21	4,959.12
		<u>1,21,612.48</u>	<u>1,29,850.07</u>
Other income	22	972.32	693.12
<b>TOTAL REVENUE</b>		<u>1,22,584.80</u>	<u>1,30,543.19</u>
<b>EXPENSES</b>			
Cost of materials consumed	23	76,975.95	76,677.55
Purchase of traded goods	24	8,432.26	10,650.83
(Increase)/ Decrease in inventories of finished goods, work-in-progress and traded goods	25	(8,920.96)	(860.84)
Employee benefits expense	26	10,174.25	9,243.88
Finance costs	27	3,524.09	4,067.53
Depreciation and amortisation	28	1,864.98	1,828.00
Other expenses	29	26,663.44	27,770.23
<b>TOTAL EXPENSES</b>		<u>1,18,714.01</u>	<u>1,29,377.18</u>
<b>Profit before tax</b>		<b>3,870.79</b>	<b>1,166.01</b>
<b>Tax expense:</b>	30		
Current tax		-	-
Deferred tax charge		546.97	728.26
		<u>546.97</u>	<u>728.26</u>
<b>Profit for the year</b>		<u>3,323.82</u>	<u>437.75</u>
<b>Earnings per equity share - basic/ diluted (Rs.)</b>	31	<b>19.10</b>	<b>2.52</b>
<b>Significant Accounting Policies</b>	1		

Accompanying notes 1 to 48 form part of the financial statements

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

Jaideep Bhargava  
Partner

Place : New Delhi  
Date : 30.5.2016

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

For and on behalf of the Board

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

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

# Cash Flow Statement for the year ended March 31, 2016



	Year ended <u>31.03.2016</u> Rs. lacs	Year ended <u>31.03.2015</u> Rs. lacs
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>3,870.79</b>	1,166.01
<b>Adjustments for :</b>		
Depreciation	1,864.98	1,828.00
Finance Costs	3,524.09	4,067.53
Interest income	(99.53)	(154.38)
Profit on sale of fixed assets	(6.05)	(69.58)
Loss on sale of fixed assets	131.68	14.19
Profit on sale of current investments	(142.22)	(38.79)
<b>Operating profit before working capital changes</b>	<b>9,143.74</b>	6,812.98
<b>Adjustments for :</b>		
Increase/ (Decrease) in trade payables, other current liabilities and short term provisions	4,636.21	(7,313.18)
(Decrease) in long term liabilities & long term provisions	(91.44)	(95.55)
(Increase) / Decrease in trade receivables, short term loans & advances and other current assets	2,333.58	(1,771.03)
(Increase) / Decrease in long term loans & advances and other non current assets	(172.11)	128.01
(Increase) in inventories	(8,308.13)	(1,309.91)
<b>Cash generated from / (used in) operations</b>	<b>7,541.85</b>	(3,548.68)
Net income tax paid	(768.22)	(1,034.75)
<b>Net cash generated from / (used in) operating activities ( A )</b>	<b>6,773.63</b>	(4,583.43)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(2,348.49)	(3,860.57)
Proceeds from sale of fixed assets	43.21	105.18
Purchase of current non trade investments	(3,308.81)	(715.00)
Proceeds from sale of current non trade investments	3,796.61	1,652.30
Movement in bank balances not considered as cash and cash equivalents	(106.61)	124.76
Interest received	104.24	232.25
<b>Net cash (used in) investing activities ( B )</b>	<b>(1,819.85)</b>	(2,461.08)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	4,877.64	3,398.62
Repayment of long term borrowings	(3,220.62)	(3,855.09)
(Decrease) / Increase in short term borrowings	(2,730.69)	12,491.80
Finance Costs (Includes borrowing costs capitalised)	(3,561.66)	(4,226.34)
Dividend on equity share capital paid	(166.57)	(585.94)
Corporate dividend tax paid	(35.42)	(103.49)
<b>Net cash (used in) / generated from financing activities ( C )</b>	<b>(4,837.32)</b>	7,119.56
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>116.46</b>	75.05
<b>Cash and cash equivalents at the beginning of the year</b>	<b>397.06</b>	322.01
<b>Cash and cash equivalents at the close of the year</b>	<b>513.52</b>	397.06

Accompanying notes 1 to 48 form part of the financial statements

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

Jaideep Bhargava  
Partner

Place : New Delhi  
Date : 30.5.2016

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

For and on behalf of the Board

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

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

# Notes forming part of the financial statements for the year ended March 31, 2016

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## 1. Significant Accounting Policies

### a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 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) 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 and amortisation

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

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

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

#### ii) Depreciation is calculated on a pro-rata basis 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 General Reserve.

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

### e) Investments

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

### f) Inventories

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) Government Grants, subsidies and export benefits

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

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

i) Employee benefits

Provision for employee benefits charged on accrual basis is determined based on Accounting Standard (AS) 15 (Revised) "Employee Benefits" as specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

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.

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

j) Foreign currency transactions

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

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

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

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

k) Revenue recognition

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

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

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

l) Income-tax

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

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

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

m) Operating Cycle

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

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

### 2. Share capital

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</u> Rs. lacs
<b>Authorised</b>		
6,50,00,000 (2014-15 - 6,50,00,000) Equity shares of Rs. 10 each	<u>6,500.00</u>	<u>6,500.00</u>
<b>Issued, subscribed and fully paid up</b>		
1,73,98,437 (2014-15 - 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>31.03.2016</u> No of shares	As at <u>31.03.2015</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	10,44,323	10,33,243
e) Versa Trading Limited	22,24,725	22,24,725

### 3. Reserves and surplus

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</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
Revaluation Reserve	1,602.89	1,711.27
General Reserve	13,465.60	13,358.25
Surplus in Statement of Profit and Loss	<u>3,902.06</u>	<u>1,206.45</u>
	<u>23,788.71</u>	<u>21,094.13</u>

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

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</u> Rs. lacs
<b>Movement in reserves and surplus is as under :</b>		
<b>(a) Revaluation Reserve</b>		
Opening balance	1,711.27	2,169.46
Less: Revaluation amount adjusted in carrying amount of fixed assets transferred to General reserve ( Refer Note 45)	-	316.94
Less: Depreciation on revalued amount of fixed assets transferred to General reserve [ Refer Note 1 ( d ) (iii)].	107.35	138.62
Less: Utilised for set off on deletion of revalued assets	1.03	2.63
Closing balance	<u>1,602.89</u>	<u>1,711.27</u>
<b>(b) General Reserve</b>		
Opening balance	13,358.25	2,902.69
Add : Transferred from Surplus in Statement of Profit and Loss	-	10,000.00
Add : Transferred from revaluation reserve	107.35	455.56
Closing balance	<u>13,465.60</u>	<u>13,358.25</u>

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</u> Rs. lacs
<b>(c) Surplus in Statement of Profit and Loss</b>		
Opening balance	1,206.45	11,534.16
Add: Profit for the year	<u>3,323.82</u>	<u>437.75</u>
	4,530.27	11,971.91
Less : Carrying value of fixed Assets (net of deferred tax) adjusted (Refer Note 45)	-	556.06
Less :Appropriations		
Transferred to General Reserve	-	10,000.00
Proposed Dividend on Equity shares [Dividend per share Rs. 3.00 (2014-15 -Rs. 1.00)]	<u>521.95</u>	<u>173.98</u>
Tax on Dividend	<u>106.26</u>	<u>35.42</u>
Closing balance	<u>3,902.06</u>	<u>1,206.45</u>

#### 4. Long - term borrowings

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</u> Rs. lacs
<b>Secured</b>		
Term loans		
- From banks	12,299.68	10,230.15
- From others	<u>360.99</u>	<u>721.98</u>
	<u>12,660.67</u>	<u>10,952.13</u>
<b>Unsecured</b>		
Public deposits	<u>476.59</u>	<u>535.11</u>
	<u>13,137.26</u>	<u>11,487.24</u>
Less : Current maturities of long term borrowings	<u>5,890.88</u>	<u>3,370.06</u>
	<u>7,246.38</u>	<u>8,117.18</u>

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</u> Rs. lacs
<b>Details of Current maturities of long term borrowings:</b>		
<b>Secured</b>		
Term loans		
- From banks	5,296.64	2,725.54
- From others	<u>360.99</u>	<u>360.99</u>
<b>Unsecured</b>		
Public deposits	<u>233.25</u>	<u>283.53</u>
	<u>5,890.88</u>	<u>3,370.06</u>

#### **SECURED**

##### **I. Banks**

- Nil (2014-15 – Rs.141.00 lacs), Rs.625.00 lacs (2014-15 – Rs.1250.00 lacs), Rs.815.63 lacs (2014-15 – Rs.1178.13 lacs) and Rs.840.00 lacs (2014-15 – Rs.1050.00 lacs) currently carrying interest between 7.20% p.a. to 12.50% p.a.(net of interest subvention), repayable in 0, 4, 9 and 16 quarterly installments respectively, are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of first charge holders for their respective term loans.
- Rs.202.39 lacs (2014-15 – Rs.555.33 lacs) carrying interest of 12.50% p.a., repayable in 2 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 first charge holders for their respective term loans. Also exclusive charge on assets to be acquired in Daurala Organics, a unit of the Company.
- Rs.120.00 lacs (2014-15 – Rs.240.00 lacs), Rs.560.00 lacs (2014-15 – Rs.840.00 lacs) and Rs.515.62 lacs (2014-15 – Rs.721.87 lacs) currently carrying interest between 7.30% p.a. to 12.25% p.a. (net of interest subvention), repayable in 4, 8 and 10 quarterly installments respectively, are secured by first charge on specific movable assets of Shriram Rayons, a unit of the Company.

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

- d) Nil (2014-15 – Rs.81.00 lacs) was 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 in favour of first charge holders for their respective term loans.
- e) Rs.291.17 lacs (2014-15 – Rs.459.92 lacs) currently carrying interest of 12.30% p.a. repayable in 10 quarterly installments is secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, both present and future, excluding the assets exclusively charged subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of first charge holders for their respective term loans.
- f) Rs.1900.00 lacs (2014-15 – Rs.1900.00 lacs), Rs.235.00 lacs (2014-15 – Rs.235.00 lacs) and Rs.2000.00 lacs (2014-15 – Nil) carrying interest between Nil to 1.20% p.a. (net of interest subvention), repayable in 36, 36 and 12 monthly installments respectively, are secured by residual charge on fixed assets of sugar factory at Daurala Sugar Works, a unit of the Company.
- g) Rs.1560.00 lacs (2014-15 – Rs.1560.00 lacs) carrying Nil interest (net of interest subvention), repayable in 12 quarterly installments, is secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of first charge holders for their respective term loans and 2nd pari-passu charge on all current assets of sugar division of the Company excluding stocks pledged with Distt. Co-operative Banks.
- h) Rs.1000.00 lacs (2014-15 – Nil) and Rs.812.00 lacs (2014-15 – Nil) currently carrying interest of 2.00% p.a. and 2.35% p.a. (net of interest subvention), repayable in 12 monthly and 8 quarterly installments respectively, are secured by a first mortgage and charge on all fixed assets of Sugar factory at Daurala Sugar Works, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of first charge holders for their respective term loans.
- i) Rs.447.97 lacs (2014-15 – Nil) carrying interest of 11% p.a., repayable in 16 quarterly installments, is secured by first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created / to be created in favour of first charge holders for their respective term loans and exclusive charge on assets acquired / to be acquired out of the loan in Distillery and Chemical divisions of Daurala Sugar Works and Shriram Rayons, units of the Company.
- j) Rs.322.79 lacs (2014-15 – Nil) carrying interest of 11.20% p.a., repayable in 16 quarterly installments, is secured by first charge on specific movable assets of Distillery division of Daurala Sugar Works, a unit of the Company.
- k) Rs.52.11 lacs (2014-15 – Rs.17.90 lacs) currently carrying interest of 10.20% p.a., repayable in 54 monthly installments, is secured by hypothecation of specific assets.

