

ANNUAL REPORT 2010-11

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## Corporate Information

### Registered Office

DCM Shriram Consolidated Limited  
5th Floor, Kanchenjunga Building,  
18, Barakhamba Road,  
New Delhi - 110 001.  
Tel. No. : (91) 11-23316801  
Fax No. : (91) 11-23318072

### Bankers

Punjab National Bank  
State Bank of India  
Bank of Baroda  
Oriental Bank of Commerce  
HDFC Bank Limited

### Auditors

M/s. Deloitte Haskins & Sells  
Gurgaon (Haryana)

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### Board of Directors

Shri Ajay S. Shriram  
*Chairman & Senior Managing Director*  
Shri Vikram S. Shriram  
*Vice Chairman & Managing Director*  
Shri Rajiv Sinha  
*Joint Managing Director*  
Shri Ajit S. Shriram  
*Deputy Managing Director*  
Dr. N.J. Singh  
*Whole Time Director (EHS)*  
Dr. S.S. Baijal  
Shri Arun Bharat Ram  
Shri Pradeep Dinodia  
Shri Vimal Bhandari  
Shri Sunil Kant Munjal  
Shri D. Sengupta  
Shri Rajesh Kandwal  
*LIC Nominee*

### Company Secretary

Shri B.L. Sachdeva

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### Audit Committee

Dr. S.S. Baijal  
*Chairman*  
Shri Arun Bharat Ram  
Shri Pradeep Dinodia  
Shri D. Sengupta

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### Stock Exchanges where the Securities of the Company are Listed

**National Stock Exchange of India Ltd.**  
Exchange Plaza, 5th Floor,  
Plot No. C/1, G Block, Bandra - Kurla Complex,  
Bandra (East), Mumbai-400 051.

**Bombay Stock Exchange Ltd.**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400 001.

*(It is confirmed that annual listing fee has been paid by the Company to the above Stock Exchanges.)*

Notice is hereby given that the Twenty Second Annual General Meeting of DCM Shriram Consolidated Limited will be held on Tuesday, the 30th August, 2011 at 10.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi to transact the following business:

**Ordinary Business:**

1. To consider and adopt the Directors' Report, the audited Balance Sheet of the Company as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Rajiv Sinha, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. S.S. Baijal, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Arun Bharat Ram, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration.

**Special Business:**

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

"Resolved that Shri Rajesh Kandwal who was appointed Director to fill the Casual Vacancy be and is hereby appointed a Director of the Company, liable to retire by rotation."

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

"Resolved that subject to such consents and permissions, as may be necessary, approval of the Company be and is hereby accorded in terms of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and the Schedule(s) thereto, including any statutory modification or re-enactment thereof, to the re-appointment of Shri Ajit S. Shriram as Deputy Managing Director on the terms and conditions including as to remuneration as set out hereunder:

**Terms & Conditions of appointment**

**1. Tenure**

Five years w.e.f. 2.5.2011

**2. Remuneration**

**(a) Salary**

Rs.5.00 lacs per month in the range of Rs.2.75 lacs to Rs.6.00 lacs

**(b) Perquisites**

Perquisites (evaluated as per Income Tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company's furnished accommodation, gas, electricity, water and furnishings, club fees, personal accident insurance, use of car and telephone at residence, medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund and gratuity in accordance with the scheme(s) and rule(s) applicable to the members of the staff of the Company from time to time, for the aforesaid benefits.

**(c) Commission on net profits**

Such amount as may be decided by the Board of Directors or a Committee thereof from year to year provided that the total remuneration including salary and perquisites along with the remuneration paid to all the Managing/Whole Time Directors shall not exceed the limit laid down under Section 309 of the Companies Act, 1956.

**(d) Remuneration for a part of the Year**

Remuneration for a part of the year shall be computed on pro-rata basis.

**(e) Minimum Remuneration**

In the event of absence or inadequacy of profits in any financial year, the aforementioned remuneration excluding commission shall be paid to him as the minimum remuneration, subject to the approval of the Central Government, if necessary.

**3. Functions**

Subject to the direction, control and superintendence of Chairman & Senior Managing Director and Vice Chairman & Managing Director, he shall have the overall responsibility for looking after the day-to-day business and affairs concerning the Sugar business, Corporate Finance and Accounts of the Company. Further, he shall discharge such duties and functions as may be assigned to him by Chairman & Senior Managing Director and Vice Chairman & Managing Director from time to time.

**4. Sitting Fee**

If permissible by law, he shall be entitled to sitting fee in addition to the components of remuneration mentioned above for attending meeting(s) of the Board of Directors or Committees thereof.

**5. Termination**

The appointment of Shri Ajit S. Shriram may be terminated by either party giving to the other six calendar months' notice in writing.

In the event of termination of this appointment of Shri Ajit S. Shriram by the Company, he shall be entitled to receive compensation in accordance with the provisions of the Companies Act, 1956 or any statutory amendment or re-enactment thereof.

Resolved further that the Board of Directors or a Committee thereof be and is hereby authorised to alter, vary and increase the salary, grade and remuneration, notwithstanding the overall remuneration set out as above or as may be prescribed/permissible without requiring any further resolution or consent of or reference to the Members."

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

"Resolved that pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals as may be necessary, the Board of Directors of the Company or a duly constituted Committee thereof (hereinafter referred to as the Board of Directors) be and is hereby authorised to mortgage and/or charge all or any of the present and future movable and immovable properties of the Company, situated at Shriram Fertilisers & Chemicals Complex at Kota (Rajasthan), DSCL Sugar-Ajbapur, District Lakhimpur Kheri (U.P.), DSCL Sugar-Rupapur, District Hardoi (U.P.), DSCL Sugar-Hariawan, District Hardoi (U.P.), DSCL Sugar-Loni, District Hardoi (U.P.) and Shriram Alkali & Chemicals at Bharuch (Gujarat), units of the Company, together with all buildings and structures thereon and all plants and machinery attached to the earth, both present and future, and the whole of the undertaking of the Company relating to the said units together with the power in favour of the lender(s) to take over the management of the business and concern and/or undertaking of the Company relating to the aforesaid units, mortgaged to them as per details

given hereunder, in certain events of default for the purpose of securing the financial assistance from the respective lenders as mentioned below:

- a) On Company's property situated at Shriram Fertilisers & Chemicals Complex at Kota (Rajasthan), DSCL Sugar-Ajbapur, Rupapur, Hariawan and Loni

As and by way of Third pari passu Charge on the movable and immovable Fixed Assets

Working Capital Facilities of Rs.1441.82 Crores (Rs.744.42 Crores for fund based and Rs.697.40 Crores for non-fund based) from the under mentioned Banks:

<u>Lender</u>	<u>Financial Assistance</u>
- Punjab National Bank	Rs.638.50 Crores
- Oriental Bank of Commerce	Rs.137.42 Crores
- Bank of Baroda	Rs.182.50 Crores
- State Bank of India	Rs.366.00 Crores
- HDFC Bank Limited	Rs.117.40 Crores

- b) On Company's property situated at Shriram Alkalies & Chemicals, Bharuch (Gujarat)

As and by way of First pari-passu Charge on the movable and immovable properties

<u>Lender</u>	<u>Financial Assistance</u>
- Axis Bank Limited	Rs.75.00 Crores
- State Bank of India	Rs.66.45 Crores

- c) On Company's property situated at DSCL Sugar-Loni

As and by way of Exclusive Second Charge on the Movable and immovable properties

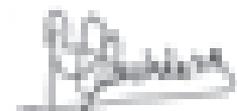
<u>Lender</u>	<u>Financial Assistance</u>
- Government of India - Represented by IFCI, Ministry of Consumer Affairs, Food & Public Distribution	Rs.10.75 Crores

together with interest, compound interest, additional interest, further interest, liquidated damages, commitment charges, premia on prepayment, costs, charges, expenses and all other monies including any increase/decrease as a result of devaluation/revaluation/fluctuation in the rates of exchange of foreign currency involved/payable by the Company and that such mortgage(s)/charge(s), shall rank as indicated in the resolution/pari passu with similar mortgage(s) and charge(s) created/to be created by the Company to secure the financial facilities/borrowings availed or to be availed by the Company from Financial Institution(s)/Bank(s)/ Body(ies) Corporate.

Resolved further that the mortgage(s)/charge(s) created or to be created and/or all Agreements/Documents executed or to be executed and all acts done or to be done in terms of the above Resolution by and with the authority of the Board of Directors be and are hereby ratified and confirmed.

Resolved further that the Board of Directors be and is hereby authorised to finalise the documents to secure the facilities/borrowings as aforesaid and to do all such acts, deeds, matters and things as may be necessary, desirable, expedient for implementing the above Resolution and to resolve any question or difficulty which may arise in relation thereto, or otherwise considered by the Board of Directors to be in the best interest of the Company."

By Order of the Board



(B.L. SACHDEVA)  
Company Secretary

New Delhi  
6<sup>th</sup> May, 2011

## Notes:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. A Proxy Form is sent herewith.**
3. The Share Transfer Books and the Register of Members of the Company will remain closed from 16th August, 2011 to 23rd August, 2011 (both days inclusive).
4. Members who are holding shares in physical form in identical names in more than one folio are requested to write to M/s. MCS Ltd., the Registrar and Share Transfer Agent (RTA), F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110 020, enclosing their Share Certificate(s) to enable the Company to consolidate their holding into one folio.

In terms of SEBI Circular dated 20<sup>th</sup> May, 2009 and 7<sup>th</sup> January, 2010, pertaining to (i) transfer of physical shares (ii) Deletion of name of the deceased shareholder(s) where the shares are held in the name of two or more shareholders (iii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares (iv) Transposition of shares - when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders, of the listed companies, the persons making such requests are requested to furnish a self-attested copy of their Income Tax PAN Card along with the other documents to the RTA irrespective of the value of the transaction.

5. Members holding shares in physical form are requested to notify immediately any change in their address to M/s. MCS Ltd., RTA, quoting their folio numbers.
6. Pursuant to Section 205A of the Companies Act, 1956, the dividends upto the financial year 1994-95 which remained unpaid/unclaimed had been transferred to the General Revenue Account of the Central Government. The Members, who have not claimed their dividend for the said period so far, may claim the amount from the Registrar of Companies, NCT of Delhi and Haryana, 4th Floor, IFCI Tower, 61 Nehru Place, New Delhi.

Pursuant to the amended provisions of Section 205A of the Companies Act, 1956, which came into effect w.e.f. 31.10.1998, the Company is obliged to transfer any amount lying in the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer to the unpaid account to the credit of Investor Education and Protection Fund (the Fund). The Company has already transferred the unpaid interim dividend for the financial year 2003-04 to the Fund. Please note that no claim shall lie against the Company or the Fund in respect of individual amounts of dividend, once the same is transferred to the Fund. In view of this, the Members of the Company who have not yet en-cashed their final dividend warrant(s) for the financial year ended 31.3.2004 and thereafter may write to the Company immediately.

7. In terms of Section 109A of the Companies Act, 1956, a member of the Company may nominate a person on whom the Shares held by him/her shall vest in the event of his/her death. Member(s) desirous of availing this facility may submit nomination in Form 2B to the Company/RTA in case shares are held in Physical form, and if held in electronic form to their depository participant.
8. In terms of Notification issued by the Securities and Exchange Board of India, Equity Shares of the Company are under compulsory demat trading by all investors w.e.f. 21st March, 2000. Members are, therefore, advised to dematerialise their shareholding to avoid inconvenience, in future.
9. **The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued a circular on April 21, 2011 stating that the service of document by a company can be made through electronic mode. Pursuant to this circular, Members are requested to provide their E-mail IDs to the Company or to RTA or their Depository Participant, as the case may be, for serving of documents by e-mode.**

### 10. Appointment/Re-appointment of Directors

At the ensuing Annual General Meeting, Shri Rajiv Sinha, Dr. S.S. Bajjal, Shri Arun Bharat Ram and Shri Rajesh Kandwal, Directors, retire by rotation and being eligible offer themselves for re-appointment. The Members' approval for re-appointment of Shri Ajit S. Shriram as Deputy Managing Director for a period of 5 years

w.e.f. 2.5.2011 is also being sought. The information, as required under the Listing Agreement, in relation to the aforesaid Directors is as under:

Name of the Director	Shri Rajiv Sinha	Dr. S.S. Bajjal	Shri Arun Bharat Ram
Date of Birth	05.06.1950	06.09.1929	15.11.1940
Nationality	Indian	Indian	Indian
Date of Appointment on the Board of the Company	01.11.1998	22.05.1990	22.05.1990
Qualification(s)	B.Tech (Mech.), SEP (Stanford)	B.Sc., M.Sc., D.Phil.	Graduate in Industrial Engineering
Expertise in Functional Area	General Management, Strategy, Agri-Rural Businesses and IT	General Management, Finance and Audit	Nylon Tyre Chord Industry and Industrial Synthetics Business
Directorships held in other Indian Companies	<ul style="list-style-type: none"> <li>- DCM Shriram Aqua Foods Ltd</li> <li>- Hariyali Kisaan Bazaar Ltd.</li> <li>- DCM Shriram Thermal Energy Ltd.</li> <li>- Hariyali Rural Foundation</li> <li>- Hariyali Rural Ventures Ltd.</li> <li>- Hariyali India Ltd.</li> <li>- Hariyali Insurance Broking Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Atul Ltd.</li> <li>- DCM Shriram Credit and Investments Ltd.</li> <li>- Rossell Tea Ltd.</li> <li>- BMG Enterprises Ltd.</li> <li>- Delhi Guest Houses Pvt. Ltd.</li> <li>- Sigma Microsystems Pvt. Ltd.</li> <li>- Rossell Aviation Pvt. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- SRF Ltd.</li> <li>- Essilor India Pvt. Ltd.</li> <li>- Samtel Color Ltd.</li> <li>- Samtel Glass Ltd.</li> <li>- JK Paper Ltd.</li> <li>- SRF Holiday Home Ltd.</li> <li>- SRF Flouro Chemicals Ltd.</li> <li>- SRF Energy Ltd.</li> <li>- Shri Educare Ltd.</li> <li>- Bharat Ram Associates Pvt. Ltd.</li> </ul>
Chairman/Member of the Committee(s) of the Board of Directors of the Company	NIL	<b>Chairman</b> <ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Remuneration Committee</li> </ul> <b>Member</b> <ul style="list-style-type: none"> <li>- Shareholders/Investors' Grievance Committee</li> </ul>	<b>Members</b> <ul style="list-style-type: none"> <li>- Audit Committee</li> </ul>
Chairman/Member of the Committee(s) of the Board of Directors of other Companies in which he is a Director	<b>Member</b> <u>Audit Committee</u> <ul style="list-style-type: none"> <li>- DCM Shriram Aqua Foods Ltd.</li> </ul>	<b>Chairman</b> <u>Audit Committee</u> <ul style="list-style-type: none"> <li>- Rossell Tea Ltd.</li> <li>- Atul Ltd.</li> </ul> <b>Member</b> <u>Remuneration Committee</u> <ul style="list-style-type: none"> <li>- Rossell Tea Ltd.</li> <li>- Atul Ltd.</li> <li>- BMG Enterprises Ltd.</li> <li>- Sigma Microsystems Pvt. Ltd.</li> </ul>	<b>Chairman</b> <u>Remuneration Committee</u> <ul style="list-style-type: none"> <li>- Samtel Color Ltd.</li> <li>- JK Paper Ltd.</li> </ul> <b>Member</b> <u>Shareholders/Investors' Grievance Committee</u> <ul style="list-style-type: none"> <li>- SRF Ltd.</li> <li>- JK Paper Ltd.</li> </ul>
Number of shares held in the Company	46,710	50,000	Nil

Name of the Director	Shri Rajesh Kandwal	Shri Ajit S. Shriram
Date of Birth	20.07.1959	03.10.1967
Nationality	Indian	Indian
Date of Appointment on the Board of the Company	01.02.2011	02.05.2001
Qualification(s)	P.G. (Science)	M.B.A.
Expertise in Functional Area	Insurance Industry	General Management, Strategy, Agri Businesses and Sugar
Directorships held in other Indian Companies	Nil	<ul style="list-style-type: none"> <li>- Bioseed Research India Pvt. Ltd.</li> <li>- DCM Shriram Infrastructure Ltd.</li> <li>- DCM Shriram Credit and Investments Ltd.</li> <li>- Hariyali Kisaan Bazaar Ltd.</li> <li>- Shriram Bioseed Ventures Ltd.</li> <li>- Hariyali Rural Foundation</li> <li>- DCM Shriram Energy and Infrastructure Ltd.</li> <li>- DCM Shriram Hydro Energy Ltd.</li> <li>- Hariyali Rural Ventures Ltd.</li> <li>- Hariyali India Ltd.</li> <li>- SBM Yarn Ltd.</li> <li>- Fenesta India Ltd.</li> <li>- Hariyali Insurance Broking Ltd.</li> <li>- Shridhar Shriram Foundation</li> </ul>
Chairman/Member of the Committee(s) of the Board of Directors of the Company	Nil	Nil
Chairman/Member of the Committee(s) of the Board of Directors of other Companies in which he is a Director	Nil	<b>Member</b> <u>Audit Committee</u> <ul style="list-style-type: none"> <li>- DCM Shriram Credit and Investments Ltd.</li> </ul>
Number of shares held in the Company	Nil	2,83,580

## EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

### ITEM NO. 7

Shri Rajesh Kandwal, a nominee of Life Insurance Corporation of India, was co-opted by the Board w.e.f. 1.2.2011 to fill the casual vacancy caused by the resignation of Shri S.C. Bhargava, who was liable to retire by rotation at the ensuing Annual General Meeting.

As required under Section 257 of the Companies Act, 1956, a notice has been received from a member signifying his intention to propose Shri Rajesh Kandwal as a Director along with a deposit of Rs.500/-. The Board recommends his appointment.

Except Shri Rajesh Kandwal, no other Director is concerned or interested in the Resolution.

### ITEM NO. 8

Shri Ajit S. Shriram was appointed Director (Sugar) of the Company in the year 2001.

His existing tenure effective from 2.5.2006 as approved by the Members in their Annual General Meeting held on 25.7.2006 expired on 1.5.2011.

The Board of Directors has re-appointed him for a further period of 5 years with effect from 2.5.2011 and has revised his designation as Deputy Managing Director from the date of re-appointment. Members' approval is sought to his re-appointment.

The terms of his re-appointment and remuneration including minimum remuneration are set out in the Resolution.

This may also be treated as the abstract and memorandum of interest under Section 302 of the Companies Act, 1956.

None of the Directors, except Shri Ajit S. Shriram himself, Shri Ajay S. Shriram and Shri Vikram S. Shriram, being related to Shri Ajit S. Shriram, are concerned or interested in the Resolution.

### ITEM NO. 9

The Company has availed/proposes to avail financial assistance from Punjab National Bank, Oriental Bank of Commerce, Bank of Baroda, State Bank of India, HDFC Bank Limited, Axis Bank Limited and Ministry of Consumer Affairs, Food & Public Distribution, Government of India through IFCI as detailed in the Resolution. The terms and conditions for availing the said financial assistance, inter-alia, provide for creation of security by way of mortgage/charge on immovable properties and by way of hypothecation of movable assets of the Company situated at Shriram Fertilisers & Chemicals Complex at Kota (Rajasthan), DSCL Sugar-Ajbapur, District Lakhimpur Kheri (U.P.), DSCL Sugar-Rupapur, District Hardoi (U.P.), DSCL Sugar-Hariawan, District Hardoi (U.P.), DSCL Sugar-Loni, District Hardoi (U.P.) and Shriram Alkali & Chemicals at Bharuch (Gujarat), units of the Company, in the manner desired by the lenders and agreed to by the Company. The creation of mortgage/charge requires approval of the Members under Section 293(1)(a) of the Companies Act, 1956.

None of the Directors is concerned or interested in the Resolution.

# 02

## From the Chairman and Vice Chairman's desk



Dear Friends,

We are happy to have started overcoming some of the severest challenges in our major businesses. After reporting losses in 3 quarters, the 4<sup>th</sup> quarter of FY11 reported satisfying performance.

Our Agri Input businesses, i.e. Bioseed and Farm solutions made good all round progress, a trend we expect to sustain in the medium term.

Fenesta has also made good progress particularly in the retail segment. We expect Fenesta to continue on a healthy growth path.

Our rural retail business Hariyali Kisaan Bazaar is showing positive trends post reconfiguration of its operations. However, the business will require sustained efforts over the medium term to reach acceptable levels of financial performance.

Our Commodity businesses, i.e. Chloro-Vinyl, Cement and Sugar, however, went through very challenging times with un-remunerative prices and significant cost increases in all raw materials. The profits from all these businesses recorded a sharp decline. Sugar recorded losses for the year.

We have undertaken very focused cost control measures across all businesses. These measures along with our ability to swing the product mix appropriately has enabled us to overcome some of the challenges in these businesses. The margins continue to be under stress though they have recorded improvements.

We plan to keep strengthening and growing Bioseed, Farm solutions, Fenesta and Hariyali businesses. We will also continue our efforts to improve margins in our Commodity businesses. We expect these efforts will enable the company to record better performance in the coming years.

Further, we continue to invest in our people resources to keep them engaged and motivated. We are always looking at ways to strengthen their competencies so as to equip them to meet the challenges in the future aptly. Our endeavor has been to foster an environment which promotes innovation, learning and self development, which will lead to growth of the company and employees.

Our endeavor has always been on maintaining the highest standards of corporate governance. We continue to look at ways to further strengthen these standards by adopting best practices.

We have always taken our role towards social responsibility very seriously and believe in making a sustainable difference to the society and continuously take initiatives to meet this objective.

We would like to take this opportunity to thank all the members of the board, business associates, employees, vendors, suppliers, government agencies, lenders and shareholders who have always supported our progress across varied business. With their cooperation, we are confident of delivering superior value to all stakeholders.