### II. Others

Rs.360.99 lacs (2014-15 – Rs.721.98 lacs) carrying interest of 4% p.a., repayable in 1 yearly installment, 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 31.03.2016 Rs. lacs	As at 31.03.2015 Rs. lacs
<b>Deferred tax liabilities</b>		
- Depreciation	6,461.84	6,163.68
<b>Deferred tax assets</b>		
- Accrued expenses deductible on payment	159.44	219.27
- Provision for gratuity and leave salary	310.76	332.43
- Provision for doubtful debts and advances	14.05	12.27
- Unabsorbed depreciation	-	169.09
- Others	36.30	36.30
	520.55	769.36
<b>Net</b>	5,941.29	5,394.32

### 6. Other long - term liabilities

	As at 31.03.2016 Rs. lacs	As at 31.03.2015 Rs. lacs
Trade payables		
- Micro and small enterprises*	-	-
- Others	45.33	43.38
Others		
- Interest accrued but not due on borrowings	2.35	78.59
- Others	70.61	66.26
	118.29	188.23

\* Refer note 36

**7. Long - term provisions**

	As at <b>31.03.2016</b> Rs. lacs	As at <b>31.03.2015</b> Rs. lacs
Provision for employee benefits *		
- Gratuity	-	76.71
- Leave salary	641.14	662.17
Provision for contingencies **	<b>100.00</b>	100.00
	<b>741.14</b>	<b>838.88</b>

\* Refer note 43

\*\* Refer note 32

**8. Short - term borrowings**

	As at <b>31.03.2016</b> Rs. lacs	As at <b>31.03.2015</b> Rs. lacs
Loan repayable on demand		
- Secured from banks *	<b>27,521.88</b>	30,252.57
- Unsecured Others	<b>150.00</b>	150.00
	<b>27,671.88</b>	<b>30,402.57</b>

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

**9. Trade payables**

	As at <b>31.03.2016</b> Rs. lacs	As at <b>31.03.2015</b> Rs. lacs
- Total outstanding dues of Micro enterprises and small enterprises*	-	1.35
- Total outstanding dues of creditors other than Micro enterprises and small enterprises#	<b>27,543.34</b>	24,657.72
	<b>27,543.34</b>	<b>24,659.07</b>

\* Refer note 36

# Includes acceptances Rs. 3001.80 lacs (2014-15 Rs. 2603.72 lacs).

**10. Other current liabilities**

	As at <b>31.03.2016</b> Rs. lacs	As at <b>31.03.2015</b> Rs. lacs
Current maturities of long term borrowings *	<b>5,890.88</b>	3,370.06
Interest accrued but not due on borrowings	<b>186.28</b>	179.34
Unclaimed dividends	<b>79.07</b>	71.66
Unclaimed deposits and interest accrued thereon	<b>10.27</b>	1.54
Payables for fixed assets		
- Micro and small enterprises **	-	-
- Others	<b>113.64</b>	294.93
Other payables		
- Statutory dues	<b>3,371.07</b>	1,837.40
- Advances from customers	<b>135.39</b>	190.18
- Security deposits	<b>376.71</b>	283.65
- Others	<b>230.47</b>	178.37
	<b>10,393.78</b>	<b>6,407.13</b>

\* Refer note 4

\*\* Refer note 36

**11. Short - term provisions**

	As at <b>31.03.2016</b> Rs. lacs	As at <b>31.03.2015</b> Rs. lacs
Provision for employee benefits *		
- Leave salary	<b>256.80</b>	221.67
Proposed dividend	<b>521.95</b>	173.98
Tax on dividend	<b>106.26</b>	35.42
	<b>885.01</b>	<b>431.07</b>

\* Refer note 43



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

Particulars	Gross block			Depreciation and Amortisation					Net block	
	As at 31.03.2015	Additions	Deductions	As at 31.03.2015	For the year	On deductions	Other Adjustment #	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>Tangible Assets</b>										
Land - Free Hold *	825.32	-	36.06	-	-	-	-	-	789.26	825.32
- Lease Hold *	465.35	-	-	-	-	-	-	-	465.35	465.35
Buildings	7,966.96	240.37	-	4,255.83	177.64	-	-	4,433.47	3,773.86	3,711.13
Plant and equipment	57,047.16	1,731.70	328.75	30,968.91	1,434.67	119.19	-	32,284.39	26,165.72	26,078.25
Furniture and fixtures	592.71	5.20	17.05	496.17	26.97	15.61	-	507.53	73.33	96.54
Vehicles	788.31	141.51	49.32	352.15	102.32	39.48	-	414.99	465.51	436.16
Office equipment	774.90	52.61	73.13	467.85	94.10	67.39	-	494.56	259.82	307.05
<b>Total Tangible Assets (A)</b>	68,460.71	2,171.39	504.31	36,540.91	1,835.70	241.67	-	38,134.94	31,992.85	
Previous year	63,411.08	5,183.99	134.36	34,115.66	1,828.00	81.94	679.19	36,540.91		31,919.80
<b>Intangible Assets</b>										
Software	-	154.10	-	-	29.28	-	-	29.28	124.82	-
<b>Total Intangible Assets (B)</b>	-	154.10	-	-	29.28	-	-	29.28	124.82	-
Previous year	-	-	-	-	-	-	-	-	-	-
<b>Total Assets (A+B)</b>	68,460.71	2,325.49	504.31	36,540.91	1,864.98	241.67	-	38,164.22	32,117.67	
Previous year	63,411.08	5,183.99	134.36	34,115.66	1,828.00	81.94	679.19	36,540.91		31,919.80
Capital work in progress									753.28	871.62

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 (2014-2015-Rs.12079.13 lacs) is included in the gross block of fixed assets as on March 31, 2016. The revaluation amount included in net block is Rs. 788.17 lacs(2014-15 -Rs.789.07 lacs) in Land, Rs. 507.19 lacs(2014-15 – Rs.536.88 lacs) in Buildings and Rs. 307.53 lacs (2014-15 – Rs.385.32 lacs) in Plant & equipment.

ii) The amount of borrowing cost capitalised to fixed assets - plant and equipment during the year is Nil (2014-15 Rs.70.76 lacs)

# Refer Note 45

\* Refer Note 47

**13. Non-current investments\***

	<b>As at 31.03.2016 Rs. lacs</b>	<b>As at 31.03.2015 Rs. lacs</b>
<b>Trade Investments – Unquoted</b>		
<b>Investments in equity instruments</b>		
- Daurala Co-operative Development Union Limited 2 (2014-15 - 2) Equity shares of Rs. 10 each, fully paid-up @ (Rs.20)	@	@
<b>Other Investments - Unquoted</b>		
<b>Investments in equity instruments</b>		
- Investment in shares of Subsidiary company		
- Daurala Foods & Beverages Private Limited 75,00,000 (2014-2015 - 74,99,990) Equity shares of Rs.10 each, fully paid-up.	<b>447.40</b>	447.40
- Investment in shares of Associate company		
- DCM Hyundai Limited 19,72,000 (2014-2015 - 19,72,000) Equity shares of Rs. 10 each, fully paid up	<b>166.00</b>	166.00
<b>Investment in preference shares</b>		
- Versa Trading Limited 7,00,000 (2014-2015 - 7,00,000) 5% redeemable non-cumulative Preference shares of Rs. 100 each, fully paid-up	<b>700.00</b>	700.00
Less :Provision for diminution in value	<u><b>700.00</b></u>	<u>700.00</u>
	<b>613.40</b>	613.40
(i) Aggregate amount of unquoted investments (net of provision for diminution in value)	<b>613.40</b>	613.40
(ii) Aggregate provision for diminution in value of investments	<b>700.00</b>	700.00
* Refer Note 1 (e)		

**14. Long-term loans and advances**

(unsecured, considered good unless otherwise stated)

	<b>As at 31.03.2016 Rs. lacs</b>	<b>As at 31.03.2015 Rs. lacs</b>
Capital advances	<b>43.70</b>	83.65
Security deposits	<b>303.07</b>	268.89
MAT Credit entitlement	<b>2,407.84</b>	1,550.66
Advance tax (net of provision)	<b>978.37</b>	1,097.33
Other loans and advances		
- Excise, Cenvat and VAT receivable	<b>437.43</b>	297.25
- To employees	<b>29.08</b>	30.29
- Others		
- Unsecured - considered good	<b>12.83</b>	13.87
- Unsecured - considered doubtful	<b>1.30</b>	1.30
	<u><b>4,213.62</b></u>	<u>3,343.24</u>
Less : Provision for doubtful advances	<b>1.30</b>	1.30
	<u><b>4,212.32</b></u>	<u>3,341.94</u>

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

### 15. Current investments \*

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</u> Rs. lacs
<b>Investments in Mutual Funds – Fully paid up – Unquoted</b>		
146900.049 (2014-15 – 147057.575) Birla Sunlife Saving Fund - Growth Regular Plan units of Rs.10 each	405.00	391.49
800234.423 (2014-15 – Nil) HSBC Ultra Short Term Bond Fund - Growth units of Rs.10 each	100.91	-
1572327.044 (2014-15 – Nil) HSBC Income Fund - Short Plan Growth units of Rs. 10 each	390.00	-
Nil (2014-15 – 16287.250) Reliance Money Manager Fund Growth Plan – Growth units of Rs. 1000 each	-	320.00
Nil (2014-15 – 36967.546) IDBI Liquid Fund - Direct Plan Growth units of Rs. 1000 each	-	500.00
Nil (2014-15 – 972.204) SBI Magnum Insta cash Fund - Regular Plan Growth units of Rs.1000 each	-	30.00
	<u>895.91</u>	<u>1,241.49</u>
Aggregate repurchase price of units of mutual funds	927.99	1,302.27
* Refer note 1(e)		

### 16. Inventories \*

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</u> Rs. lacs
Raw materials **	5,631.88	5,742.64
Work-in-progress	1,257.21	1,395.13
Finished goods ***	40,728.73	31,645.84
Traded goods	-	24.01
Stores and spares	3,423.64	3,925.71
	<u>51,041.46</u>	<u>42,733.33</u>

\* Refer note 1(f)

\*\* Includes raw materials in transit Rs. 25.15 lacs (2014-15 Rs.91.17 lacs)

\*\*\* Includes finished goods in transit Rs. 581.07 lacs (2014-15 Rs.611.33 lacs)

**17. Trade receivables**

	<b>As at 31.03.2016 Rs. lacs</b>	<b>As at 31.03.2015 Rs. lacs</b>
<b>Outstanding for a period exceeding 6 months from the date they are due for payment</b>		
Unsecured - considered good	7.39	24.88
- considered doubtful	<u>39.32</u>	<u>34.14</u>
	46.71	59.02
Less : Provision for doubtful receivables	<u>39.32</u>	<u>34.14</u>
	<u>7.39</u>	<u>24.88</u>
<b>Others</b>		
Secured - considered good	5.37	0.50
Unsecured - considered good	<u>11,352.34</u>	<u>9,602.96</u>
	<u>11,357.71</u>	<u>9,603.46</u>
	<u>11,365.10</u>	<u>9,628.34</u>

**18. Cash and cash equivalents**

	<b>As at 31.03.2016 Rs. lacs</b>	<b>As at 31.03.2015 Rs. lacs</b>
Cash and cash equivalents :		
- Cash in hand	33.02	35.27
- Balances with banks – in current accounts	<u>480.50</u>	<u>361.79</u>
Cash and cash equivalents (As per AS-3 Cash Flow Statement ( A )	<u>513.52</u>	<u>397.06</u>
Other bank balances :		
In deposit accounts		
- Original maturity more than 3 months and upto 12 months	126.74	114.92
- Original maturity more than 12 months *	25.44	19.02
In earmarked accounts		
- Unpaid dividend accounts	79.07	71.66
- Balances held as margin money or security against borrowings, guarantees and other commitments		
- Original maturity more than 3 months and upto 12 months	18.19	76.35
- Original maturity more than 12 months *	138.34	-
- Other earmarked accounts	7.57	6.79
Other bank balances (B)	<u>395.35</u>	<u>288.74</u>
Cash and cash equivalents (A+B)	<u>908.87</u>	<u>685.80</u>
* Balances with banks include deposits with remaining maturity of more than 12 months from the balance sheet date	126.67	19.02

**19. Short - term loans and advances**

(Unsecured considered good unless otherwise stated)

	<b>As at 31.03.2016 Rs. lacs</b>	<b>As at 31.03.2015 Rs. lacs</b>
Other loans and advances		
- Security deposits	0.23	0.97
- Excise, Cenvat, VAT receivable and other Govt. dues	1,878.49	2,272.99
- To employees	25.94	20.82
- Others	<u>1,600.61</u>	<u>1,963.70</u>
	<u>3,505.27</u>	<u>4,258.48</u>

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

### 20. Other current assets

	As at 31.03.2016 Rs. lacs	As at 31.03.2015 Rs. lacs
Interest accrued on deposits	19.37	24.08
Unbilled revenue	637.01	676.21
Sugarcane subsidy *	-	3,277.93
	<u>656.38</u>	<u>3,978.22</u>

\* Refer note 46

### 21. Revenue from operations

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
<b>Sale of products</b>		
- Export	34,165.36	37,402.99
- Domestic	87,644.16	92,369.83
	<u>1,21,809.52</u>	<u>1,29,772.82</u>
<b>Sale of services</b>		
- Processing charges	1,929.82	1,356.39
- Others	29.56	43.40
	<u>1,959.38</u>	<u>1,399.79</u>
	<u>1,23,768.90</u>	<u>1,31,172.61</u>
<b>Other operating revenues</b>		
- Sale of scrap	366.48	502.08
- Duty Draw back and Other export benefits	1,200.67	2,334.54
- Sale of Renewable Energy Certificates	1,074.86	774.27
- Others	1.78	25.69
	<u>2,643.79</u>	<u>3,636.58</u>
	<u>1,26,412.69</u>	<u>1,34,809.19</u>
Less: Excise duty	4,800.21	4,959.12
	<u>1,21,612.48</u>	<u>1,29,850.07</u>

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
<b>Product-wise particulars of sales are as under :</b>		
Sugar	48,631.88	44,731.26
Alcohol	14,321.36	16,590.75
Organic / Fine chemicals	24,938.31	29,741.13
Industrial fibres	27,288.15	31,915.76
Others	6,629.82	6,793.92
	<u>1,21,809.52</u>	<u>1,29,772.82</u>

### 22. Other income

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Interest income *	99.53	154.38
Profit on sale of fixed assets	6.05	69.58
Provisions / Liabilities no longer required, written back	5.72	349.31
Rent	37.38	33.23
Profit on sale of current investments	142.22	38.79
Gain on foreign exchange fluctuation (net)	625.57	-
Miscellaneous income	55.85	47.83
	<u>972.32</u>	<u>693.12</u>

\* Income-tax deducted at source Rs.3.37 lacs (2014-15 Rs.8.21 lacs)