With best wishes,



(VIKRAM S. SHRIRAM)  
*Vice Chairman &  
Managing Director*



(AJAY S. SHRIRAM)  
*Chairman &  
Sr. Managing Director*

## Brief Profile of Directors of the Company

**Shri Ajay S. Shriram**, Chairman & Senior Managing Director, is a Director of the Company since 24.7.1989. He graduated in Commerce from Sydenham College, University of Mumbai and later attended the Programme for Management Development at the Harvard Business School, U.S.A. He is a Member of the Shareholders/Investors' Grievance Committee of the Company.

**Shri Vikram S. Shriram**, Vice Chairman & Managing Director, is a Director of the Company since 22.5.1990. He graduated in Commerce with Honours from St. Xavier's College, Kolkata, and is a Member of The Institute of Chartered Accountants of India. He is a Member of the Shareholders/Investors' Grievance Committee of the Company.

**Shri Rajiv Sinha**, Joint Managing Director, is a Director of the Company since 1.11.1998. He joined the Company in 1972 as a Management Trainee after graduating from IIT, Kanpur in Mechanical Engineering. Later, he attended the Executive Development Programme at the Stanford University, U.S.A.

**Shri Ajit S. Shriram**, Deputy Managing Director, is a Director of the Company since 2.5.2001. He joined the Company in 1991 as an Executive after graduating in Commerce from Osmania University, Hyderabad. Later, he obtained an M.B.A. Degree from the International Institute for Management Development, Switzerland.

**Dr. N.J. Singh**, Whole Time Director (EHS), is a Director of the Company since 20.11.2007. He joined the Company in 1983 as Pollution Control Engineer. He holds M.Sc., Ph.D. Degrees and had been working as Chief Executive, Shriram Environment & Allied Service and General Manager (Safety and Environment) with the Company at Kota.

**Dr. S.S. Baijal** is a Non-Executive Director of the Company since 22.5.1990. He retired as the Chairman of ICI Companies in India in 1987. He holds B.Sc., M.Sc., D.Phil Degrees. He is Chairman of the Board Audit Committee and Member of the Shareholders/Investors' Grievance Committee of the Company.

**Shri Arun Bharat Ram** is a Non-Executive Director of the Company since 22.5.1990. He is Chairman of SRF Ltd. He graduated in Industrial Engineering from the University of Michigan, U.S.A. He is a Member of the Board Audit Committee of the Company.

**Shri Pradeep Dinodia** is a Non-Executive Director of the Company since 18.7.1994. He graduated in Economics with Honours from St. Stephens College, Delhi University and obtained his Law Degree from the same University. He is a member of The Institute of Chartered Accountants of India. He is Chairman of the Shareholders/Investors' Grievance Committee and Member of the Board Audit Committee of the Company.

**Shri Vimal Bhandari** is a Non-Executive Director of the Company since 13.5.2003. He graduated in Commerce from Sydenham College, University of Mumbai and is a Member of The Institute of Chartered Accountants of India. He is currently serving as Managing Director & CEO of Indostar Capital Finance Pvt. Ltd.

**Shri Sunil Kant Munjal** is a Non-Executive Director of the Company since 13.5.2003. He is Chairman cum Managing Director of Hero Management Service Ltd. and Chairman of Hero Corporate Service Ltd., Shivam Autotech Ltd. and Hero Life Insurance Co. Ltd. He is a Commerce Graduate from Delhi University and has undergone training in Mechanical Engineering.

**Shri D. Sengupta** is a Non-Executive Director of the Company since 11.8.2003. He retired as Chairman of General Insurance Corporation of India in June, 2002. He is a Bachelor of Science in Physics and holds Post Graduate Diploma in Marketing from FMS, Delhi University. He is a Member of the Board Audit Committee of the Company.

**Shri Rajesh Kandwal**, a nominee of Life Insurance Corporation of India (LIC), is a Non-Executive Director of the Company since 3.1.2011. He is a Post Graduate in Science from Delhi University. He joined LIC in September 1981 and has worked in various branches since then.

# 04

## Senior Executive Team

The Company is organized into strategic business units managed by professional managers. The DSCL management team has a strong, credible image in the industry. The key members of the DSCL group Executive Team are listed below :

Shri Ajay S. Shriram  
Chairman & Senior Managing Director

Shri Vikram S. Shriram  
Vice Chairman & Managing Director

Shri Rajiv Sinha  
Joint Managing Director

Shri Ajit S. Shriram  
Deputy Managing Director

Dr. N.J. Singh  
Whole Time Director (EHS)

Shri S.K. Agrawal  
Senior Executive Director – Chemicals Business

Shri K.K. Kaul  
Senior Executive Director & Resident Head - Kota

Shri S. Radhakrishna  
Senior Executive Director – Sugar Business

Shri A.K. Awasthi  
Chief Executive – Hydro Business

Shri Sovan Chakrabarty  
President & Business Head – Farm Solutions Business

Shri Rajesh Gupta  
President & Business Head – “Hariyali”

Shri J.K. Jain  
President & CFO

Dr. Sharad Sharma  
President – Shriram Bioseed Genetics

Shri Rajat Mukerjei  
Senior Vice President and SBU Head – Plastics

Shri Sandeep Mathur  
Senior Vice President & Business Head – Fenesta™ Building Systems

Shri Sushil Baveja  
Head – Corporate HR

Shri Rajiv Arora  
Vice President & Business Head – Shriram PolyTech

Shri B.L. Sachdeva  
Company Secretary

### **Subsidiaries**

Dr. Paresh Verma  
Director Research - Bioseed Research India Pvt. Ltd.

Shri Sambit Satapathy  
Country Head - Bioseed Vietnam Ltd.

Shri Rajeev V. Nayak  
General Manager - Bioseed Research Philippines Inc.

Shri N.H. Jaisimha  
Country Head – PT. Shriram Seed Indonesia

### 1. Chloro-Vinyl business:

- i. **Chlor- Alkali:** This comprises of Caustic Soda (Lye and flakes), Chlorine and associated chemicals including Hydrochloric acid, Stable Bleaching powder, Compressed Hydrogen and Sodium Hypochlorite. The Company has two manufacturing facilities located at Kota (Rajasthan) and Bharuch (Gujarat) with full coal based captive power. The Company's total Chlor-Alkali capacity is 765 TPD.
- ii. **Plastics Business:** This is highly integrated covering manufacture of PVC resins, Calcium Carbide and PVC Compounds
  - o **PVC Resin** is fully integrated with captive production of acetylene, chlorine and coal based power, located at Kota.
  - o **PVC Compounds** of which the Company is the largest manufacturer in the organised sector is backed by an innovative Polymer Application Development Centre (iPAC) at Gurgaon, India.

~ 143 MW Power Generating capacity used to supply power to the above said businesses or sell in the market depending upon the economic attractiveness.

### 2. Agri-Input Business:

- i. **Fertilizer:** The Company has dual feed naphtha/LNG based Urea plant with a capacity of 3.79 lakh T.P.A., located at its integrated manufacturing facility at Kota. It is currently operating on 100% LNG.
  - ii. **Farm Solutions:** This business provides complete basket of agri-inputs to the farming community by offering a range of fertilizers, micro-nutrients, hybrid seeds, pesticides and other value added products etc. through its wide distribution network along with high quality agronomy services aimed at increasing farmer productivity.
  - iii. **Bioseed (Hybrid Seeds):** Bioseed business is present across the entire value chain, i.e. Research, Production, Processing, Extension activities and Marketing with established significant presence in India, Philippines and Vietnam. The Company has started test/test marketing in Thailand, Indonesia and China. Bioseed is present in both the field and Vegetable crops.
3. **Sugar:** The Company's sugar business comprises of 4 facilities with a combined capacity of 33,000 TCD in Central U.P. and Co-gen power capacity of 94.5 MW.
  4. **Hariyali Kisaan Bazaar:** These are 'Rural Business Centres' which are a one stop shop to meet the multiple needs of the rural communities. The outlets provide full range of agri-inputs backed by customized agronomy services as well as other necessities and consumer goods.
  5. **The Cement business,** located at Kota is of 0.4 Million tonne capacity and is based on waste generated from the Calcium Carbide production process.
  6. **Fenesta Building Systems** manufactures and sells UPVC windows (Un-Plasticized PVC) and door systems under the brand "Fenesta". It offers complete solutions starting from design, fabrication to installation at the customer's site.
  7. **Other Businesses:**

**Textiles:** The Company has a small textile operation in the form of 14,544 spindles spinning unit at Tonk in Rajasthan.

# 06

## Core Values and Beliefs

The Company's core values and beliefs are a reflection of its commitment to build a world class, learning organization, to excel and win in all its endeavours:

### Customer Focus

- Be sensitive to the needs of the customer; develop superior customer insight
- Commitment to surpass expectations and deliver superior value

### Innovation and Excellence

- Think differently and promote creativity
- Make continuous improvement a way of life; drive excellence

### People Development

- Continuously improve and upgrade the skills and competencies of our people
- Support people to realise their potential

### Team Work

- Work closely as a cohesive, well-knit team
- Inculcate a spirit of openness and collaboration

### Relationships and Human Dignity

- Value people and partnerships
- Nurture understanding, compassion, trust and respect in all relationships

### Social Responsibility and Ethics

- Be a socially responsible corporate, addressing the needs of the community and environment
- Conduct business ethically
- Maintain highest standards of personal integrity

## Financial Highlights

(Rs. Crores)

Financial Highlights								
	2004	2005	2006	2007	2008	2009	2010	2011
Gross Sales	1556.6	1977.4	2535.8	2938.2	2770.1	3681.4	3630.0	4279.1
Net Sales								
- Own Products	1175.3	1375.7	1735.1	1945.8	2211.0	2711.3	2487.8	2419.5
- Traded	288.2	493.2	656.8	821.5	363.0	789.5	1031.4	1715.0
<b>- Total</b>	<b>1463.4</b>	<b>1868.9</b>	<b>2391.9</b>	<b>2767.4</b>	<b>2573.9</b>	<b>3500.8</b>	<b>3519.1</b>	<b>4134.5</b>
PBDIT	201.3	235.3	295.1	239.6	218.0	400.3	367.6	194.3
Interest	42.1	34.7	49.4	79.1	87.6	150.4	88.6	66.3
PBDT	159.2	200.6	245.7	160.5	130.4	249.9	279.0	128.0
Depreciation & Misc. exp. w/off	55.2	57.3	73.2	93.4	123.7	148.7	163.0	160.0
PBT	104.0	114.8	172.5	67.1	6.7	101.1	116.1	-32.0
Profit after Current Tax	95.7	93.6	153.2	66.8	5.8	93.1	109.8	-34.5
Profit after Deferred Tax	75.6	107.7	121.0	43.4	-1.3	122.6	77.8	-14.3
Cash Profit	150.9	162.8	226.6	160.2	126.6	241.9	267.8	125.5
<b>Total Funds Employed/ Utilised</b>	<b>920.7</b>	<b>1259.2</b>	<b>1775.0</b>	<b>2288.8</b>	<b>3104.0</b>	<b>3399.6</b>	<b>2966.9</b>	<b>3172.9</b>
Share Capital - Equity	16.7	16.7	33.3	33.3	33.3	33.3	33.3	33.3
Net Worth	333.0	443.2	525.5	554.1	1149.3	1268.5	1329.6	1306.4
Minority Interest	12.0	14.9	17.7	17.7	-	-	-	-
Deferred Tax liability	109.5	95.4	146.7	170.1	171.2	143.9	176.3	156.1
Long term loans	344.7	504.7	740.2	789.5	991.0	1234.4	1047.9	936.6
Short term loans	121.5	201.1	344.9	757.7	792.5	752.7	413.0	773.7
Net Fixed Assets	652.8	870.0	1272.5	1780.8	2056.6	2288.8	2183.4	2083.5
Net Current Assets	260.1	356.2	490.9	498.9	1035.3	1097.3	770.7	1076.8
Investments	7.7	33.0	11.7	9.1	12.0	13.4	12.8	12.6
<b>Earnings per share (Rs.) *</b>	<b>4.4</b>	<b>6.3</b>	<b>7.1</b>	<b>2.6</b>	<b>-0.1</b>	<b>7.4</b>	<b>5.1</b>	<b>-0.9</b>
<b>Dividend per share (Rs.)*</b>	<b>1.2</b>	<b>1.6</b>	<b>0.9</b>	<b>0.8</b>	<b>3.3</b>	<b>0.8</b>	<b>0.8</b>	<b>0.4</b>