**23. Cost of materials consumed**

	Year ended <u>31.03.2016</u>	Year ended <u>31.03.2015</u>
	Rs. lacs	Rs.lacs
Opening stock	5,742.64	5,817.26
Add: Purchases	<u>76,865.19</u>	<u>76,602.93</u>
	82,607.83	82,420.19
Less : Closing stock	<u>5,631.88</u>	<u>5,742.64</u>
	<u>76,975.95</u>	<u>76,677.55</u>

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

	Year ended <u>31.03.2016</u>	Year ended <u>31.03.2015</u>
	Rs. lacs	Rs.lacs
Sugarcane	50,842.05	44,238.03
Wood pulp	7,282.73	8,577.89
Others	<u>18,851.17</u>	<u>23,861.63</u>
	<u>76,975.95</u>	<u>76,677.55</u>

**24. Purchase of traded goods**

	Year ended <u>31.03.2016</u>	Year ended <u>31.03.2015</u>
	Rs. lacs	Rs.lacs
Grain Spirits	8,432.26	10,590.27
Others	-	60.56
	<u>8,432.26</u>	<u>10,650.83</u>

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

	Year ended <u>31.03.2016</u>	Year ended <u>31.03.2015</u>
	Rs. lacs	Rs.lacs
Opening stock		
Finished goods	31,645.84	30,612.92
Work in progress	1,395.13	1,557.26
Traded goods	24.01	33.96
	<u>33,064.98</u>	<u>32,204.14</u>
Closing stock		
Finished goods	40,728.73	31,645.84
Work in progress	1,257.21	1,395.13
Traded goods	-	24.01
	<u>41,985.94</u>	<u>33,064.98</u>
	<u>(8,920.96)</u>	<u>(860.84)</u>

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

	Year ended <u>31.03.2016</u>	Year ended <u>31.03.2015</u>
	Rs. lacs	Rs.lacs
Stocks of Finished Goods / Traded Goods		
Sugar	36,944.34	29,147.18
Alcohol	352.11	114.23
Organic / Fine chemicals	584.66	836.23
Industrial fibres	2,781.87	1,495.14
Others	<u>65.75</u>	<u>77.07</u>
	<u>40,728.73</u>	<u>31,669.85</u>
Work-in-progress		
Sugar	430.16	434.57
Alcohol	82.25	54.50
Organic / Fine chemicals	368.10	495.35
Industrial fibres	<u>376.70</u>	<u>410.71</u>
	<u>1,257.21</u>	<u>1,395.13</u>

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

### 26. Employee benefits expense

	Year ended <u>31.03.2016</u> Rs. lacs	Year ended <u>31.03.2015</u> Rs.lacs
Salaries, wages etc	8,910.49	7,888.89
Contribution to provident and other funds	882.91	943.94
Staff welfare expenses	380.85	411.05
	<u>10,174.25</u>	<u>9,243.88</u>

### 27. Finance costs

	Year ended <u>31.03.2016</u> Rs. lacs	Year ended <u>31.03.2015</u> Rs.lacs
Interest expense	3,200.69	3,815.05
Other borrowing costs	323.40	252.48
	<u>3,524.09</u>	<u>4,067.53</u>

### 28. Depreciation & Amortisation

	Year ended <u>31.03.2016</u> Rs. lacs	Year ended <u>31.03.2015</u> Rs.lacs
Depreciation on tangible assets	1,835.70	1,828.00
Amortisation on intangible assets	29.28	-
	<u>1,864.98</u>	<u>1,828.00</u>

### 29. Other expenses

	Year ended <u>31.03.2016</u> Rs. lacs	Year ended <u>31.03.2015</u> Rs.lacs
Stores and spares	6,553.64	7,211.41
Power and fuel	7,432.78	8,863.37
Repairs - Building	249.69	491.18
- Plant and machinery	2,728.11	3,095.98
Rent	489.06	502.33
Auditors' remuneration		
- As auditors	39.00	29.00
- Limited review of unaudited financial results	21.33	21.60
- Verification of statements and other records	6.72	4.20
- Out-of-pocket expenses	1.37	0.75
Insurance	163.63	160.58
Rates and taxes	135.21	49.44
Increase / (decrease) in excise duty on finished goods	1,448.50	243.13
Freight and transport	706.20	917.31
Commission to selling agents	1,673.95	1,946.85
Loss on sale of fixed assets	131.68	14.19
Donation	1.00	9.49
Corporate Social Responsibility	48.88	22.50
Bad debts and advances provided / written off	10.46	4.29
Loss on foreign exchange fluctuation (net)	-	82.67
Miscellaneous expenses	4,822.23	4,099.96
	<u>26,663.44</u>	<u>27,770.23</u>

**30. Tax expense**

	Year ended <b>31.03.2016</b> Rs. lacs	Year ended 31.03.2015 Rs.lacs
Current Tax		
- Provision for tax	<b>857.18</b>	287.93
- MAT (credit) / reversal	<b>(857.18)</b>	(287.93)
	<u>-</u>	<u>-</u>
Deferred tax charge	<b>546.97</b>	728.26
	<b>546.97</b>	728.26

	This year	Previous year
<b>31. Earnings per share</b>		
Profit after tax as per Statement of Profit and Loss	(Rs.lacs) <b>3,323.82</b>	437.75
Weighted average number of Equity shares outstanding	(Nos.) <b>173,98,437</b>	173,98,437
Earnings per share - basic / diluted (face value - Rs. 10 per share)	(Rs.) <b>19.10</b>	2.52

32. Provision for contingencies of Rs. 100 lacs (2014-15 Rs. 100 lacs) in Note 7 represents the maximum possible exposure on ultimate settlement of issues relating to reorganisation arrangement of the Company.

	As at <b>31.03.2016</b> (Rs. lacs)	As at 31.03.2015 (Rs. lacs)
<b>33. Contingent liabilities not provided for:-</b>		
Income tax matters*	<b>196.55</b>	196.55
Excise and Service tax matters*	<b>482.09</b>	388.74
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	<b>731.61</b>	773.03
Bills discounted	<b>989.24</b>	3635.81

\* 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. 207.46 lacs (2014-15 – Rs. 104.73 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 / contracts including derivative contracts for which there will be any material foreseeable losses

35. Research and development expenses amounting to Rs. 165.27 lacs (2014-15 - Rs. 146.50 lacs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Nil (2014-15 - Rs. 58.76 lacs) has been included in fixed assets.



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

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

Based upon the information available, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is Nil (2014-15 – Rs. 1.35 lacs). Further no interest during the year has been paid or is payable under the terms of the MSMED Act, 2006.

### 37. Segment reporting

#### A. Business segments

Based on the guiding principles given in Accounting Standard (AS) 17 "Segment Reporting" specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Company's business segments are Sugar (comprising sugar, power and molasses based alcohols), Industrial Fibres and related products (comprising rayon, synthetic yarn, cord, fabric etc.) and Chemicals (comprising Organics & fine Chemicals).

#### B. Geographical segments

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

#### C. Segment accounting policies

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

##### i) Segment assets and liabilities

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

##### ii) Segment revenue and expenses

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

##### iii) Unallocated expenses

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

##### iv) Inter segment sales

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

I. Information about Primary segments (Business segments)

(Rs. lacs)

Particulars	Sugar *		Industrial fibres and related products		Chemicals		Elimination		Total	
	This year	Previous year	This year	Previous year	This Year	Previous year	This Year	Previous year	This Year	Previous year
<b>Segment revenue</b>										
External sales	68249.36	65939.11	28322.98	33338.21	27196.56	31895.29			123768.90	131172.61
Less : Excise Duty	2533.98	1948.58	318.92	379.84	1947.31	2630.70			4800.21	4959.12
Net External sales	65715.38	63990.53	28004.06	32958.37	25249.25	29264.59			118968.69	126213.49
Income from operations	1221.51	1035.22	1035.10	2074.71	387.18	526.65			2643.79	3636.58
Inter segment revenue	41.86	17.64	-	-	2.70	5.66	(44.56)	(23.30)	-	-
Other Income	124.91	131.36	506.08	97.85	187.87	338.18			818.86	567.39
Unallocable income									153.46	125.73
<b>Total revenue</b>	<b>67103.66</b>	<b>65174.75</b>	<b>29545.24</b>	<b>35130.93</b>	<b>25827.00</b>	<b>30135.08</b>	<b>(44.56)</b>	<b>(23.30)</b>	<b>122584.80</b>	<b>130543.19</b>
<b>Segment results</b>	<b>3467.32</b>	<b>(514.09)</b>	<b>3697.03</b>	<b>4715.27</b>	<b>2062.21</b>	<b>2742.20</b>			<b>9226.56</b>	<b>6943.38</b>
Unallocated expenses (net of unallocable income)									1831.68	1709.84
Operating profit									7394.88	5233.54
Finance costs									3524.09	4067.53
<b>Profit before tax</b>									<b>3870.79</b>	<b>1,166.01</b>
<b>Tax expense</b>										
- Current tax									-	-
- Deferred tax charge									546.97	728.26
<b>Profit after tax</b>									<b>3323.82</b>	<b>437.75</b>
<b>Other information</b>										
Segment assets	61425.22	56278.67	27243.20	25614.85	11598.18	11759.22			100266.60	93652.74
Unallocated assets									5803.06	5619.68
<b>Total assets</b>	<b>61425.22</b>	<b>56278.67</b>	<b>27243.20</b>	<b>25614.85</b>	<b>11598.18</b>	<b>11759.22</b>			<b>106069.66</b>	<b>99272.42</b>
Segment liabilities	22919.26	18539.61	6593.78	6790.30	2558.23	2682.20			32071.27	28012.11
Share capital & reserves									25528.55	22833.97
Unallocated liabilities									48469.84	48426.34
<b>Total liabilities</b>	<b>22919.26</b>	<b>18539.61</b>	<b>6593.78</b>	<b>6790.30</b>	<b>2558.23</b>	<b>2682.20</b>			<b>106069.66</b>	<b>99272.42</b>
Capital expenditure	855.45	825.13	328.05	2909.00	972.58	419.07				
Depreciation	590.42	612.42	813.39	760.32	412.49	404.18				
Non cash expenses other than depreciation	127.66	2.19	13.32	5.13	0.01	1.25				

\* 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	88419.44	93140.20	34165.36	37402.99	122584.80	130543.19
Carrying amount of segment assets by location	93731.05	88494.43	6535.55	5158.31	100266.60	93652.74
Capital expenditure by location of assets	2156.08	4153.20	-	-	2156.08	4153.20

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

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

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

Subsidiary : Daurala Foods & Beverages Private Limited (DFBPL).

Associate : DCM Hyundai Limited (DHL).

Key management personnel : Mr. Tilak Dhar, Mr. Alok B. Shriram, Mr. Madhav B. Shriram, Mr. K. N. Rao and Mr. D.C. Mittal (upto 30/06/2014).

Relatives/HUF of key management personnel : Mrs. Karuna Shriram, Mr. Akshay Dhar, Ms. Kanika Shriram, Mrs. Divya Shriram, Ms. Aditi Dhar, Mr. Rudra Shriram, Mrs. K. Rao , M/s. Bansi Dhar & Sons - HUF (BDS), Mrs. Kiran Mittal (upto 30/06/2014) and Mrs. Ritu Bansal (upto 30/06/2014)

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

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

i) Transactions with subsidiary and associate

(Rs. lacs)

Particulars	Subsidiary		Associate		Total	
	This year	Previous year	This year	Previous year	This year	Previous year
Rental expenses - DFBPL	8.82	17.64	-	-	8.82	17.64
Interest charged on loan - DHL	-	-	-	54.54	-	54.54
Loan received back - DHL	-	-	-	541.94	-	541.94
Interest received on loan - DHL	-	-	-	134.01	-	134.01

**B. Transactions with related parties**

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	<b>128.49</b>	58.76
	- Mr. Alok B. Shriram	<b>128.49</b>	60.96
	- Mr. D.C. Mittal	-	45.54
	- Mr. Madhav B. Shriram	<b>96.35</b>	60.99
	- Mr. K. N. Rao	<b>42.18</b>	40.85
- Relatives of key management personnel		<b>30.40</b>	20.40
		<b>425.91</b>	287.50
Rental expenses			
- Relatives/HUF of key management personnel	- BDS	<b>106.20</b>	88.05
	- Mrs. Karuna Shriram	-	4.07
	- Mrs. Kiran Mittal	-	4.35
	- Mrs. K. Rao	<b>3.48</b>	3.24
- Others	- BEPL	<b>21.57</b>	31.86
	- HRTPL	<b>6.38</b>	6.38
		<b>137.63</b>	137.95
Purchase of fixed assets			
- Others	- BEPL	-	148.69
		-	148.69
Public Deposits paid			
- Relatives of key management personnel	- Mr. Akshay Dhar	-	2.00
	- Ms. Aditi Dhar	-	2.00
		-	4.00
Security Deposits given			
- Relatives/HUF of key management personnel	- Mrs. K. Rao	<b>0.12</b>	-
		<b>0.12</b>	-
Security Deposits received back			
- Relatives of key management personnel	- Mrs. Kiran Mittal	-	17.40
		-	17.40
Advance Rent adjusted			
- Relatives/HUF of key management personnel	- BDS	<b>3.90</b>	3.90
	- Mrs. K. Rao	-	0.41
		<b>3.90</b>	4.31
Balance outstanding at the year end			
- Receivables			
Relatives/HUF of key management personnel	- BDS	<b>36.73</b>	40.63
	- Mrs. K. Rao	<b>0.93</b>	0.81
		<b>37.66</b>	41.44

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

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

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

- i) The Company has entered into operating leases agreements for various premises taken for accommodation of Company's officers / directors and various offices of the Company. As at March 31, 2016 the future minimum lease payments under non-cancellable period which is not later than one year are Rs. Nil (2014-15 - Rs. Nil).
- ii) Lease rent charged to the Statement of Profit and Loss relating to operating leases entered or renewed after April 1, 2001 are Rs. 489.06 lacs (2014-15 - Rs. 502.33 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, 2016 :-

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	Deputy Commissioner	January '08 to October '08	1.44	-
		Customs, Excise & Service Tax Appellate Tribunal	July '12 to March '14 and 2011-12	360.02	16.19
		Assistant Commissioner, Central Excise & Customs	December '09 to December '10	4.28	-
		Commissioner (Appeals)	2009-14	59.60	1.54
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2003-06	1708.75	1708.75
Sales Tax Laws	Sales Tax	Additional Commissioner (Appeals)	2004-05	2.21	0.88

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

Name of the Statute	Nature of dues	Forum where department has preferred appeal	Period to which the amount relates (various years covering the period)	Amount involved * (Rs. lacs)	Amount paid under protest (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	-
Service Tax Laws- Finance Act, 1994	Service Tax	Customs, Excise & Service Tax Appellate Tribunal	2005	2.01	-
Sales Tax Laws	Sales Tax	High Court	1976-80, 1982-85, 1989-90, 1992-93, 1995-98 and 2008-11	137.38	-

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

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

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 31.03.16	As at 31.03.15	As at 31.03.16	As at 31.03.15	Currency	As at 31.03.16	As at 31.03.15	As at 31.03.16	As at 31.03.15
Forward Cover	18	6	Hedging	Hedging	Euro	2800000	700000	2085.72	469.70

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

Particulars	As at 31.03.16			As at 31.03.15		
	Amount in foreign currency	Amount (Rs. lacs)		Amount in foreign currency	Amount (Rs. lacs)	
- Trade receivables	Euro	-	-	Euro	4102474	2752.76
	US\$	7140614	4710.31	US\$	3852570	2398.03
	GBP	23376	22.53	GBP	-	-
- Sundry advances	Euro	50913	37.92	Euro	11208	7.52
	CHF	4421	3.01	CHF	-	-
- Acceptances	US\$	4503758	3001.80	US\$	4136633	2603.72
- Trade payables	Euro	26475	20.05	Euro	36285	24.77
	US\$	714410	477.01	US\$	952074	600.35
- Bank borrowings	Euro	450965	340.97	Euro	1100000	749.32
	US\$	14654	9.77	US\$	-	-
- Commission & discount	US\$	321677	214.44	US\$	99838	62.84
	Euro	209660	158.52	Euro	772021	525.90
- Royalty	Euro	10965	8.31	Euro	48720	33.33

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. 516.12 lacs (2014-15 - Rs. 642.24 lacs) for provident fund contribution and Rs. 249.51 lacs (2014-15 - Rs. 154.96 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.

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

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

	As at March 31, 2016 (Rs./lacs)		As at March 31, 2015 (Rs./lacs)	
	Gratuity Scheme	Privilege and medical leaves	Gratuity Scheme	Privilege and medical leaves
<b>Change in present value of obligation</b>				
1. Present value of obligation as at the beginning of the year	<b>3,048.98</b>	<b>750.95</b>	2,992.25	710.83
2. Current service cost	<b>161.00</b>	<b>65.57</b>	157.16	67.12
3. Interest cost	<b>236.94</b>	<b>58.36</b>	261.82	62.19
4. Actuarial (gain)/loss	<b>24.83</b>	<b>108.73</b>	(20.42)	135.83
5. Benefits paid	<b>(346.19)</b>	<b>(225.40)</b>	(341.83)	(225.02)
6. Present value of obligation as at the end of the year	<b>3,125.56</b>	<b>758.21</b>	3,048.98	750.95
<b>Change in plan assets</b>				
1. Plan assets at the beginning of the year	<b>2972.27</b>	-	2729.33	-
2. Expected return on plan assets	<b>306.14</b>	-	251.09	-
3. Contribution by the Company	<b>4.85</b>	-	-	-
4. Benefits paid	<b>(17.99)</b>	-	(8.88)	-
5. Actuarial gain / (loss)	<b>(0.65)</b>	-	0.73	-
6. Plan assets at the end of the year	<b>3264.62</b>	-	2972.27	-
<b>Liability / (Asset) recognised in the financial statements</b>	<b>(139.06)</b>	<b>758.21</b>	76.71	750.95
Long term	-	<b>641.14</b>	76.71	662.17
Short term	<b>(139.06)</b>	<b>117.07</b>	-	88.78
<b>Cost for the year</b>				
<b>Change in present value of obligation</b>				
1. Current service cost	<b>161.00</b>	<b>65.57</b>	157.16	67.12
2. Interest cost	<b>236.94</b>	<b>58.36</b>	261.82	62.19
3. Expected return on plan assets	<b>(306.14)</b>	-	(251.09)	-
4. Actuarial (gain)/loss	<b>25.48</b>	<b>108.73</b>	(21.15)	135.83
5. Net cost	<b>117.28</b>	<b>232.66</b>	146.74	265.14
<b>Constitution of plan assets</b>				
Other than equity, debt, property and bank account	-	-	-	-
Funded with LIC *	<b>3264.62</b>	-	2972.27	-
<b>Main actuarial assumptions</b>				
Discount rate	<b>7.50% p.a.</b>	<b>7.50% p.a.</b>	7.75% p.a.	7.75% p.a.
Rate of increase in compensation levels	<b>5.00% p.a.</b>	<b>5.00% p.a.</b>	5.25% p.a.	5.25% p.a.
Rate of return on plan assets	<b>10.30% p.a.</b>	-	9.20% p.a.	-
Expected average remaining working lives of employees (years)	<b>15.39</b>	<b>16.56</b>	14.34	16.18

\* 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	2015-16		2014-15		2013-14		2012-13		2011-12	
	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	3125.56	758.21	3048.98	750.95	2992.25	710.83	2818.36	641.19	2590.79	562.81
Fair value of plan assets at the end of the year	3264.62	-	2972.27	-	2729.33	-	2521.74	-	2326.67	-
Surplus/(Deficit) in plan assets	139.06	(758.21)	(76.71)	(750.95)	(262.92)	(710.83)	(296.62)	(641.19)	(264.12)	(562.81)
Actuarial Gain/(loss) on plan assets	(0.65)	-	0.73	-	(0.16)	-	1.37	-	(18.66)	-
Actuarial Gain/(loss) on obligation	(24.83)	(108.73)	20.42	(135.83)	(121.39)	(147.21)	(206.36)	(145.01)	(16.07)	(124.71)

#### 44. Other information

Description	Year ended 31.03.2016		Year ended 31.03.2015	
	Rs.lacs	%	Rs.lacs	%
(a) Value of imports on CIF basis				
Raw materials	13037.63		15711.28	
Components and spare parts	44.49		509.05	
Capital goods	-		156.44	
(b) Expenditure in foreign currency				
Royalty (net of tax)	72.69		137.13	
Commission, travelling and others	1311.77		1437.98	
(c) Earnings in foreign exchange				
FOB value of exports	34007.28		37195.87	
Sale of services	29.91		-	
(d) Value of imported/indigenous raw materials, spare parts, components and stores consumed				
i) Raw materials				
Imported	13611.53	18	16399.18	21
Indigenous	63364.42	82	60278.37	79
	76975.95	100	76677.55	100
ii) Stores and spares				
Imported	132.02	2	441.86	6
Indigenous	6421.62	98	6769.55	94
	6553.64	100	7211.41	100

45. Schedule II of the Companies Act, 2013 became applicable w.e.f. April 1, 2014. Accordingly, in respect of fixed assets where the remaining useful life as per Schedule II was Nil as on April 1, 2014 the carrying amount (after retaining residual value) of Rs. 556.06 lacs (including revalued amount Rs. 316.94 lacs and net of deferred tax Rs. 123.13 lacs) was adjusted against the opening balance of Surplus in Statement of Profit and Loss and the revalued amount was transferred from Revaluation reserve to General reserve in the previous year.
46. The Govt. of Uttar Pradesh had announced subsidy on sugarcane purchased during sugar season 2014-15 to be finalised by a Committee constituted by them. During the year the company received Rs. 4815.57 lacs against the same out of which Rs. 3277.93 lacs was accounted for in 2014-15 and balance Rs. 1537.64 lacs has been accounted for in the Statement of Profit and Loss for the year by adjustment of raw material consumption in note 23.
47. Immovable properties of Rs. 888.99 lacs yet to be endorsed in the name of Company are as under : (Rs./lacs)

Particulars	Amount as on 31/03/16	Remarks
Land situated at Daurala, Uttar Pradesh (UP) and Kota, Rajasthan	844.04 *	Vested in the Company from DCM Limited pursuant to a Scheme of Arrangement of erstwhile DCM Limited
Land situated at Daurala, UP	44.95	The title deeds are in the name of Daurala Organics Limited which was merged with the Company under section 391 to 394 of the Companies Act, 1956 in terms of approval of honorable High Court

\* Includes leasehold land Rs. 465.00 lacs at Kota, Rajasthan

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

Signatures to Notes forming part of Financial Statements

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

For and on behalf of the Board

Shri Tilak Dhar  
Chairman & Managing Director  
  
Shri Alok B. Shriram  
Vice Chairman &  
Dy. Managing Director  
  
Shri P.R. Khanna  
Shri S.B. Mathur  
Shri Ravinder Narain  
Shri S.C. Kumar  
Shri C. Vikas Rao  
Smt. Kavitha Dutt Chitturi  
Directors

Place : New Delhi  
Date : 30.5.2016



# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

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## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF DCM SHRIRAM INDUSTRIES LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **DCM SHRIRAM INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

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

#### Auditor's Responsibility

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

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

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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### Emphasis of Matter

Attention is invited to note 47 regarding a subsidiary, which by virtue of the conditions specified in Reserve Bank of India circular no. 1998-99/1269 dated April 8, 1999, is to be treated as a Non-Banking Financial Institution.

Our opinion is not modified in respect of this matter.

#### Other Matter

We did not audit the financial statements/ financial information of the subsidiary viz., Daurala Foods & Beverages Private Limited whose financial statements/ financial information reflect total assets of Rs.954.96 lacs as at March 31, 2016, total

revenues of Rs.87.60 lacs and net cash outflows amounting to Rs.11.15 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. 29.00 lacs for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of an 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 on the consolidated financial statements, 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 on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and associate company incorporated in India, none of the directors of the Holding company, its subsidiary company and its associate company incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in Annexure "A", which is based on the auditors' reports of the Holding company, subsidiary company and its associate company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Holding company's, subsidiary company's and its associate incorporated in India.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate. Refer Note 34 and 35(a) to (c) to the consolidated financial statements.
  - ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts. Refer Note 36(b) to the consolidated financial statements.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding company and its subsidiary company and its associate company incorporated in India.

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

Jaideep Bhargava  
Partner  
(Membership No. 090295)

Place : New Delhi  
Date : 30.5.2016

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)  
**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of **DCM SHRIRAM INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company"), its subsidiary company and its associate company, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

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

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

### Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary company and its associate company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

### Other Matters

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

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

Jaideep Bhargava  
Partner  
(Membership No. 090295)

Place : New Delhi  
Date : 30.5.2016

**Consolidated Balance Sheet of DCM Shriram Industries Limited as at March 31, 2016**

Particulars	Note No.	As at	As at
		31.03.2016	31.03.2015
		Rs. lacs	Rs. lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	1,739.84	1,739.84
Reserves and surplus	5	<u>24,997.53</u>	<u>22,218.37</u>
		<b>26,737.37</b>	<b>23,958.21</b>
Minority interest *[Nil (2014-15 Rs. 127.14)]		*	*
<b>Non-current liabilities</b>			
Long - term borrowings	6	7,246.38	8,117.18
Deferred tax liabilities (Net)	7	5,940.57	5,393.28
Other long-term liabilities	8	118.29	188.23
Long-term provisions	9	<u>741.14</u>	<u>838.88</u>
		<b>14,046.38</b>	<b>14,537.57</b>
<b>Current liabilities</b>			
Short-term borrowings	10	27,671.88	30,402.57
Trade payables	11	-	1.35
- Total outstanding dues of Micro enterprises and small enterprises		-	1.35
- Total outstanding dues of creditors other than Micro enterprises and small enterprises		<b>27,543.97</b>	<b>24,658.33</b>
Other current liabilities	12	10,393.85	6,407.19
Short-term provisions	13	<u>885.01</u>	<u>431.07</u>
		<b>66,494.71</b>	<b>61,900.51</b>
<b>TOTAL</b>		<b><u>1,07,278.46</u></b>	<b><u>1,00,396.29</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	14		
- Tangible assets		31,961.95	31,887.60
- Intangible assets		124.82	-
- Capital work in progress		<u>753.28</u>	<u>871.62</u>
		<b>32,840.05</b>	<b>32,759.22</b>
Non - current investments	15	917.84	888.84
Long - term loans and advances	16	<u>4,296.74</u>	<u>3,469.28</u>
		<b>38,054.63</b>	<b>37,117.34</b>
<b>Current assets</b>			
Current investments	17	895.91	1,241.49
Inventories	18	51,041.46	42,733.33
Trade receivables	19	11,365.10	9,628.34
Cash and cash equivalents	20	1,248.53	938.22
Short - term loans and advances	21	3,985.33	4,738.54
Other current assets	22	<u>687.50</u>	<u>3,999.03</u>
		<b>69,223.83</b>	<b>63,278.95</b>
<b>TOTAL</b>		<b><u>1,07,278.46</u></b>	<b><u>1,00,396.29</u></b>
<b>Significant Accounting Policies</b>	3		
<b>Accompanying notes 1 to 50 form part of the financial statements</b>			