Ratios								
	2004	2005	2006	2007	2008	2009	2010	2011
Return on Net Worth **	25.0	27.7	25.0	8.0	-	10.1	6.0	-
Return on Capital Employed	20.1	22.0	21.3	11.2	5.5	10.9	8.1	1.4
Operating Margin	13.8	12.6	12.3	8.7	8.5	11.4	10.4	4.7
Capital Employed turnover ratio	1.6	1.7	1.7	1.5	1.3	1.2	1.0	1.0
Interest to Net Sales %	2.9	1.9	2.1	2.9	3.4	4.3	2.5	1.6
PAT to Net Sales %	5.2	5.8	5.1	1.6	-	3.5	2.2	-
Long term Debt/PBDIT	1.7	2.1	2.5	3.3	4.5	3.1	2.9	4.8
Long term Debt/Net Worth	1.0	1.1	1.4	1.4	0.9	1.0	0.8	0.7
Total Debt/Net Worth	1.4	1.6	2.1	2.8	1.6	1.6	1.1	1.3
Total Outside Liabilities/Net Worth	2.3	2.5	3.2	4.4	2.0	2.1	1.6	1.9
Interest Cover	4.8	6.8	6.0	3.0	2.5	2.7	4.2	2.9

## Notes:

- Figures are based on consolidated financials.
- Profits for the year 2008 and 2010 are before exceptional items.
- \*On face value of Rs. 2 per share Post Bonus and Split of shares in 2006

## Performance Review

The Company faced difficult operating environment with most businesses witnessing margin pressure. Bioseeds and Farm Solutions businesses continued to witness growth in turnover and profits.

- Net Revenues were higher by 17.1% at Rs. 4,151.9 crores led by:-
  - o Farm Solutions revenues were up by 127.1% with volume growth in bulk fertilizer due to reintroduction of DAP and MOP. Further growth was also witnessed in SSP and other value added products.
  - o Healthy demand across hybrids in all geographies led to a rise in revenues by 43.9% in the Bioseed business.
  - o HKB witnessed increase in revenues by 22.9% due to growth in Fuel, Core retail and Seeds etc. The business witnessed higher revenues despite shutting down of 17 stores during the period.
  - o In the Chloro-Vinyl business the revenues were higher by 4.9% to Rs 810.0 crores due to higher sale of Chloro-Vinyl products at improved realization compared to Power sales which the company made in the previous year.
- PBIT was lower by 83.2 % at Rs 34.3 crores.

### PBIT Consolidated

Particulars	FY 2011		FY 2010	
	Rs. Crore	%of Total	Rs. Crore	% of Total
<b>Agri Businesses</b>				
Fertilizer	29.2	13.6	44.6	12.9
Farm Solutions	41.4	19.3	16.7	4.8
Bioseed	37.8	17.6	28.4	8.2
Sugar			42.5	12.3
<b>Sub-Total</b>	<b>108.4</b>	<b>50.5</b>	<b>132.2</b>	<b>38.4</b>
Chloro-Vinyl	90.0	41.9	175.2	50.8
Cement	16.4	7.6	37.2	10.8
<b>Total</b>	<b>214.9</b>	<b>100.0</b>	<b>344.6</b>	<b>100.0</b>
Hariyali Kisaan Bazaar	(83.1)		(81.2)	
Sugar	(7.1)			
Other Businesses	(11.8)		(1.6)	
Unallocated Expenditure	(78.6)		(57.3)	
<b>Grand Total</b>	<b>34.3</b>		<b>204.6</b>	

Key reasons for dip in PBIT are explained below:

- o The Fertilizer business witnessed a decline in earnings due to uncompensated cost increases on account of non finalization of new Urea policy. Further, the company had received higher arrears in the previous year.
- o The Sugar business swung from positive PBIT of Rs. 42.5 crores to negative PBIT of Rs 7.1 crores. The key reasons for the dip were:
  - a) The company's margins on free sugar swung from Rs 480/Quintal in the previous year to Rs (182)/Quintal in the current year.
  - b) In the current year, the business witnessed lower volumes also.
  - c) However, the dip in the earnings caused by negative margins was partially mitigated by higher sale of Power due to longer crushing.
- o In the Chloro-Vinyl business earnings dipped by ~49% to Rs 90 crores. The key reasons for this decline were:
  - a) In the previous year the company had sold Power which had higher net back per unit of Power as compared to Chloro-Vinyl products.
  - b) However there was a significant dip in Power realization since Q2FY11. Using the swing capability at our Kota manufacturing facility, the company then shifted to manufacture and sale of the Chloro-Vinyl products.
  - c) However the net back from the sale of Chloro-Vinyl products was lower than that achieved from the sale of Power in the previous year.
  - d) Further impacting the margins were increasing cost of coal (imported and domestic) and other raw materials.
- o The earnings from cement business dipped by almost 55.9% to Rs 16.4 crores on the back of drop in the realizations by ~12% and increase in input prices especially that of coal.
- o HKB witnessed higher losses for the year, however losses at the operating level were lower as company incurred onetime cost for rationalizing of the operations.

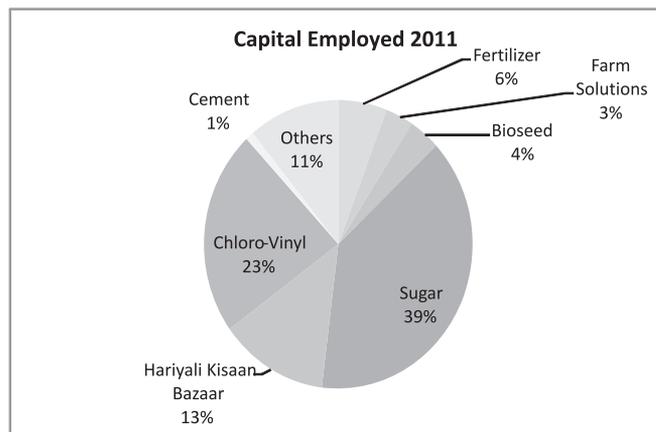
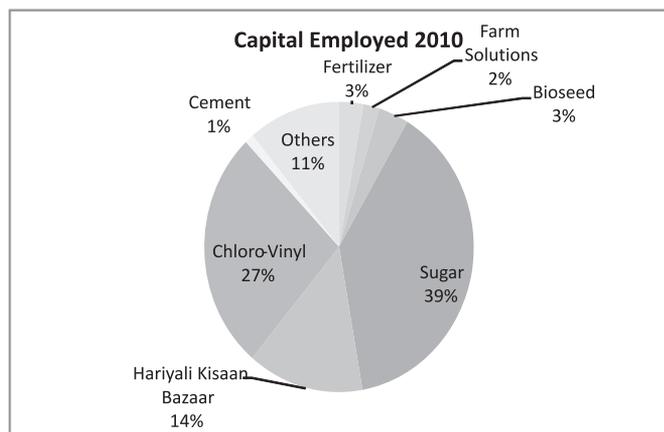
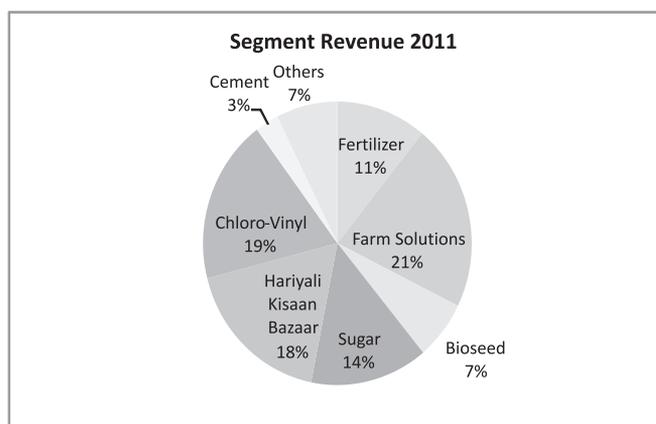
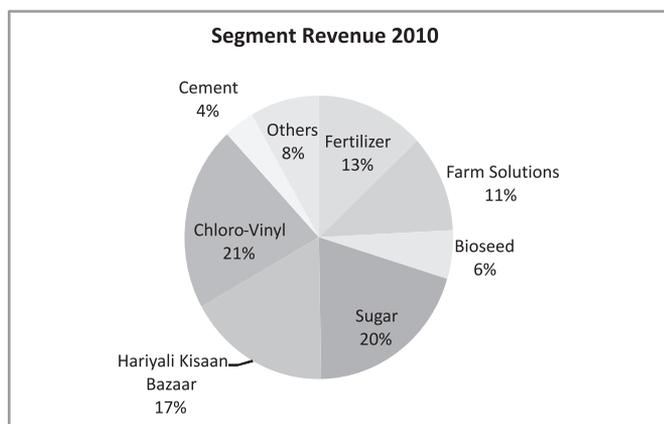
The decline in the earnings was only partially mitigated by the performance of the Farm Solutions and Bioseed businesses.

- o The earnings of the Farm Solutions business increased by 148.2% to Rs 41.4 crores on the back of reintroduction of DAP and MOP

in the portfolios during the year and growth in the value added products.

- o The earnings of the Bioseed business increased by 33.1% to Rs 37.8 crores especially driven by growth witnessed in India and Philippines and strong demand witnessed across hybrids.

## Business Mix



- The Agri-Inputs vertical, i.e. Fertilizer, Farm solutions and Bioseed witnessed a growth of 55% in Revenues on the back of growth in Farm solutions and Bioseed business. The revenue share of this vertical has increased from ~30% in the previous year to ~40% in the current year.