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

Jaideep Bhargava  
Partner

Place : New Delhi  
Date : 30.5.2016

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

For and on behalf of the Board

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

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

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## Consolidated Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note No.	Year ended <u>31.03.2016</u> Rs. lacs	Year ended <u>31.03.2015</u> Rs. lacs
<b>REVENUE</b>			
Revenue from operations	23	1,26,412.69	1,34,809.19
Less: Excise duty		<u>4,800.21</u>	<u>4,959.12</u>
		1,21,612.48	1,29,850.07
Other income	24	<u>1,059.92</u>	<u>768.45</u>
<b>TOTAL REVENUE</b>		<u><b>1,22,672.40</b></u>	<u><b>1,30,618.52</b></u>
<b>EXPENSES</b>			
Cost of materials consumed	25	76,975.95	76,677.55
Purchase of traded goods	26	8,432.26	10,650.83
(Increase)/ Decrease in inventories of finished goods, work-in-progress and traded goods	27	(8,920.96)	(860.84)
Employee benefits expense	28	10,174.25	9,243.88
Finance costs	29	3,524.09	4,067.53
Depreciation & Amortisation	30	1,863.68	1,827.08
Other expenses	31	26,656.16	27,754.58
<b>TOTAL EXPENSES</b>		<u><b>1,18,705.43</b></u>	<u><b>1,29,360.61</b></u>
<b>Profit before tax</b>		<b>3,966.97</b>	1,257.91
<b>Tax expense:</b>	32		
Current tax		40.28	-
Deferred tax charge		547.29	756.38
		<u><b>587.57</b></u>	<u><b>756.38</b></u>
<b>Profit for the year after tax and before minority interest</b>		<b>3,379.40</b>	501.53
<b>Minority interest * [ Nil (2014-15 Rs. 8.05)]</b>		*	*
<b>Profit for the year after tax but before share of results of an associate</b>		<b>3,379.40</b>	501.53
<b>Share of net profit of an associate</b>		<b>29.00</b>	170.60
<b>Profit for the year</b>		<u><b>3,408.40</b></u>	<u><b>672.13</b></u>
<b>Earnings per equity share - basic/ diluted (Rs.)</b>	33	<b>19.59</b>	3.86
<b>Significant Accounting Policies</b>	3		

Accompanying notes 1 to 50 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 : 30.5.2016

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

For and on behalf of the Board

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

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

**Consolidated Cash Flow Statement for the year ended March 31, 2016**

	Year ended <u>31.03.2016</u> Rs. lacs	Year ended <u>31.03.2015</u> Rs. lacs
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>3,966.97</b>	1,257.91
<b>Adjustments for :</b>		
Depreciation	1,863.68	1,827.08
Finance Costs	3,524.09	4,067.53
Interest income	(187.13)	(229.68)
Profit on sale of fixed assets	(6.05)	(69.58)
Loss on sale of fixed assets	131.68	14.19
Profit on sale of current investments	(142.22)	(38.79)
<b>Operating profit before working capital changes</b>	<b>9,151.02</b>	6,828.66
<b>Adjustments for :</b>		
Increase / (Decrease) in trade payables, other current liabilities and short term provisions	4,636.22	(7,313.22)
(Decrease) in long term liabilities & long term provisions	(91.43)	(95.55)
Decrease / (Increase) in trade receivables, short term loans & advances and other current assets	2,333.58	(1,746.90)
(Increase) / Decrease in long term loans & advances and other non current assets	(172.11)	128.01
(Increase) in inventories	(8,308.13)	(1,309.91)
<b>Cash generated from / (used in) operations</b>	<b>7,549.15</b>	(3,508.91)
Net income tax paid	(765.57)	(1,057.42)
<b>Net cash generated from / (used in) operating activities ( A )</b>	<b>6,783.58</b>	(4,566.33)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(2,348.49)	(3,860.57)
Proceeds from sale of fixed assets	43.21	105.18
Purchase of current non trade investments	(3,308.81)	(715.00)
Proceeds from sale of current non trade investments	3,796.61	1,652.30
Movement in bank balances not considered as cash and cash equivalents	(204.99)	27.79
Interest received	181.53	308.38
<b>Net cash (used in) investing activities ( B )</b>	<b>(1,840.94)</b>	(2,481.92)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	4,877.64	3,398.62
Repayment of long term borrowings	(3,220.62)	(3,855.09)
Increase / (Decrease) in short term borrowings	(2,730.69)	12,491.80
Finance Costs (Includes borrowing costs capitalised)	(3,561.66)	(4,226.34)
Dividend on equity share capital paid	(166.57)	(585.94)
Corporate dividend tax paid	(35.42)	(103.49)
<b>Net cash (used in) / generated from financing activities ( C )</b>	<b>(4,837.32)</b>	7,119.56
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>105.32</b>	71.31
<b>Cash and cash equivalents at the beginning of the year</b>	<b>425.81</b>	354.50
<b>Cash and cash equivalents at the close of the year</b>	<b>531.13</b>	425.81
<b>Accompanying notes 1 to 50 form part of the financial statements</b>		

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

Jaideep Bhargava  
Partner

Place : New Delhi  
Date : 30.5.2016

B.P. Khandelwal  
President  
N.K. Jain  
Chief Financial Officer  
Y.D. Gupta  
Sr. General Manager &  
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For and on behalf of the Board

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

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

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2016

1. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements", and Accounting Standard 23 (AS 23) - "Accounting for Investments in Associates in Consolidated Financial Statements" specified under section 133 of the Companies Act, 2013 and read with rule 7 of the Companies (Accounts) Rules, 2014.

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

- a) DFBPL, which is incorporated in India, is a subsidiary of the Company and percentage of voting power therein as on March 31, 2016 is 100% (2014-15 : 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, 2016 is 49.28% (2014-15 : 49.28%). The consolidated financial statements are based, in so far as they relate to amounts included in respect of the associate, on the consolidated audited financial statements for the year ended March 31, 2016.

## 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 (2014-15 : Rs 166 lacs). The Company's share in accumulated profits of DHL based on its consolidated financial statements is Rs. 751.84 lacs (2014-15 : Rs. 722.84 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 specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 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 the consolidated financial statements in conformity with Indian GAAP requires management to make prudent and reasonable estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the results of operations during the year. Differences between the actual results and estimates are recognised in the year in which the results are known or materialised.

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) 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 and amortisation

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

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

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

ii) Depreciation is calculated on a pro-rata basis 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 General Reserve.

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

e) Investments

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

f) Inventories

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) Government Grants, subsidies and export benefits

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

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



## CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

### Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2016 (continued)

i) Employee benefits

Provision for employee benefits charged on accrual basis is determined based on Accounting Standard (AS) 15 (Revised) "Employee Benefits" as specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

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

j) Foreign currency transactions

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

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

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

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

k) Revenue recognition

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

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

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

l) Income-tax

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

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

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

m) Operating Cycle

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

**4. Share Capital**

	As at <b>31.03.2016</b> Rs. lacs	As at <b>31.03.2015</b> Rs. lacs
<b>Authorised</b>		
6,50,00,000 (2015-16 - 6,50,00,000) Equity shares of Rs. 10 each	<b>6,500.00</b>	6,500.00
<b>Issued, subscribed and fully paid up</b>		
1,73,98,437 (2014-15 - 1,73,98,437) Equity shares of Rs. 10 each	<b>1,739.84</b>	1,739.84
	<b>1,739.84</b>	1,739.84

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

Name of the shareholder	As at <b>31.03.2016</b> No. of Shares	As at <b>31.03.2015</b> No. of Shares
a) Bantam Enterprises Private Limited	1,345,320	13,45,320
b) HB Stockholdings Limited	4,346,615	43,46,615
c) Life Insurance Corporation of India	1,331,259	13,31,259
d) Lily Commercial Private Limited	1,044,323	10,33,243
e) Versa Trading Limited	2,224,725	22,24,725

**5. Reserves and surplus**

	As at <b>31.03.2016</b> Rs. lacs	As at <b>31.03.2015</b> Rs. lacs
Amalgamation Reserve *	<b>1,411.38</b>	1,411.38
Capital Redemption Reserve	<b>0.10</b>	0.10
Securities Premium Account	<b>3,406.68</b>	3,406.68
Capital Reserve	<b>234.89</b>	234.89
Revaluation Reserve	<b>1,602.89</b>	1,711.27
General Reserve	<b>13,465.60</b>	13,358.25
Surplus in Statement of Profit and Loss	<b>4,875.99</b>	2,095.80
	<b>24,997.53</b>	22,218.37

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

	As at <b>31.03.2016</b> Rs. lacs	As at <b>31.03.2015</b> Rs. lacs
<b>Movement in reserves and surplus is as under:</b>		
<b>(a) Revaluation Reserve</b>		
Opening balance	1,711.27	2,169.46
Less: Revaluation amount adjusted in carrying amount of fixed assets transferred to General reserve (Refer note 45)	-	316.94
Less: Depreciation on revalued amount of fixed assets transferred to General reserve [Refer note 3(d)(iii)]	107.35	138.62
Less: Utilised for set off on deletion of revalued assets	1.03	2.63
Closing balance	<b>1,602.89</b>	1,711.27
<b>(b) General Reserve</b>		
Opening balance	13,358.25	2,902.69
Add : Transferred from Surplus in Statement of Profit and Loss	-	10,000.00
Add : Transferred from Revaluation Reserve	107.35	455.56
Closing balance	<b>13,465.60</b>	13,358.25
<b>(c) Surplus in Statement of Profit and Loss</b>		
Opening balance	2,095.80	12,265.67
Profit for the year	3,408.40	672.13
	<b>5,504.20</b>	12,937.80
Less :Carrying amount of fixed Assets (net of deferred tax) adjusted (Refer note 45 )	-	604.44
Less :Adjustments arising out of consolidation of an associate *	-	28.16
Less :Appropriations	-	10,000.00
Transferred to General Reserve	-	10,000.00
Proposed Dividend on Equity shares [Dividend per share Rs. 3.00 (2014-15 -Rs. 1.00)]	521.95	173.98
Tax on Dividend	106.26	35.42
Closing balance	<b>4,875.99</b>	2,095.80

\* Comprises Rs.28.42 lacs adjustment on implementation of Schedule-II of the companies Act, 2013 (Refer note 45) net off Rs. 0.26 lacs on account of incorporation of consolidation impact upto previous year.

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2016 (continued)

## 6. Long - term borrowings

	As at 31.03.2016 Rs. lacs	As at 31.03.2015 Rs. lacs
<b>Secured</b>		
Term loans		
- From banks	12,299.68	10,230.15
- From others	360.99	721.98
	<u>12,660.67</u>	<u>10,952.13</u>
<b>Unsecured</b>		
Public deposits	476.59	535.11
	<u>13,137.26</u>	<u>11,487.24</u>
Less : Current maturities of long term borrowings	5,890.88	3,370.06
	<u>7,246.38</u>	<u>8,117.18</u>

	As at 31.03.2016 Rs. lacs	As at 31.03.2015 Rs. lacs
<b>Details of Current maturities of long term borrowings:</b>		
<b>Secured</b>		
Term loans		
- From banks	5,296.64	2,725.54
- From others	360.99	360.99
<b>Unsecured</b>		
Public deposits	233.25	283.53
	<u>5,890.88</u>	<u>3,370.06</u>

### SECURED

#### I. Banks

- a) Nil (2014-15 – Rs.141.00 lacs), Rs.625.00 lacs (2014-15 – Rs.1250.00 lacs), Rs.815.63 lacs (2014-15 – Rs.1178.13 lacs) and Rs.840.00 lacs (2014-15 – Rs.1050.00 lacs) currently carrying interest between 7.20% p.a. to 12.50% p.a.(net of interest subvention), repayable in 0, 4, 9 and 16 quarterly installments respectively, are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of first charge holders for their respective term loans.
- b) Rs.202.39 lacs (2014-15 – Rs.555.33 lacs) carrying interest of 12.50% p.a., repayable in 2 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 first charge holders for their respective term loans. Also exclusive charge on assets to be acquired in Daurala Organics, a unit of the Company.
- c) Rs.120.00 lacs (2014-15 – Rs.240.00 lacs), Rs.560.00 lacs (2014-15 – Rs.840.00 lacs) and Rs.515.62 lacs (2014-15 – Rs.721.87 lacs) currently carrying interest between 7.30% p.a. to 12.25% p.a. (net of interest subvention), repayable in 4, 8 and 10 quarterly installments respectively, are secured by first charge on specific movable assets of Shriram Rayons, a unit of the Company.
- d) Nil (2014-15 – Rs.81.00 lacs) was 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 in favour of first charge holders for their respective term loans.
- e) Rs.291.17 lacs (2014-15 – Rs.459.92 lacs) currently carrying interest of 12.30% p.a. repayable in 10 quarterly installments is secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, both present and future, excluding the assets exclusively charged subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of first charge holders for their respective term loans.
- f) Rs.1900.00 lacs (2014-15 – Rs.1900.00 lacs), Rs.235.00 lacs (2014-15 – Rs.235.00 lacs) and Rs.2000.00 lacs (2014-15 – Nil) carrying interest between Nil to 1.20% p.a. (net of interest subvention), repayable in 36, 36 and 12 monthly installments respectively, are secured by residual charge on fixed assets of sugar factory at Daurala Sugar Works, a unit of the Company.
- g) Rs.1560.00 lacs (2014-15 – Rs.1560.00 lacs) carrying Nil interest (net of interest subvention), repayable in 12 quarterly installments, is secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of first charge holders for their respective term loans and 2nd pari-passu charge on all current assets of sugar division of the Company excluding stocks pledged with Distt. Co-operative Banks.