- The Capital employed of the Agri-input vertical increased from 8.5% to 13% primarily driven by higher subsidy outstandings in the Fertilizer and Farm Solutions Business.

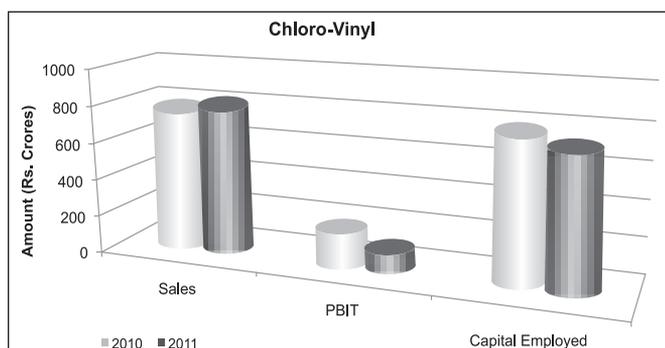
## Business – wise performance review and outlook

### Chloro – Vinyl Businesses

DSCL's Chloro-Vinyl business is highly integrated supported by 143 MW coal based power facilities (part of 283 MW power capacity in the Company). This business has multiple revenue streams, the major being Chlor-Alkali (Caustic Soda and Chlorine), PVC resins, Calcium carbide and Power. These revenue streams ensure maximization of earnings per unit of power produced and lend stability to Chloro-Vinyl operations where individually each of the products experience cyclical variation.

#### Business Performance

The Revenue, PBIT and Capital employed for this business for FY11 is as follows:



Particulars	FY 2011 Rs. Crores	FY 2010 Rs. Crores
Sales	810.0	772.5
PBIT	90.0	175.2
Capital Employed	721.9	782.8

The earnings in the Chloro-Vinyl business dipped in the current period as the Power realizations dipped below the cost of production in Q2 FY 11. Post Q2 FY11, the company using its swing capability at the Kota facility produced and sold Chloro-Vinyl products which had higher net back per unit of Power as compared to selling of Power, however lower than the net back the company had achieved from sale of Power in the previous year. Further the company faced cost push pressures on account of higher coal prices, (both domestic and imported) and other raw material prices which further exerted pressure on the profitability for the year.

### Chlor-Alkali

Chlor-Alkali industry has Caustic Soda and Chlorine as the two Co-Products. The growth of this industry has a direct correlation to the GDP growth in the economy. These products are used primarily by the Aluminum, Paper and Soap & detergent, polymer, textiles and water treatment industry.

The company has manufacturing facilities at Kota (Rajasthan) and Bharuch (Gujarat) adding up to a capacity of 765 TPD thereby placing it among top three players in the domestic Chlor-Alkali Industry. Both of our manufacturing facilities have full access to captive power based on Coal.

#### Business Performance

The Revenue & PBIT for this business for FY11 along with the quantitative data is as follows:

Particulars	FY 2011 Rs. Crores	FY 2010 Rs. Crores
Sales	395.4	321.0
PBIT	53.2	27.0

Year	Sales (MT)	Realizations (Rs./MT)
FY 2011	209,014	17,929
FY 2010	181,884	15,791
% Change	15	14

The Chlor-Alkali business reported better performance as compared to previous year due to volume growth at Kota facility and improved product realizations which were up by 14%. The increase in volumes was consequent to dip in Power realizations during the year. To mitigate the impact of this dip in Power realizations the company using its swing capability at its Kota facility moved to production and sale of Chlor-alkali. The business however witnessed cost push pressures due to increase in the prices of Coal (both domestic and imported) and other raw material.

The prices, both globally as well as in Indian markets have seen improvements in last two months of FY 11. We expect that domestic product prices to further move up to compensate for the cost increases.

#### Industry Overview and Outlook

The Chlor-Alkali industry in India has 35 operating units with a combined installed capacity of 3.2 million tonnes of Caustic Soda. The top three players comprise about

1/3rd of the total installed capacity. The domestic demand for Caustic Soda and Chlorine is about 2.7 million tonnes and 2.2 million tonnes respectively. The growth in demand for Caustic soda and Chlorine is linked to GDP growth with Chlorine growing slowly vis-a-vis caustic soda.

During the year, international prices of Caustic Soda have improved and with the prospects of the Indian economy continuing to look good; we expect that the continued growth in GDP will drive the growth of this industry and provide support to product prices.

### Our Strategy

Both the manufacturing units, ie; Kota and Bharuch have access to Captive Power. The company will continue to maximize product volumes at both the units as the outlook on the merchant power rates looks dim apart from aggressively working on achieving cost efficiencies.

### Plastics

The company produces range of PVC Resins suitable for most end-use markets. The company manufactures PVC Resin through Carbide/Acetylene route as against ethylene route which is being followed by most of the companies manufacturing PVC worldwide except in China. PVC Resin business is an integral part of the Chloro- Vinyl business with complete integration in terms of Power, Chlorine and Calcium Carbide. The calcium carbide manufactured by us is partly used for PVC manufacture and partly sold in the market.

DSCL has an annual capacity of ~1,12,000 MT of Calcium Carbide. This capacity is used for the production of PVC Resin/Calcium Carbide depending upon which product gives better return on every unit of power consumed. This year, we marketed ~34,000 MT of Packed Carbide.

### Business Performance

The Revenue and PBIT for this business for FY11 along with the quantitative data is as follows:

Particulars	FY 2011 Rs. Crores	FY 2010 Rs. Crores
Sales	331.2	168.2
PBIT	-5.6	-5.8

Year	PVC Resins		Calcium Carbide	
	Sales (MT)	Realizations (Rs./MT)	Sales (MT)	Realizations (Rs./MT)
FY2011	34,207	52,597	33,920	35,711
FY2010	15,235	50,294	22,505	34,162
% Change	124.5	4.6	50.7	4.5

The Plastics business reported higher revenues as both PVC Resins and Calcium carbide witnessed both higher volumes and realizations. The increase in volumes was consequent to dip in Power realizations during the year, to mitigate the impact of which the company shifted to producing and selling of PVC Resin and Calcium Carbide. However, the business witnessed margin pressures on account of increase in the cost of inputs particularly Coal (both domestic and imported) and other raw materials.

### Industry Overview and Outlook

PVC resin is a versatile thermoplastic with broad range of applications from rigid pipe for construction applications to a thin crystal clear film for consumer packaging. PVC resins are generally of two types:- rigid resins which have considerable strength and hardness; and flexible resins (soft and stretchable). Rigid resins account for 75% of total PVC consumption. They provide most of the growth opportunities with major end uses such as pipe and conduit, fittings, windows, roof tiles, fencing and automobile parts. Flexible PVC finds usage in film and sheets, wire and cable coating, flooring, shower curtains and synthetic leather products.

PVC consumption is largely influenced by the construction industry which accounts for three-quarters of demand which further correlates closely with the economic growth.

PVC demand has been growing at approx 11% CAGR during the last decade. PVC resin industry witnessed stress in the 1st & 3rd quarter of FY11 because of large quantity of import arrivals that made its way to India, apart from a prolonged monsoon season in Indian subcontinent which adversely affected the demand for PVC. However, inspite of these factors the industry witnessed a growth of 7-8% during the current fiscal.

Our country has a current demand of ~19 Lac MT out of which ~65% of the demand is met by the domestic resin suppliers and rest ~35% is being imported into the country. The demand for PVC is expected to cross 20 Lacs MT in the coming year. PVC, as an infrastructure polymer is expected to witness high growth due to huge investments taking place in the infrastructure sector.

In the case of Calcium Carbide, growth in Steel industry continues to play a key role for growth in demand for Calcium Carbide. We expect India to witness strong growth in steel usage in the coming years due to its strong domestic economy and massive ramp up in the infrastructure space. Other sectors such as Butanediol & TCE manufacturing Industry have done well during current fiscal and are expected to contribute in the growth in demand for Calcium Carbide in the coming years

### Our Strategy

We expect to maximize Volumes in both the products, i.e. Calcium Carbide and PVC Resin during the year apart from improving our efficiencies thereby partly mitigating the effect of cost increases.

### Power

We believe Captive Power generation is a critical activity required to sustain the company's operations. The Company currently has a total installed capacity of 283 MW at various locations out of which 188 MW is Coal based and 94.5MW is bagasse based. Out of this 51.5 MW is dedicated to Power distribution companies. The balance 231 MW has multiple uses and revenue stream which includes sale of Power when the netback per unit of Power is higher than the sale of Chloro-Vinyl products.

The Company built swing capabilities at its Kota facility to use power for various revenue streams so as to maximize the earnings per unit of power. The Company would aim at building/strengthening the capabilities at all locations to the extent possible.

This business activity has seen an increase in the input prices, i.e. Coal (both Domestic and Imported) in the current year which has put pressure on the margins in our Chloro-Vinyl businesses.

## Agri-Businesses

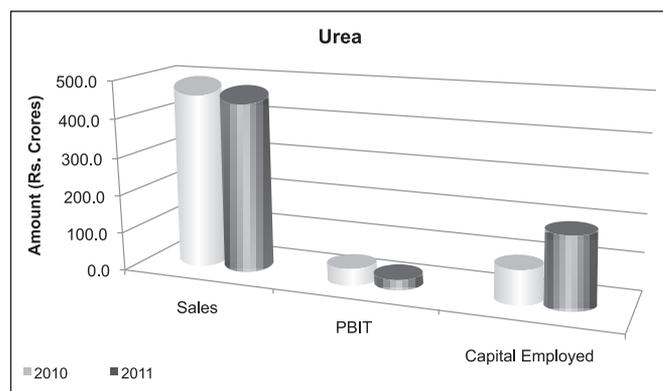
### Urea

DSCL's Fertiliser Plant has a reassessed capacity of 3,79,500 TPA of Urea at its integrated manufacturing complex at Kota, Rajasthan. The company markets its products under the "Shriram Urea" brand. "Shriram Urea" is a trusted name and enjoys high brand equity amongst the farmers. The Company has an extensive distribution network over the entire Northern and Central India.

The Plant has been operating fully on Gas since May 2009, post the conversion from Naphtha to LNG/ Natural gas in 2006-2007.

### Business Performance

The Revenue, PBIT and Capital employed for this business for FY11 along with the quantitative data is as follows:



Particulars	FY 2011 Rs. Crore	FY 2010 Rs. Crore
Sales	471.2	479.5
PBIT	29.2	44.6
Capital Employed	185.4	85.9

Year	Sales (MT)	Realizations (Rs./MT)
FY2011	404,030	11,753
FY2010	383,643	12,032
% Shift	5.3	-2.3

Earnings in this segment were subdued as a result of a significant increase in uncompensated costs due to non-finalization of the new Urea policy. The Stage III of NPS was effective from 1<sup>st</sup> October 2006 till 31<sup>st</sup> March 2010 and the same has been extended till any new policy is decided beyond NPS III. Apart from uncompensated cost increases, lower margins on additional production over assessed capacity and higher arrears received in the previous year led to decline in the earnings.

### Industry Overview and Outlook

India is the second largest producer and consumer of urea in the world. Urea is most preferred fertilizer and constitutes about 72% of entire fertilizer consumption in the country. Low farm gate price (fixed by government) and high nitrogen content makes it a preferred choice of farmers.

The demand and consumption of urea has been growing and the gap in demand/supply is currently being met by imports. During 2010-11, the total urea production in the country was 21.9 million MT and India had to import more than 6.6 million MT of urea to meet its demand.

The new policy post the NPS III is under finalization and is expected to be announced soon which will provide the road map for further investments in this sector which is now dependent on meeting its requirements through imports.

### Our Strategy

The Company has been making efforts towards energy efficiency and reduction/containment of fixed expenses. The plants have been modified to use natural gas in 2006-2007 and have been running on full gas since May'09 with the availability of KG D6 gas.

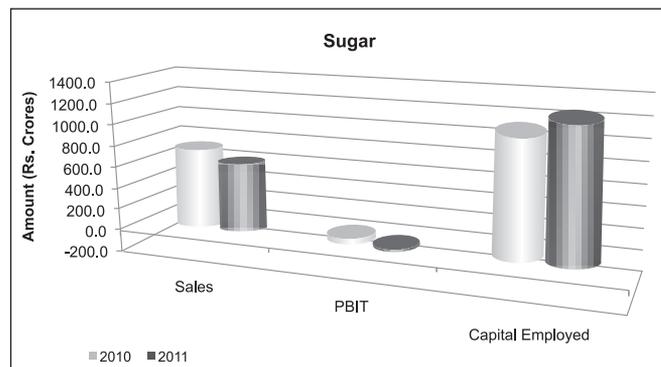
In order to avail benefit of government policy on fortified fertiliser, 69981 MT of urea was converted into Neem Coated Urea. Further, studies are being made to coat urea with Zinc and Boron.

### Sugar

DSCL is a major player in the domestic sugar industry. The company has four sugar units located at Ajbapur (10,500 TCD), Rupapur (6,500 TCD), Hariawan (8,000 TCD) and Loni (8,000 TCD) with a total crushing capacity of 33,000 TCD. The four units have a total power cogeneration facility of 94.5 MW with an exportable capacity of 51.5 MW.

### Business Performance

The Revenue, PBIT and Capital employed for this business for FY11 along with the quantitative data is as follows:



Particulars	FY 2011 Rs. Crore	FY 2010 Rs. Crore
Sales	614.4	733.5
PBIT	-7.1	42.5
Capital Employed	1225.2	1134.5

Particulars	Sales (Lac Qtl)		Realisation (Lac Qtl)	
	Free Sugar	Levy Sugar	Free Sugar	Levy Sugar
FY 2011	16.6	2.4	2,745	1,808
FY2010	21.9	2.0	2,773	1,332
% shift	-24.3	24.6	-1.0	35.7

The key operating parameters for the current season are as follows:

(figures in lac quintals)

Sugar Season	Total	
	2011	2010
Cane crushed	297	204.5
Recovery rate (%)	9.2	9.1
Sugar Produced	27.4	18.7
<b>Financial Year</b>		
Cane crushed	292.7	204.5
Sugar Produced	26.7	18.7
Sugar Sold	19.0	23.8

- Our operations were better during the sugar season 2010-11 with production higher by 46% at 27.4 lac quintals due to higher cane crush and better recovery.

- Revenues were lower during the year by 16.2% at Rs. 614.4 Cr primarily due to decline in volumes of sugar sold by 20.3%.
- The earnings swung from positive Rs. 42.5 Cr in the previous year to a loss of Rs. 7.1Cr as the margin on free sugar swung from positive Rs. 480 per quintal in the last year to negative Rs. 182 per quintal in the current year.
- Though the government during the year decreased the levy quota from 20% to 10% and revised the levy prices upward, the levy prices continue to be less than 2/3<sup>rd</sup> of the cost of production putting pressure on the company's earnings.

### Industry Overview and Outlook

India is a dominant player in the global sugar industry. It is the second largest producer (after Brazil) and the largest consumer of sugar in the world. The production of sugarcane is cyclical in nature which causes cyclicity in sugar production as well. The crushing season in India begins in October and goes on till April-May except in south India where it goes on till July-August.

Indian sugar industry is highly fragmented with organized and unorganized players. The unorganized players mainly produce Gur and Khandsari which are the less refined forms of sugar.

Sugar is a controlled commodity under the Essential Commodities Act, 1955. The Government of India controls the rates of sugar cane supplied to the mills by farmers. The Government of India has a dual pricing policy in place. The Central Government introduced the F&RP (Fair & Remunerative Price) w.e.f 2009-10 season onwards which replaced the SMP (Statutory Minimum Price) for sugarcane price fixation which is binding across the country. The State Governments are also empowered to fix the cane price over and above the F&RP which is called the State Advised Prices (SAP). The U. P. Government has declared the State Advised Price for the general variety of cane for the season 2010-11 at Rs.205 per quintal as against the F&RP of Rs. 139.12 at 9.5% recovery fixed by Central Government.

The international Sugar prices during the year touched 28 years high of 35.4 cents/lb for raw sugar and \$844/ton for white sugar due to tight global demand/

supply dynamics during the year. However, these increases in the global prices were not reflected in the domestic prices. The Government continued with the policy of curbing the rising prices by restricting exports and imposing stock limits of traders etc. Further, the domestic production of Sugar increased from 18.9 Million MT to about 24.5- 25 Million MT in the current season. This enabled us to sufficiently meet the domestic demand which kept the prices under pressure during the year and resulted in negative margins during the year. The Government restored the levy quota from 20% to earlier 10% and raised the levy price upward from Rs. 1,332 per quintal to 1,901 per quintal; however these prices continue to be less than 2/3<sup>rd</sup> of the cost of production. This continues to cause loss to the sugar companies. As of now the Sugar availability in India and globally looks comfortable and the season 2011-12 looks promising. The key to 2011-12 performance would be, how the government recalibrates to the situation of excess production in terms of its export policy and linking the price of raw material, i.e. Cane with the sugar price. The industry needs higher price than the current price of Rs. 27-28 per kg to provide reasonable returns to all its stake holders including the farming community.

### Our Strategy

In this business, DSCL will continue to work with the farmers and focus on extensive cane development activities so as to increase our capacity utilization and improve sugar recovery.

### Farm Solutions

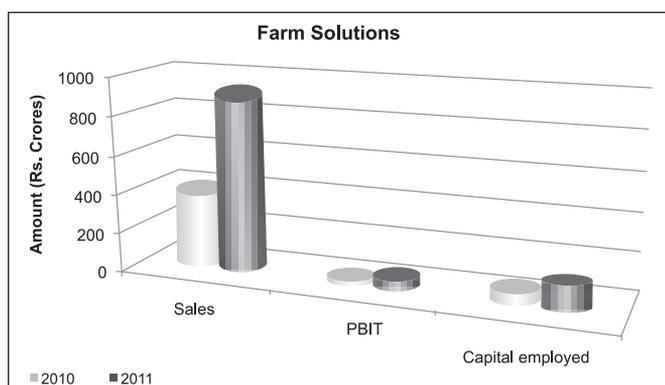
The Farm Solutions Business provides a wide range of farm inputs such as Fertilizers, Seeds, Micronutrients, Crop care chemicals etc to the Indian farmers through our extensive distribution network. The business's name was changed from 'Agri-Input' to 'Farm Solutions Business' to reflect our philosophy of offering complete crop focused products and services.

Shriram brand of Agri-Inputs is known for its quality and enjoys a very high brand value. Under an umbrella brand of "Shriram" our various products are known for quality. The product basket is continuously expanded to meet the requirement of the farmers. The products are backed up by network which helps in transferring the latest technology to the farmers and thereby improving their productivity. This business is

supported by Shriram Krishi Vikas programme which works in close partnership with the farmers.

### Business Performance

The Revenue, PBIT and Capital employed for this business for FY11 is as follows:



Particulars	FY 2011 Rs. Crores	FY 2010 Rs. Crores
Sales	923.8	406.8
PBIT	41.4	16.7
Capital employed	105.3	56.8

The revenues and earnings witnessed a significant jump as the company reintroduced DAP and MOP in its portfolio due to timely announcement by the Government of the Nutrient Based Subsidy Scheme. Also, aiding the performance is the volume growth in SSP, Pesticides and other value added inputs that company provides to the farmers.

### Industry Overview and Outlook

The country is witnessing huge demand for food due to increase in the population coupled with increase in per capita income consequent to rapid growth of the economy during the current decade. We believe that with the rapid urbanization, the land available for the cultivation can only decline from the current levels.

In this scenario, we believe the only way to meet this increased demand for food, apart from controlling the price spiral, would be to improve the productivity of the farmers. We believe that the farming community would have to adopt better farming techniques, quality agri inputs etc. to enhance their productivity so as to meet the increasing demand for food. Therefore, we continue to believe that these reasons would substantially increase the demand of quality Agri-Inputs

and solutions in the coming years.

### Our Strategy

The company would continue to focus on closely working with the farmers to understand their need and requirements which may vary depending on the crop, soil, climate etc. and our endeavor would be to provide them with a complete solution that enhances their profitability. The company would also focus on strengthening its product portfolio and distribution network.

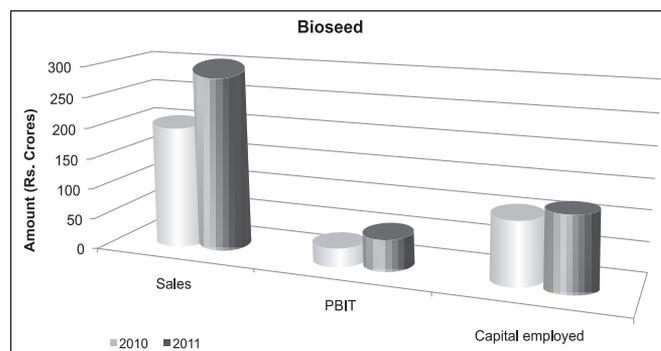
### Bioseed

Our Bioseed business is present across the entire value chain, i.e. Research, Production, Processing, Extension activities and Marketing. The company is focused on the Tropical and sub tropical climates with operations in India, Vietnam and Philippines. Further, the company has also started test/test marketing in Thailand, Indonesia and China.

The company is present in Field and Vegetable crops. In the Field crops, the company's focus crops are Corn, Rice, Cotton, Millet and Pigeon Pea whereas the focus crops in Vegetables are Tomato, Okra, Gourds, Hot and Sweet Pepper, Egg plant and Melon. Further, the company has license from Monsanto for BT technology in Cotton in India and for GM corn in Philippines.

### Business Performance

The Revenue, PBIT and Capital employed for this business for FY11 is as follows:



Particulars	FY 2011 Rs. Crores	FY 2010 Rs. Crores
Sales	291.5	202.5
PBIT	37.8	28.4
Capital employed	119.0	107.2

The business recorded good growth across most locations with growth in all its mandate crops with major growth coming from Cotton, Paddy, Corn, Bajra and Vegetables. We are confident of accelerating the growth of this business given our strong product pipeline and expansion to new territories and segments.