- h) Rs.1000.00 lacs (2014-15 – Nil) and Rs.812.00 lacs (2014-15 – Nil) currently carrying interest of 2.00% p.a. and 2.35% p.a. (net of interest subvention), repayable in 12 monthly and 8 quarterly installments respectively, are secured by a first mortgage and charge on all fixed assets of Sugar factory at Daurala Sugar Works, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of first charge holders for their respective term loans
- i) Rs.447.97 lacs (2014-15 – Nil) carrying interest of 11% p.a., repayable in 16 quarterly installments, is secured by first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created / to be created in favour of first charge holders for their respective term loans and exclusive charge on assets acquired / to be acquired out of the loan in Distillery and Chemical divisions of Daurala Sugar Works and Shriram Rayons, units of the Company.
- j) Rs.322.79 lacs (2014-15 – Nil) carrying interest of 11.20% p.a., repayable in 16 quarterly installments, is secured by first charge on specific movable assets of Distillery division of Daurala Sugar Works, a unit of the Company.
- k) Rs.52.11 lacs (2014-15 – Rs.17.90 lacs) currently carrying interest of 10.20% p.a., repayable in 54 monthly installments, is secured by hypothecation of specific assets.

## II. Others

Rs.360.99 lacs (2014-15 – Rs.721.98 lacs) carrying interest of 4% p.a., repayable in 1 yearly installment, 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 <b>31.03.2016</b> Rs. lacs	As at 31.03.2015 Rs. lacs
<b>Deferred tax liabilities</b>		
- Depreciation	<u>6,461.12</u>	6,162.89
<b>Deferred tax assets</b>		
- Accrued expenses deductible on payment	159.44	219.27
- Provision for gratuity and leave Salary	310.76	332.43
- Provision for doubtful debts and advances	14.05	12.27
- Unabsorbed depreciation	-	169.34
- Others	<u>36.30</u>	36.30
	<u>520.55</u>	<u>769.61</u>
<b>Net</b>	<u>5,940.57</u>	<u>5,393.28</u>

## 8. Other long - term liabilities

	As at <b>31.03.2016</b> Rs. lacs	As at 31.03.2015 Rs. lacs
Trade payables		
- Micro and small enterprises*	-	-
- Others	45.33	43.38
Others		
- Interest accrued but not due on borrowings	2.35	78.59
- Others	<u>70.61</u>	<u>66.26</u>
	<u>118.29</u>	<u>188.23</u>

\* Refer Note 38.

## 9. Long - term provisions

	As at <b>31.03.2016</b> Rs. lacs	As at 31.03.2015 Rs. lacs
Provision for employee benefits *		
- Gratuity	-	76.71
- Leave salary	641.14	662.17
Provision for contingencies **	<u>100.00</u>	<u>100.00</u>
	<u>741.14</u>	<u>838.88</u>

\* Refer note 44.

\*\* Refer note 34.

## CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of The Consolidated Financial Statements For The Year Ended March 31, 2016 (continued)

### 10. Short - term borrowings

	<b>As at</b>	<b>As at</b>
	<b><u>31.03.2016</u></b>	<b><u>31.03.2015</u></b>
	<b>Rs. lacs</b>	<b>Rs. lacs</b>
Loans repayable on demand – Secured from banks *	27,521.88	30,252.57
– Unsecured Others	150.00	150.00
	<b><u>27,671.88</u></b>	<b><u>30,402.57</u></b>

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

### 11. Trade payables

	<b>As at</b>	<b>As at</b>
	<b><u>31.03.2016</u></b>	<b><u>31.03.2015</u></b>
	<b>Rs. lacs</b>	<b>Rs. lacs</b>
- Total outstanding dues of Micro enterprises and small enterprises*	-	1.35
- Total outstanding dues of creditors other than Micro enterprises and small enterprises#	27,543.97	24,658.33
	<b><u>27,543.97</u></b>	<b><u>24,659.68</u></b>

\* Refer note 38.

# Includes acceptances Rs. 3001.80 lacs (2014-15 Rs. 2603.72 lacs).

### 12. Other current liabilities

	<b>As at</b>	<b>As at</b>
	<b><u>31.03.2016</u></b>	<b><u>31.03.2015</u></b>
	<b>Rs. lacs</b>	<b>Rs. lacs</b>
Current maturities of long term borrowing *	5,890.88	3,370.06
Interest accrued but not due on borrowings	186.28	179.34
Unclaimed dividends	79.07	71.66
Unclaimed deposits and interest accrued thereon	10.27	1.54
Payables for fixed assets		
- Micro and small enterprises **	-	-
- Others	113.64	294.93
Other payables		
- Statutory dues	3,371.14	1,837.46
- Advances from customers	135.39	190.18
- Security deposits	376.71	283.65
- Others	230.47	178.37
	<b><u>10,393.85</u></b>	<b><u>6,407.19</u></b>

\* Refer note 6 .

\*\* Refer note 38.

### 13. Short - term provisions

	<b>As at</b>	<b>As at</b>
	<b><u>31.03.2016</u></b>	<b><u>31.03.2015</u></b>
	<b>Rs. lacs</b>	<b>Rs. lacs</b>
Provision for employee benefits *		
- Leave salary	256.80	221.67
Proposed dividend	521.95	173.98
Tax on dividend	106.26	35.42
	<b><u>885.01</u></b>	<b><u>431.07</u></b>

\* Refer note 44.

14. Fixed Assets Rs.lacs

Particulars	Gross block			Depreciation and Amortisation					Net block		
	As at 31.03.2015	Additions	Deductions	As at 31.03.2016	As at 31.03.2015	For the year	On deductions	Other # Adjustment	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>Tangible Assets</b>											
Land - Free Hold *	825.32	-	36.06	789.26	-	-	-	-	-	789.26	825.32
- Lease Hold *	465.35	-	-	465.35	-	-	-	-	-	465.35	465.35
Buildings	8,072.06	240.37	-	8,312.43	4,391.07	177.64	-	-	4,568.71	3,743.72	3,680.99
Plant and equipment	57,414.61	1,731.70	328.75	58,817.56	31,338.42	1,433.37	119.19	-	32,652.60	26,164.96	26,076.19
Furniture and fixtures	608.42	5.20	17.05	596.57	511.88	26.97	15.61	-	523.24	73.33	96.54
Vehicles	788.31	141.51	49.32	880.50	352.15	102.32	39.48	-	414.99	465.51	436.16
Office equipment	774.90	52.61	73.13	754.38	467.85	94.10	67.39	-	494.56	259.82	307.05
<b>Total Tangible Assets (A)</b>	68,948.97	2,171.39	504.31	70,616.05	37,061.37	1,834.40	241.67	-	38,654.10	31,961.95	
Previous year	63,899.34	5,183.99	134.36	68,948.97	34,588.66	1,827.08	81.94	727.57	37,061.37		31,887.60
<b>Intangible Assets</b>											
Software	-	154.10	-	154.10	-	29.28	-	-	29.28	124.82	-
<b>Total Intangible Assets (B)</b>	-	154.10	-	154.10	-	29.28	-	-	29.28	124.82	-
Previous year	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets (A+B)</b>	68,948.97	2,325.49	504.31	70,770.15	37,061.37	1,863.68	241.67	-	38,683.38	32,086.77	-
Previous year	63,899.34	5,183.99	134.36	68,948.97	34,588.66	1,827.08	81.94	727.57	37,061.37	-	31,887.60
Capital -work - in progress										<b>753.28</b>	871.62

i) The Holding 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.12044.50 lacs (2014-2015-Rs.12079.13 lacs) is included in the gross block of fixed assets as on March 31, 2016. The revaluation amount included in net block is Rs.788.17 lacs(2014-15 -Rs.789.07 lacs) in Land, Rs.507.19 lacs(2014-15 - Rs.536.88 lacs) in Buildings and Rs. 307.53 lacs (2014-15 - Rs. 385.32 lacs) in Plant & equipment.

ii) The amount of borrowing cost capitalised to fixed assets - plant and equipment during the year is Rs. Nil (2014-15 Rs.70.76 lacs)

# Refer note 45

\* Refer Note 46

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes Forming Part of the Consolidated Financial Statements for the Year Ended March 31, 2016 (continued)

## 15. Non-current investments\*

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</u> Rs. lacs
<b>Trade Investments – Unquoted</b>		
<b>Investments in equity instruments</b>		
- Daurala Co-operative Development Union Limited 2 (2014-15 - 2) Equity shares of Rs. 10 each, fully paid-up @ (Rs.20)	@	@
<b>Other Investments - Unquoted</b>		
<b>Investments in equity instruments</b>		
- Investment in shares of Associate company		
- DCM Hyundai Limited 19,72,000 (2014-15 - 19,72,000) Equity shares of Rs. 10 each, fully paid up	166.00	166.00
Add- Group share of net profit	751.84	722.84
	<u>917.84</u>	<u>888.84</u>
<b>Investment in preference shares</b>		
- Versa Trading Limited 7,00,000 (2014-15 - 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>
	<u>917.84</u>	<u>888.84</u>
(I) Aggregate amount of unquoted investments (net of provision for diminution in value)	917.84	888.84
(ii) Aggregate provision for diminution in value of investments	700.00	700.00
* Refer Note 3 (e)		

## 16 Long-term loans and advances

(unsecured, considered good unless otherwise stated)

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</u> Rs. lacs
Capital advances	43.70	83.65
Security deposits	303.07	268.89
MAT Credit entitlement	2,480.83	1,634.97
Advance tax (net of provision)	989.80	1,140.36
Other loans and advances		
- Excise, Cenvat and VAT receivable	437.43	297.25
- To employees	29.08	30.29
- Others		
- Unsecured - considered good	12.83	13.87
- Unsecured - considered doubtful	1.30	1.30
	<u>4,298.04</u>	<u>3,470.58</u>
Less : Provision for doubtful advances	1.30	1.30
	<u>4,296.74</u>	<u>3,469.28</u>

**17. Current investments \***

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</u> Rs. lacs
<b>Investments in Mutual Funds – Fully paid up Unquoted</b>		
146900.049 (2014-15 – 147057.575) Birla Sunlife Saving Fund Growth Regular Plan units of Rs. 10 each	405.00	391.49
800234.423 (2014-15 – Nil) HSBC Ultra Short Term Bond Fund - Growth units of Rs.10 each	100.91	-
1572327.044 (2014-15 – Nil) HSBC Income Fund - Short Plan Growth units of Rs. 10 each	390.00	-
Nil (2014-15 – 16287.250) Reliance Money Manager Fund Growth Plan – Growth units of Rs. 1000 each	-	320.00
Nil (2014-15 – 36967.546) IDBI Liquid Fund - Direct Plan Growth units of Rs. 1000 each	-	500.00
Nil (2014-15 – 972.204) SBI Magnum Insta cash Fund - Regular Plan Growth units of Rs.1000 each	-	30.00
	<u>895.91</u>	<u>1,241.49</u>
Aggregate repurchase price of units of mutual funds	<u>927.99</u>	<u>1,302.27</u>

\* Refer note 3 (e)

**18 Inventories \***

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</u> Rs. lacs
Raw materials **	5,631.88	5,742.64
Work-in-progress	1,257.21	1,395.13
Finished goods ***	40,728.73	31,645.84
Traded goods	-	24.01
Stores and spares	3,423.64	3,925.71
	<u>51,041.46</u>	<u>42,733.33</u>

\* Refer note 3(f)

\*\* Includes raw materials in transit Rs.25.15 lacs (2014-15 Rs.91.17 lacs)

\*\*\* Includes finished goods in transit Rs.581.07 lacs (2014-15 Rs.611.33 lacs)

**19 Trade receivables**

	As at <u>31.03.2016</u> Rs. lacs	As at <u>31.03.2015</u> Rs. lacs
<b>Outstanding for a period exceeding 6 months from the date they are due for payment</b>		
Unsecured - considered good	7.39	24.88
- considered doubtful	39.32	34.14
	<u>46.71</u>	<u>59.02</u>
Less : Provision for doubtful receivables	39.32	34.14
	<u>7.39</u>	<u>24.88</u>
<b>Others</b>		
Secured - considered good	5.37	0.50
Unsecured - considered good	11,352.34	9,602.96
	<u>11,357.71</u>	<u>9,603.46</u>
	<u>11,365.10</u>	<u>9,628.34</u>



# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## Notes Forming Part of the Consolidated Financial Statements for the Year Ended March 31, 2016 (continued)