### Our Strategy

We will continue to invest in Research activities as we believe the sustainability of earnings and acceleration of the same would be on the development of the new products which would meet the evolving needs of the farming community. We continue to strengthen our internal capabilities in Research along with forming alliances which will help us in developing new technologies and hence new products. Apart from maintaining and increasing our focus on research, we are focusing on enhancing our market share in the markets that we are in and extending our reach to newer geographies, along with strengthening our strong extension and market feedback system.

### Hariyali Kisaan Bazaar

Hariyali Kisaan Bazaars are the rural business centers started by DSCL to meet the business needs of the farming community and meet the daily requirements of the rural community. Besides meeting their needs, these outlets provide round the year technical support to the farmers through a team of qualified agronomists. Hariyali in each of the location signifies trust, reliability and respect among the rural community. As on 31st March 2011, we have 275 outlets across 8 states in the country which are Punjab, Haryana, Uttar Pradesh, Madhya Pradesh, Uttranchal, Maharashtra, Andhra Pradesh, and Rajasthan.

The business portfolio of Hariyali consists of:-

1. Agri inputs, food and grocery, lifestyle products including apparel and household products, financial products.
2. Farm Advisory
3. Fuel
4. Outputs i.e. procurement of milk, variety seeds etc.

### Business Performance

The Revenue, PBIT and Capital employed for this business for FY 11 is as follows:

Particulars	FY 2011 Rs. Crores	FY 2010 Rs. Crores
Sales	774.0	630.0
PBIT	(83.1)	(81.2)
Capital Employed	410.8	410.0

Hariyali witnessed a growth of 23% in revenue inspite of shutting down of 17 outlets during the year; reflecting higher sales per outlet. Hariyali continued to record growth across its verticals. The growth in the core retail has been slower than expected; however in the last quarter of the financial year, the retail sales witnessed growth of over 40% which augurs well for the year ahead. The other businesses such as Fuel, Milk, Seeds etc. continue to witness healthy growth rates. The losses were higher for the year; however the operating losses were the lower for FY11 as the business incurred onetime costs for rationalizing of operations.

### Our Strategy

The Company during the year focused on strengthening the model by implementing the plan which provided a more focused price value proposition and product offering for the rural population based on intensive customer feedback. Some of the outlets which did not show potential were shutdown during the year so as to concentrate the efforts on the stores which showed potential. The early results of these efforts made have been encouraging with our core retail sales in the final quarter growing by over 40%. We will continue to enhance Hariyali's appeal to a wider segment of rural population by making relevant products available at required price point. Simultaneously, we will also launch various promotion programs aimed at getting larger footfalls and customer acquisition.

### Other Businesses

#### Fenesta Building Systems

DSCL's Fenesta business manufactures UPVC windows and doors system and sells under the brand "Fenesta". The business offers complete solution starting from design, fabrication to installation at the customer's site. The product has gained acceptability across the nation with higher consumer recall and the

brand has become synonymous with UPVC windows.

The business caters to 2 segments.

1. Institutional segment/Developers segment which comprises of residential including Group Housing and Villas and Commercial building.
2. Retail Segment which includes the new construction and replacement market.

The company has been focusing on increasing its presence in the retail segment. We are now servicing about 117 dealers across 51 cities in the country. We entered this segment about 3-4 years ago to reduce the dependence on the developers segment which is cyclical in nature.

The business continues to witness a strong order booking (up by 37.9%) across both the segments. However, longer order booking to execution cycle particularly in the institutional segment has resulted in deferred performance in the short term.

### Our Strategy

We are focused on increasing the growth of this business by reaching out to more cities and carrying out more branding and promotional activities. The company will also focus on launching new products which caters to various segments of the market, apart from focusing on improving our service and delivery model.

### Cement

DSCL's Cement plant is an excellent example of waste management. It uses Calcium hydroxide sludge generated during Acetylene production at its integrated manufacturing plant at Kota and converts this waste into a useful product, Cement, in environmental friendly manner. Due to availability of sludge, plant is able to use low grade limestone which otherwise cannot be used for Cement manufacturing.

The current capacity of the plant is 4,00,000 TPA. It produces high quality, premium grade both Ordinary Portland and blended Cements. The Cement is characterized by light colour, superior strength and setting properties. As a result, the "Shriram" cement commands a strong brand equity and premium in the market.

The Revenue, PBIT and Capital employed for this business for FY11 along with the quantitative data is as follows:

Particulars	FY 2011 Rs. Crores	FY 2010 Rs. Crores
Sales	122.9	134.7
PBIT	16.4	37.2
Capital Employed	32.3	31.6

Particulars	Sales (MT)	Realisation (Rs./MT)
FY2011	372,104	2,567
FY2010	360,918	2,901
% change	3.1%	-11.5%

The Earnings of the Cement business dipped by 55.9% from Rs. 37.2 crores to Rs.16.4 crores due to dip in realizations (11.5%) and higher input costs such as coal etc.

### Our Strategy

Our strategy in the business is to optimize the product mix for higher returns and continuously improve upon cost & efficiencies.

### PVC Compounds

DSCL is one of the largest manufacturers of PVC compounds in the country which serve diverse application segments due to availability of combination of technologies under one roof.

Our focus has been on generating newer application opportunities with higher value creation and developing suitable products for the customers which will help DSCL in capturing better understanding in the area of additives, compounding and application technologies.

Leveraged with technical expertise and market knowledge accumulated over past several decades, focus on research & development and marketing activities provides advantage to DSCL in this highly competitive industry.

We have a state of art development centre – Innovative Polymer Application Centre (i-PAC) to work with our customers in developing new compounds.

### Business Performance

Significantly excess capacity in a market which did not witness growth resulted in high degree of price pressure in the industry. DSCL maintained its price leadership position by withdrawing from certain customers and applications which had very low value offerings.

Focus on costs in this business helped the business to stand firm in a difficult competitive environment. Work on developing new high performance product for customer productivity and quality consistency, especially in fast growing automotive segment, has yielded major dividend in form of several products meeting global standards. Rigid injection moulding applications are also attracting attention and a couple of applications have already been commercialized albeit with initial lower volume.

### Our Strategy

PVC compound business team at DSCL is working towards

creating a differentiated position in the industry and market over past several years. In the process the business is always focused on creating new application ideas and products requiring innovative use of more complex knowledge and experience offering much higher value to the business and customers.

While adhering to the same strategic approach, present highly competitive business environment demands that the business moves faster towards much higher share of value added products and more specifically high performance rigid applications.

### **Textiles**

DSCL has its spinning unit at Tonk in Rajasthan with a capacity of 14,544 spindles.

Going forward, the company will focus on improving the efficiencies, quality of the product and cost rationalization.

## **Human Resources and Industrial / Employee Relations**

The Company has, as always, continued to focus on the development of its human resources in line with its progressive philosophy and approach towards people. The Company has continuously believed in building employee engagement in the most comprehensive manner through adoption of forward looking people policies, practices and processes. Needless to say, this has enabled the Organization to progress towards achieving its business goals and objectives.

### **Human Resources Growth and Optimization**

The growth of the human resources has been confined to a few of the newer businesses to meet the needs of expansion and growth wherever required. There has also been, like in the past, the intake of fresh talent from business schools and engineering colleges / institutes to build the talent pipeline for future in most of the businesses. Some lateral recruitment for critical positions vital to the needs of the businesses was also done during the year. There has been a sustained focus on retention and optimum utilization of human resources across all levels and functions to improve the productivity and efficiency standards in line with the best of the industry practices, processes and benchmarks. The Organization has always believed in continuously reviewing and strengthening processes and systems that lead to effective utilization of its people resources.

### **HR Initiatives and Employee Engagement**

The Organisation has successfully sustained its momentum of taking forward some of the progressive HR initiatives of the previous years to build long term employee engagement and enhance people capability. The employee engagement study conducted during the year

with the help of Corporate Executive Board provided some useful insights and introspection opportunities to strengthen and build various HR processes and systems. Some of the initiatives and processes that got focussed during the year included the Senior Management Development Process (SMDP), Talent and Leadership Development through an effective deployment of individual development plans, Executive Coaching, Mentoring, Capability Building, Performance Management Process, Rewards and Recognition, Employer Branding and other aspects related to creating a vibrant work place and ensuring a proper work-life balance for employees. There has also been a thrust on introducing innovative HR initiatives based on learnings and practices from within the various businesses of the Organisation.

### **Training and Development**

The focus on building skills and competencies, so essential to help the Organisation to build a competitive edge, has continued during the year. There have been various programs aimed at developing the technical, functional and behavioural competencies of employees to upgrade their knowledge and understanding and keep them abreast with the rapidly changing business environment and industry / market developments. There have been series of in-house programs at our training centres across all businesses / units / locations and employees have also been nominated to several training and development programs being organised by various business schools and agencies including ISB, IIMs and others. Suitable processes have also been put in place to enable employees transfer the learnings to their work place and also share the benefit of the same with other colleagues. Exposure to such programs has helped the employees to tap their fullest potential and contribute more effectively to the Organisation.

### **Industrial and Employee Relations**

The Organisation has maintained a peaceful, cordial and healthy industrial / employee relations across its various businesses. There has been a continuous focus to building a transparent, honest and trustworthy relationship to create an environment which is conducive to smooth organisational working and helping employees give their best. The high sense of people sensitivity, fairness, respect & dignity and concern on the part of the leadership team has brought the employees closer to the Organisation and built a sense of ownership and pride. In fact, this has been a great strength of the Organisation and a strong business enabler.

The Company's sincere pursuit of developing, supporting and building its people resources has created a climate of strong employee engagement, involvement and positivity across the Organisation despite all kinds of business odds and environmental pressures.

## Corporate Social Responsibility

**DSCL believes in Sustainable Development and promotes Corporate Social responsibility as a means to achieve it.** We regularly monitor the Social, Economic and Environmental impacts of our businesses and design programs to proactively respond to the needs of our stakeholders.

We at DSCL recognize that adopting an effective approach to CSR can open up new opportunities for communities and contribute to attracting passionate and committed workforce. At DSCL we believe that our business performance is inextricably linked to our CSR goals.

We will continue to integrate our values into our company strategies, business practices and operations. We believe that companies have a responsibility to give back to the communities that we interact with and business has to be done with a social conscience. Today the thematic areas that DSCL works in for CSR activities across different geographies of its business are as follows:

### Farmer Support

- In DSCL's various agricultural business like Seeds, Hariyali Kisaan Bazaar, Fertilizers, Sugar etc the focus is to work with the farmer to increase his productivity and profitability, this is done through the extension services provided to them. We at DSCL believe that the Last Mile Delivery is key to helping the farmers.
- DSCL Sugar, in association with International Finance Corporation, is working on a unique productivity enhancement program for a pilot group for 2000 farmers. The program entails assessing and providing training inputs to farmers as well as facilitating adoption of required farm inputs & new technology through a closely monitored system. The program has succeeded in achieving targeted growth in productivity and is being cascaded across a larger cross section. DSCL Sugar also reaches out to farmers through its irrigation and drainage program, creating irrigation facilities like borewells and desilting drains to prevent waterlogging in the fields.
- DSCL's Shriram Krishi Vikas Kendras (SKVK's) is a long term integrated rural development program which is aimed to support the farmers in their work and life through adoption of over 500 villages. The concept of the SKVK's is that it provides help and guidance to the farmers towards their holistic development. The idea is to increase farm productivity, profitability and quality of produce,

while maintaining soil health. The SKVK's are designed to extend their outreach to surrounding areas. Each SKVK adopts five primary and secondary villages in its orbit, and organises a six-month programme with two to three visits for farmers in the area to agricultural universities, animal husbandry camps and subject specialists for guidance.