### 20. Cash and Cash Equivalents\*

	As at 31.03.2016 Rs. lacs	As at 31.03.2015 Rs. lacs
Cash and cash equivalents :		
- Cash in hand	33.02	35.28
- Balances with banks – in current accounts	498.11	390.53
Cash and cash equivalents (As per AS-3 Cash flow statement)	<u>531.13</u>	<u>425.81</u>
Other bank balances :		
In deposit accounts		
- Original maturity more than 3 months and upto 12 months	448.79	338.59
- Original maturity more than 12 months *	25.44	19.02
In earmarked accounts		
- Unpaid dividend accounts	79.07	71.66
- Balances held as margin money or security against borrowings, guarantees and other commitments		
- Original maturity more than 3 months and upto 12 months	18.19	76.35
- Original maturity more than 12 months *	138.34	-
- Other earmarked accounts	7.57	6.79
Other bank balances	<u>717.40</u>	<u>512.41</u>
Cash and cash equivalents	<u>1,248.53</u>	<u>938.22</u>
* Balances with banks include deposits with remaining maturity of more than 12 months from the balance sheet date	126.67	19.02

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

	As at 31.03.2016 Rs. lacs	As at 31.03.2015 Rs. lacs
Other loans and advances		
- Security deposits	0.23	0.97
- Excise, Cenvat, VAT receivable and other Govt. dues	1,878.49	2,272.99
- To employees	25.94	20.82
- Others	2,080.67	2,443.76
	<u>3,985.33</u>	<u>4,738.54</u>

### 22. Other current assets

	As at 31.03.2016 Rs. lacs	As at 31.03.2015 Rs. lacs
Interest accrued on deposits	50.49	44.89
Unbilled revenue	637.01	676.21
Sugarcane subsidy *	-	3,277.93
	<u>687.50</u>	<u>3,999.03</u>

\* Refer note 49

### 23. Revenue from operations

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
<b>Sale of products</b>		
- Export	34,165.36	37,402.99
- Domestic	87,644.16	92,369.83
	<u>121,809.52</u>	<u>1,29,772.82</u>
<b>Sale of services</b>		
- Processing charges	1,929.82	1,356.39
- Others	29.56	43.40
	<u>1,959.38</u>	<u>1,399.79</u>
<b>Other operating revenues</b>		
- Sale of scrap	366.48	502.08
- Duty Draw back and Other export benefits	1,200.67	2,334.54
- Sale of Renewable Energy Certificates	1,074.86	774.27
- Others	1.78	25.69
	<u>2,643.79</u>	<u>3,636.58</u>
	<u>126,412.69</u>	<u>1,34,809.19</u>
Less: Excise duty	4,800.21	4,959.12
	<u>121,612.48</u>	<u>1,29,850.07</u>
<b>Product-wise particulars of sales are as under :</b>		
	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Sugar	48,631.88	44,731.26
Alcohol	14,321.36	16,590.75
Organic / Fine chemicals	24,938.31	29,741.13
Industrial fibres	27,288.15	31,915.76
Others	6,629.82	6,793.92
	<u>121,809.52</u>	<u>1,29,772.82</u>

**24. Other Income**

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Interest income *	187.13	229.68
Profit on sale of fixed assets	6.05	69.58
Provisions / Liabilities no longer required, written back	5.72	349.31
Rent	37.38	33.23
Profit on sale of current investments	142.22	38.79
Gain on foreign exchange fluctuation (net)	625.57	-
Miscellaneous income	55.85	47.86
	<u>1,059.92</u>	<u>768.45</u>

\* Income-tax deducted at source Rs. 3.37 lacs (2014-15 Rs.15.75 lacs)

**25 Cost of materials consumed**

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Opening stock	5,742.64	5,817.26
Add: Purchases	76,865.19	76,602.93
	<u>82,607.83</u>	<u>82,420.19</u>
Less : Closing stock	5,631.88	5,742.64
	<u>76,975.95</u>	<u>76,677.55</u>

Particulars of materials consumed are as under :

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Sugarcane	50,842.05	44,238.03
Wood pulp	7,282.73	8,577.89
Others	18,851.17	23,861.63
	<u>76,975.95</u>	<u>76,677.55</u>

**26 Purchase of traded goods**

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Grain Spirits	8,432.26	10,590.27
Others	-	60.56
	<u>8,432.26</u>	<u>10,650.83</u>

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

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Opening stock		
Finished goods	31,645.84	30,612.92
Work-in-progress	1,395.13	1,557.26
Traded goods	24.01	33.96
	<u>33,064.98</u>	<u>32,204.14</u>
Closing stock		
Finished goods	40,728.73	31,645.84
Work-in-progress	1,257.21	1,395.13
Traded goods	-	24.01
	<u>41,985.94</u>	<u>33,064.98</u>
	<u>(8,920.96)</u>	<u>(860.84)</u>

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

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Stocks of Finished Goods / Traded Goods		
Sugar	36,944.34	29,147.18
Alcohol	352.11	114.23
Organic / Fine chemicals	584.66	836.23
Industrial fibres	2,781.87	1,495.14
Other	65.75	77.07
	<u>40,728.73</u>	<u>31,669.85</u>
Work-in-progress		
Sugar	430.16	434.57
Alcohol	82.25	54.50
Organic / Fine chemicals	368.10	495.35
Industrial fibres	376.70	410.71
	<u>1,257.21</u>	<u>1,395.13</u>

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## Notes Forming Part of the Consolidated Financial Statements for the Year Ended March 31, 2016 (continued)

### 28. Employee benefits expense

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Salaries, wages etc	8,910.49	7,888.89
Contribution to provident and other funds	882.91	943.94
Staff welfare expenses	380.85	411.05
	<u>10,174.25</u>	<u>9,243.88</u>

### 29 Finance costs

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Interest expense	3,200.69	3,815.05
Other borrowing costs	323.40	252.48
	<u>3,524.09</u>	<u>4,067.53</u>

### 30 Depreciation and amortisation

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Depreciation on tangible assets	1,834.40	1,827.08
Amortisation on intangible assets	29.28	-
	<u>1,863.68</u>	<u>1,827.08</u>

### 31 Other expenses

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Stores and spares	6,553.64	7,211.41
Power and fuel	7,432.78	8,863.37
Repairs - Building	249.69	491.18
- Plant and machinery	2,728.11	3,095.98
Rent	480.66	485.53
Auditors' remuneration		
- As auditors	39.46	29.45
- Tax Audit	0.23	0.22
- Limited review of unaudited financials results	21.33	21.60
- Verification of statements and other records	6.86	4.34
- Out-of-pocket expenses	1.37	0.75
Insurance	163.68	160.63
Rates and taxes	135.25	49.50
Increase / (decrease) in excise duty on finished goods	1,448.50	243.13
Freight and transport	706.20	917.31
Commission to selling agents	1,673.95	1,946.85
Loss on sale of fixed assets	131.68	14.19
Donation	1.00	9.49
Corporate Social Responsibility	48.88	22.50
Bad debts and advances provided / written off	10.46	4.29
Loss on foreign exchange fluctuation (net)	-	82.67
Miscellaneous expenses	4,822.43	4,100.19
	<u>26,656.16</u>	<u>27,754.58</u>

### 32 Tax expense

	Year ended 31.03.2016 Rs. lacs	Year ended 31.03.2015 Rs. lacs
Current Tax		
- Provision for tax *	897.46	304.79
- MAT (credit) / reversal	(857.18)	(304.79)
	<u>40.28</u>	<u>-</u>
Deferred tax charge	547.29	756.38
	<u>587.57</u>	<u>756.38</u>

\* Includes Rs. 11.28 lacs ( 2014-15 Nil ) for earlier year.

	<b>This year (Rs.lacs)</b>	Previous year (Rs.lacs)
<b>33. Earnings per share</b>		
Profit after tax as per Statement of Profit and Loss (Rs.lacs)	<b>3,408.40</b>	672.13
Weighted average number of Equity shares outstanding (Nos.)	<b>173,98,437</b>	173,98,437
Earnings per share - basic / diluted (face value - Rs. 10 per share) (Rs.)	<b>19.59</b>	3.86
34. Provision for contingencies of Rs. 100 lacs (2014-15 Rs. 100 lacs) in Note 9 represents the maximum possible exposure on ultimate settlement of issues relating to reorganisation arrangement of the Company.		
	<b>As at 31.03.2016 (Rs. lacs)</b>	As at 31.03.2015 (Rs. lacs)
<b>35. Contingent liabilities not provided for:-</b>		
Income tax matters*	<b>217.51</b>	915.30
Excise and Service tax matters*	<b>500.51</b>	407.16
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	<b>880.80</b>	903.71
Bills discounted	<b>989.24</b>	3635.81
* 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. 207.46 lacs (2014-15 – Rs. 104.73 lacs)..		
b) The Group has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee's benefits including union agreement in normal course of business. The Group does not have any long term commitments / contracts including derivative contracts for which there will be any material foreseeable losses.		
37. Research and development expenses amounting to Rs. 165.27 lacs (2014-15 -Rs. 146.50 lacs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Nil (2014-15 -Rs. 58.76 lacs) has been included in fixed assets.		
38. Parties covered under "The Micro, Small and Medium Enterprise Development Act, 2006" (MSMED Act, 2006) have been identified on the basis of confirmation received. Based upon the information available, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is Rs. Nil (2014-15 – Rs. 1.35 lacs). Further no interest during the year has been paid or is payable under the terms of the MSMED Act, 2006.		
<b>39. Segment reporting</b>		
A. Business segments Based on the guiding principles given in Accounting Standard (AS)17 "Segment Reporting" specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, 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 Group's geographical segments are Domestic and Overseas, by location of customers.		
C. Segment accounting policies In addition to the significant accounting policies applicable to the segments as set out in note 3 of notes forming part of the consolidated financial statements, the accounting policies in relation to segment accounting are as under :-		
i) Segment assets and liabilities Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include investments, share capital, reserves and surplus, loan funds, income tax - current and deferred and certain other assets and liabilities not allocable to the segments on a reasonable basis. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amount of certain assets/liabilities allocable to two or more segments are allocated to the segments on a reasonable basis.		
ii) Segment revenue and expenses Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segment.		
iii) Unallocated expenses Unallocated expenses represent general administrative expenses, head-office expenses and other expenses that arise at the Company level and relate to the Company as a whole. As such, these expenses have not been considered in arriving at the segment results.		
iv) Inter segment sales Inter segment sales between operating segments are accounted for at market price. These transactions are eliminated in consolidation.		

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## Notes Forming Part of the Consolidated Financial Statements for the Year Ended March 31, 2016 (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
<b>Segment revenue</b>										
External sales	68249.36	65939.11	28322.98	33338.21	27196.56	31895.29	-	-	123768.90	131172.61
Less : Excise Duty	2533.98	1948.58	318.92	379.84	1947.31	2630.70			4800.21	4959.12
	65715.38	63990.53	28004.06	32958.37	25249.25	29264.59	-	-	118968.69	126213.49
Income from operations	1221.51	1035.22	1035.10	2074.71	387.18	526.65			2643.79	3636.58
Inter segment revenue	41.86	17.64	-	-	2.70	5.66	(44.56)	(23.30)	-	-
Other Income	124.91	206.69	506.08	97.85	187.87	338.18	-	-	818.86	642.72
Unallocable income									241.06	125.73
<b>Total revenue</b>	<b>67103.66</b>	<b>65250.08</b>	<b>29545.24</b>	<b>35130.93</b>	<b>25827.00</b>	<b>30135.08</b>	<b>(44.56)</b>	<b>(23.30)</b>	<b>122672.40</b>	<b>130618.52</b>
<b>Segment results</b>	<b>3467.32</b>	<b>(422.20)</b>	<b>3697.03</b>	<b>4715.27</b>	<b>2062.21</b>	<b>2742.20</b>			<b>9226.56</b>	<b>7035.27</b>
Unallocated expenses (net of unallocated income)									1735.50	1709.83
Operating profit									7491.06	5325.44
Finance Costs									3524.09	4067.53
<b>Profit Before Tax</b>									<b>3966.97</b>	<b>1257.91</b>
Tax expenses										
- Current tax									40.28	-
- Deferred tax charge									547.29	756.38
Profit after tax before results of an associate									3379.40	501.53
Share of net profit of associate									29.00	170.60
<b>Profit after tax</b>									<b>3408.40</b>	<b>672.13</b>
<b>Other information</b>										
Segment assets	61425.22	56927.99	27243.20	25614.85	11598.18	11759.22			100266.60	94302.06
Unallocated assets									7011.86	6094.23
<b>Total assets</b>	<b>61425.22</b>	<b>56927.99</b>	<b>27243.20</b>	<b>25614.85</b>	<b>11598.18</b>	<b>11759.22</b>			<b>107278.46</b>	<b>100396.29</b>
Segment liabilities	22919.26	18540.28	6593.78	6790.30	2558.23	2682.20			32071.27	28012.78
Share capital & reserves									26737.37	24167.61
Unallocated liabilities									48469.82	48215.90
<b>Total liabilities</b>	<b>22919.26</b>	<b>18540.28</b>	<b>6593.78</b>	<b>6790.30</b>	<b>2558.23</b>	<b>2682.20</b>			<b>107278.46</b>	<b>100396.29</b>
Capital expenditure	855.45	825.13	328.05	2909.00	972.58	419.07				
Depreciation	590.42	611.50	813.39	760.32	412.49	404.18				
Non cash expenses other than depreciation	127.66	2.19	13.32	5.13	0.01	1.25				

\* 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	88507.04	93215.53	34165.36	37402.99	122672.40	130618.52
Carrying amount of segment assets by location	93731.05	89143.75	6535.55	5158.31	100266.60	94302.06
Capital expenditure by location of assets	2156.08	4153.20	-	-	2156.08	4153.20

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

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

Associate : DCM Hyundai Limited (DHL).

Key management personnel : Mr. Tilak Dhar, Mr. Alok B. Shriram, Mr. Madhav B. Shriram, Mr. K. N. Rao and Mr. D.C. Mittal (upto 30/06/2014).

Relatives/HUF of key management personnel : Mrs. Karuna Shriram, Mr. Akshay Dhar, Ms. Kanika Shriram, Mrs. Divya Shriram, Ms. Aditi Dhar, Mr. Rudra Shriram, Mrs. K. Rao , M/s. Banshi Dhar & Sons - HUF (BDS), Mrs. Kiran Mittal (upto 30/06/2014) and Mrs. Ritu Bansal (upto 30/06/2014).

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

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

## i) Transactions with associate

(Rs. lacs)

Particulars		This Year	Previous Year
Interest charged on loan	- DHL	-	54.54
Loan received back	- DHL	-	541.94
Interest received on loan	- DHL	-	134.01

## 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	<b>128.49</b>	58.76
	- Mr. Alok B. Shriram	<b>128.49</b>	60.96
	- Mr. D.C. Mittal	-	45.54
	- Mr. Madhav B. Shriram	<b>96.35</b>	60.99
	- Mr. K. N. Rao	<b>42.18</b>	40.85
- Relatives of key management personnel		<b>30.40</b>	20.40
		<b>425.91</b>	287.50
Rental expenses			
- Relatives/HUF of key management personnel	- BDS	<b>106.20</b>	88.05
	- Mrs. Karuna Shriram	-	4.07
	- Mrs. Kiran Mittal	-	4.35
	- Mrs. K. Rao	<b>3.48</b>	3.24
- Others	- BEPL	<b>21.57</b>	31.86
	- HRTPL	<b>6.38</b>	6.38
		<b>137.63</b>	137.95
Purchase of fixed assets			
- Others	- BEPL	-	148.69
		-	148.69
Public Deposits paid			
- Relatives of key management personnel	- Mr. Akshay Dhar	-	2.00
	- Ms. Aditi Dhar	-	2.00
		-	4.00
Security Deposits given			
- Relatives/HUF of key management personnel	- Mrs. K. Rao	<b>0.12</b>	-
		<b>0.12</b>	-
Security Deposits received back			
- Relatives of key management personnel	- Mrs. Kiran Mittal	-	17.40
		-	17.40
Advance Rent adjusted			
- Relatives/HUF of key management personnel	- BDS	<b>3.90</b>	3.90
	- Mrs. K. Rao	-	0.41
		<b>3.90</b>	4.31
Balance outstanding at the year end			
- Receivables			
Relatives/HUF of key management personnel	- BDS	<b>36.73</b>	40.63
	- Mrs. K. Rao	<b>0.93</b>	0.81
		<b>37.66</b>	41.44

\* 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.

## CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

### Notes Forming Part of the Consolidated Financial Statements for the Year Ended March 31, 2016 (continued)

41. 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, 2016 the future minimum lease payments under non-cancellable period which is not later than one year are Rs. Nil (2014-15 Rs. Nil).
  - ii) Lease rent charged to the Statement of Profit & Loss relating to operating leases entered or renewed after April 1, 2001 are Rs. 480.66 lacs (2014-15 - Rs. 485.53 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 31.03.16	As at 31.03.15	As at 31.03.16	As at 31.03.15	Currency	As at 31.03.16	As at 31.03.15	As at 31.03.16	As at 31.03.15
Forward Cover	18	6	Hedging	Hedging	Euro	2800000	700000	2085.72	469.70

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

Particulars	As at 31.03.16			As at 31.03.15		
	Amount in foreign currency	Amount (Rs. lacs)		Amount in foreign currency	Amount (Rs. lacs)	
- Trade receivables	Euro	-	-	Euro	4102474	2752.76
	US\$	7140614	4710.31	US\$	3852570	2398.03
	GBP	23376	22.53	GBP	-	-
- Sundry advances	Euro	50913	37.92	Euro	11208	7.52
	CHF	4421	3.01	CHF	-	-
- Acceptances	US\$	4503758	3001.80	US\$	4136633	2603.72
- Trade payables	Euro	26475	20.05	Euro	36285	24.77
	US\$	714410	477.01	US\$	952074	600.35
- Bank borrowings	Euro	450965	340.97	Euro	1100000	749.32
	US\$	14654	9.77	US\$	-	-
- Commission & discount	US\$	321677	214.44	US\$	99838	62.84
	Euro	209660	158.52	Euro	772021	525.90
- Royalty	Euro	10965	8.31	Euro	48720	33.33

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. 516.12 lacs (2014-15 - Rs. 642.24 lacs) for provident fund contribution and Rs. 249.51 lacs (2014-15 - Rs. 154.96 lacs) for superannuation fund contribution have been charged to the Statement of Profit and Loss. The contributions towards these schemes are at rates specified in the rules of the schemes. In case of provident fund administered through a trust, shortfall if any, shall be made good by the Company.

##### b) Defined benefit plans

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

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

	As at March 31, 2016 (Rs./lacs)		As at March 31, 2015 (Rs./lacs)	
	Gratuity Scheme	Privilege and medical leaves	Gratuity Scheme	Privilege and medical leaves
<b>Change in present value of obligation</b>				
1. Present value of obligation as at the beginning of the year	<b>3,048.98</b>	<b>750.95</b>	2,992.25	710.83
2. Current service cost	<b>161.00</b>	<b>65.57</b>	157.16	67.12
3. Interest cost	<b>236.94</b>	<b>58.36</b>	261.82	62.19
4. Actuarial (gain)/loss	<b>24.83</b>	<b>108.73</b>	(20.42)	135.83
5. Benefits paid	<b>(346.19)</b>	<b>(225.40)</b>	(341.83)	(225.02)
6. Present value of obligation as at the end of the year	<b>3,125.56</b>	<b>758.21</b>	3,048.98	750.95
<b>Change in plan assets</b>				
1. Plan assets at the beginning of the year	<b>2972.27</b>	-	2729.33	-
2. Expected return on plan assets	<b>306.14</b>	-	251.09	-
3. Contribution by the Company	<b>4.85</b>	-	-	-
4. Benefits paid	<b>(17.99)</b>	-	(8.88)	-
5. Actuarial gain / (loss)	<b>(0.65)</b>	-	0.73	-
6. Plan assets at the end of the year	<b>3264.62</b>	-	2972.27	-
<b>Liability / (Asset) recognised in the financial statements</b>	<b>(139.06)</b>	<b>758.21</b>	76.71	750.95
Long term	-	<b>641.14</b>	76.71	662.17
Short term	<b>(139.06)</b>	<b>117.07</b>	-	88.78
<b>Cost for the year</b>				
<b>Change in present value of obligation</b>				
1. Current service cost	<b>161.00</b>	<b>65.57</b>	157.16	67.12
2. Interest cost	<b>236.94</b>	<b>58.36</b>	261.82	62.19
3. Expected return on plan assets	<b>(306.14)</b>	-	(251.09)	-
4. Actuarial (gain)/loss	<b>25.48</b>	<b>108.73</b>	(21.15)	135.83
5. Net cost	<b>117.28</b>	<b>232.66</b>	146.74	265.14
<b>Constitution of plan assets</b>				
Other than equity, debt, property and bank account	-	-	-	-
Funded with LIC *	<b>3264.62</b>	-	2972.27	-
<b>Main actuarial assumptions</b>				
Discount rate	<b>7.50% p.a.</b>	<b>7.50% p.a.</b>	7.75% p.a.	7.75% p.a.
Rate of increase in compensation levels	<b>5.00% p.a.</b>	<b>5.00% p.a.</b>	5.25% p.a.	5.25% p.a.
Rate of return on plan assets	<b>10.30% p.a.</b>	-	9.20% p.a.	-
Expected average remaining working lives of employees (years)	<b>15.39</b>	<b>16.56</b>	14.34	16.18

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

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



## CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

### Notes Forming Part of the Consolidated Financial Statements for the Year Ended March 31, 2016 (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	2015-16		2014-15		2013-14		2012-13		2011-12	
	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	3125.56	758.21	3048.98	750.95	2992.25	710.83	2818.36	641.19	2590.79	562.81
Fair value of plan assets at the end of the year	3264.62	-	2972.27	-	2729.33	-	2521.74	-	2326.67	-
Surplus/(Deficit) in plan assets	139.06	(758.21)	(76.71)	(750.95)	(262.92)	(710.83)	(296.62)	(641.19)	(264.12)	(562.81)
Actuarial Gain/(loss) on plan assets	(0.65)	-	0.73	-	(0.16)	-	1.37	-	(18.66)	-
Actuarial Gain/(loss) on obligation	(24.83)	(108.73)	20.42	(135.83)	(121.39)	(147.21)	(206.36)	(145.01)	(16.07)	(124.71)

45. Schedule II of the Companies Act, 2013 became applicable w.e.f. April 1, 2014. Accordingly, in respect of fixed assets where the remaining useful life as per Schedule II was Nil as on April 1, 2014 the carrying amount (after retaining residual value) of Rs. 604.44 lacs (including revalued amount Rs. 316.94 lacs and net of deferred tax Rs. 123.13 lacs) was adjusted against the opening balance of Surplus in Statement of Profit and Loss and the revalued amount was transferred from Revaluation reserve to General reserve in the previous year.

In addition, Rs. 28.42 lacs being the Group share in adjustment relating to above, made by its associate was adjusted from the opening balance of surplus in Statement of Profit and Loss.

46. Immovable properties of Rs. 888.99 lacs yet to be endorsed in the name of Company are as under :

(Rs./lacs)

Particulars	Amount as on 31/03/16	Remarks
Land situated at Daurala, Uttar Pradesh (UP) and Kota, Rajasthan	844.04 *	Vested in the Company from DCM Limited pursuant to a Scheme of Arrangement of erstwhile DCM Limited
Land situated at Daurala, UP	44.95	The title deeds are in the name of Daurala Organics Limited which was merged with the Company under section 391 to 394 of the Companies Act, 1956 in terms of approval of honorable High Court

\* Includes leasehold land Rs. 465.00 lacs at Kota, Rajasthan

47. For identification of a particular company as a Non-Banking Financial Company (NBFC), Reserve Bank of India (RBI) circular no. 1998-99 / 1269 dated April 8, 1999 specifies that a Company will be treated as an NBFC if its financial assets are more than 50% of its total assets and income from financial assets is more than 50% of the gross income. Based on the last audited financial statements of the subsidiary company for the financial year 2014-15, it is to be treated as a NBFC by virtue of both the conditions being fulfilled. However, its principal business of bottling operations was temporarily suspended and its management had parked surplus funds in Inter Corporate Deposits. According to the subsidiary company's management, it has no intention of undertaking NBFC activities. Further the management of the subsidiary company will take appropriate action in the matter in consultation with the RBI.

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

(Rs./lacs)

Name of the entity		Net Assets i.e., total assets minus total liabilities		Share in Profit or Loss	
		As % of consolidated net assets	Amount	As % of consolidated Profit or Loss	Amount
	1	2	3	4	5
1	Parent – DCM Shriram Industries Ltd.	93.20%	25654.47	97.73%	3488.25
2	Subsidiary - Daurala Foods & Beverages Pvt. Ltd.	3.47%	954.27	1.46%	52.15
3	Associate – DCM Hyundai Ltd.	3.33%	917.84	0.81%	29.00
	<b>Total</b>	<b>100%</b>	<b>27526.58</b>	<b>100%</b>	<b>3569.40</b>

49. The Govt. of Uttar Pradesh had announced subsidy on sugarcane purchased during sugar season 2014-15 to be finalised by a Committee constituted by them. During the year the company received Rs. 4815.57 lacs against the same out of which Rs. 3277.93 lacs was accounted for in 2014-15 and balance Rs. 1537.64 lacs has been accounted for in the Statement of Profit and Loss for the year by adjustment of raw material consumption in note 25

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

Signatures to Notes forming part of Consolidated Financial Statements

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

For and on behalf of the Board

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

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

Place : New Delhi  
Date : 30.5.2016

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## Form AOC-I

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

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

### Part "A": Subsidiaries

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

1.	Sl. No.		-
2.	Name of the subsidiary	Daurala Foods & Beverages Pvt. Ltd.	
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period		N.A.
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.		N.A.
5.	Share capital		750
6.	Reserves & surplus		204.27
7.	Total assets		954.96
8.	Total Liabilities		954.96
9.	Investments		-
10.	Turnover		96.00
11.	Profit before taxation		92.75
12.	Provision for taxation		40.60
13.	Profit after taxation		52.15
14.	Proposed Dividend		-
15.	% of shareholding		100%

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

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

(Rs./lacs)

Name of Associates /Joint Ventures	DCM Hyundai Ltd.
<b>1. Latest audited Balance Sheet Date</b>	March 31, 2016
<b>2. Shares of Associate/Joint Ventures held by the company on the year end:</b>	
- No.	19,72,000
- Amount of Investment in Associates/Joint Venture	166
- Extent of Holding %	49.28%
<b>3. Description of how there is significant influence</b>	Holding more than 20% Equity Share Capital
<b>4. Reason why the associate/joint venture is not consolidated</b>	N.A.
<b>5. Networth attributable to Shareholding as per latest audited Balance Sheet</b>	949.04
<b>6. Profit / Loss for the year</b>	
- Considered in Consolidation	29.00
- Not Considered in Consolidation	29.85

For and on behalf of the Board

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

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

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

Place : New Delhi  
Date : 30.5.2016