### Environment

- DSCL understand the need of maintaining right ecological balance and has therefore planted trees in and around all its facilities. Over 75,000 tree saplings have been planted at Bharuch, covering 33 percent of the green belt over the last 10 years. A continued focus helped the company achieve a tree survival rate of 95 per cent - over 4,60,000 have been planted - in the rocky terrain at Kota. Introduced by DSCL Sugar, The Khushali Paryavaran initiative has taken firm root in all four locations of DSCL Sugar. Under this program, DSCL along with Forest Department and Gram Sabhas, has planted as many as 150 panchvatis that are involved in augmenting the area's green cover. Communities in the neighbourhood of DSCL Sugar mills, led by volunteers, have begun to plant saplings of Bargad, Peepul, Aonia, Sita Ashoka and Bilva that come from Forest Department nurseries will grow into life saving trees for the next generation.
- DSCL is countering the dearth of water in arid terrains near Kota, Rajasthan, through the digging of bore wells, the installation of submersible pumps & construction of water storage tanks. Around DSCL Sugar Mills, the company has helped in financing more than 650 bore wells. Also it has been working on desilting of drains in its mill areas. The company also facilitated supply of drinking water and animal feed to some of the drought hit villages of Rajasthan.
- Water harvesting DSCL's man-made reservoir spread over 50 acres at Kota accommodates 4.5lac cubic metres of water, enough to provide for 21 days of production. In Bharuch, located in water-starved Gujarat, the company's sound water collection and harvesting system holds 20,000 cubic metres that is effectively deployed at its caustic soda plant.

### Education

For the well being of the community at large around its manufacturing locations, DSCL continues to support education activities with a special focus on protecting

the future of the girl child. It has instituted scholarships in various educational institutions to encourage meritorious students achieve the best in the fields of engineering, medicine, agriculture and management.

- In Kota (Rajasthan), the company has instituted scholarship programs that encourage students to pursue advance academic studies. The infrastructure of a number of schools in the plants' vicinities has been strengthened through the introduction of basic facilities, including safe drinking water. Also it runs two mid-day meal programmes in schools in Rajasthan.
- In Bharuch (Gujarat), company has funded a degree college and has instituted a scholarship program that touches several villages around its facility. In another scheme, meritorious students are awarded every year by way of 'fixed deposits' that can be encashed after her/him turns 18 or until the date of the students' marriage / higher education.
- DSCL Sugar started the initiative Khushali Siksha together with community leaders, teachers, students, government agencies & NGO's. In addition each mill mobilizes a teaching taskforce from amongst its employees & their families. The taskforce conducts classes on variety of subjects including computers. We are partnering with the govt in improving the quality of delivery in two ITIs in our locality.

## Community Development

- DSCL has established Shriram Krishi Vikas Kendras (SKVKs), which, besides imparting scientific knowledge to farmers, also address needs of the local populace by adopting their villages & providing:
  - Training to men & women in villages to create self-reliance for ladies:
    - o Training on vocations like sewing, food preservation, candle making etc for farmers
    - o Training to initiate subsidiary occupations like compost making, fish farming, poultry farming, dairy farming, mushroom cultivation etc.
  - Need based and location specific transfer of farm technology
  - Basic health and hygiene facilities like holding human and animal health camps, providing of water tanks, hand pumps to supply potable water in schools, community places etc.

- The company has been organizing health camps to create awareness on diseases like AIDS, Cancer, etc. It is our belief that at present, the best hope to limit the spread of HIV-AIDS infection and its human and economic impact is through behaviour modification. We believe that as part of public private partnership efforts DSCL will put necessary resources to perform our social obligation in line with National Aids Policy and carry forward mission of NACO (National Aids Control Organisation)
- State-run district hospitals and community health centres focus mainly on curative interventions, leaving NGOs and the private sector to launch 'prevention' campaigns. 'Khushali Sehat', orchestrated by DSCL Sugar in collaboration with Vinoba Seva Ashram, Shahjehanpur, Sarvodaya Ashram, Hardoi and Gram Swaraj Mission Ashram, Lakhimpur, is one such initiative. It reaches out to 7000 families in the 25 villages in the vicinity of the sugar mills. The mandate: to promote disease-prevention measures, chiefly among women, the custodians of family health.
- 'Khushali Rozgaar', the self-employment programme initiated by DSCL Sugar and the NGO 'Gram Swaraj Mission'. The programme provides technical and managerial assistance, training and even financial support. Ten villages in the area are beneficiaries of this scheme launched in 2006. Several cottage industries have mushroomed in areas surrounding the Ajbapur factory, all of them driven by groups of women who grind, package and market spices: garam masala, haldi, dhaniya and mirch. These products have won quality certifications from the Khadi and Village Industries Commission.

# 10

## Directors' Report

The Directors have pleasure in presenting the 22nd Annual Report of the Company along with Audited Accounts for the year ended 31st March, 2011.

### Merger of Shriram Bioseed Genetics India Limited into the Company

The Company implemented a Scheme of Amalgamation approved by the Hon'ble High Court of Delhi under Sections 391-394 of the Companies Act, 1956 for amalgamation of its subsidiary Shriram Bioseed Genetics India Limited into the Company w.e.f. 1st April, 2009. This Scheme has been given effect to in the Annual Report and the Financial Statements for the year ended 31st March, 2011 and therefore the data for the current year is not comparable with that of the previous year.

The Scheme of Arrangement will strengthen and consolidate the position of the Company in seeds business and will enable it to participate more vigorously and profitably in an increasingly growing market.

### Financial Highlights

The working results for the year ended 31.3.2011 and 31.3.2010 are as under:

(Rs. in crores)

Particulars	Standalone		Consolidated	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
Total Income	4098.71	3448.69	4167.83	3570.45
Profit before depreciation, interest, tax and exceptional item	170.49	342.62	194.31	367.57
Depreciation	157.59	159.68	159.98	162.96
Interest	63.77	86.03	66.32	88.56
Profit before tax	(50.87)	103.83	(31.99)	122.53
Provision for Taxation	(20.21)	32.55	(17.72)	38.28
Profit after tax	(30.66)	71.28	(14.27)	84.25
Balance brought forward from previous year	505.06	499.29	517.17	498.74
Net Profit available for appropriation	484.27	570.57	502.90	582.99
<b>Appropriations</b>				
- Proposed Dividends on Equity Shares (Incl. Interim dividend)	6.64	13.28	6.64	13.28
- Corporate Dividend Tax	1.08	2.23	1.08	2.50
- Storage fund for Molasses Account	0.64	—	0.64	—
- General Reserve	—	50.00	—	50.00
- Balance Carried Forward	475.91	505.06	494.53	517.17

### Performance

During the year, the Company faced difficult operating environment with most businesses witnessing margin pressure. Bioseed and Farm Solutions businesses continued to witness growth in turnover and profits. The net revenue of the Company stood at Rs.4082.3 Crores as compared to the previous year's revenue of Rs.3423.5 Crores, an increase of 19.2%. Net Loss for the year stood at Rs.30.7 Crores as against net profit of Rs.71.3 Crores. On the consolidated basis, the net revenue of the Company was higher by 17.1% at Rs.4151.9 Crores and net loss for the year stood at Rs.14.3 Crores as against a net profit of Rs.84.3 Crores.

The Sugar business witnessed a very challenging year with the earnings swung from positive PBIT of Rs.42.5 Crores to negative PBIT of Rs.7.1 Crores. The key reason was the decline in free sugar margins which swung from Rs. 480/Quintal to Rs.(182)/Quintal in the current year apart from witnessing lower volumes. The dip in the earnings was partially mitigated by higher sale of Power due to longer crushing.

The earnings in the Chloro-Vinyl business dipped by almost 49% during the year as in the previous year the Company had sold Power which had higher net back per unit of Power. There was a significant dip in Power realization since Q2FY11. Using the swing capability at our Kota manufacturing facility, the Company then shifted to manufacture and sale of the Chloro-Vinyl products. However, the net back from the sale of Chloro-Vinyl products was lower than that from the sale of Power, which the Company had done in the previous year. Further impacting the margins were the cost of coal (imported and domestic) and other raw material.

The earnings from the Cement business dipped by almost 56% to Rs.16.4 Crores on the back of drop in the realizations by ~12% and increase in input price especially that of coal.

Hariyali Kisaan Bazaar witnessed higher losses for the year, however losses at the operating level were lower as the Company incurred onetime cost for rationalizing the operations. The Company has already implemented the plan involving a focused price value proposition and product offering for the rural population based on intensive customer feedback.

The earnings of the Farm Solutions business increased by 148.2% to Rs.41.4 Crores on the back of reintroduction of DAP and MOP during the year and growth in the value added products.

The earnings of the Bioseed business increased by 33.1% to Rs.37.8 Crores especially driven by growth witnessed in India and Philippines and strong demand across hybrids. The Bioseed business through 100% subsidiaries continues to grow and is a value drive for the Company.

Fenesta continued to witness healthy order booking in both the retail and institutional segment. We believe that longer order booking to execution cycle will result in better performance in medium term.

The Company continues to conserve cash. However, the increase in the interest rates consequent to hike in the interest rates by the RBI may impact our interest costs in the coming year.

## Dividend

Your Directors are pleased to recommend dividend @ Re.0.40 per Equity Share of Rs.2/- each for the year ended 31st March, 2011.

## Subsidiary Companies

As per the Scheme of Arrangement approved by the Hon'ble High Court of Delhi on 19.8.2010 under Sections 391-394 of the Companies Act, 1956, Shriram Bioseed Genetics India Limited (SBGIL) merged into your Company w.e.f. 1st April, 2009 and accordingly SBGIL stands dissolved as from that date.

In terms of Circular issued by the Ministry of Corporate Affairs, general exemption has been granted from the provisions of Section 212 of the Companies Act, 1956 to Companies in relation to attaching accounts of its subsidiaries subject to fulfillment of the conditions mentioned in the circular, necessary conditions as stipulated has been complied by the Company. The Company will make available these documents upon request by any Member of the Company interested in obtaining the same. However, as directed by the Central Government, the financial data of the subsidiaries have been furnished under 'subsidiary companies particulars' forming part of the Annual Report. Further, pursuant to Accounting Standard AS-21 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report includes the financial information of its subsidiaries.

## Fixed Deposits

As on 31st March, 2011, 85 deposits aggregating to Rs.37.45 lacs were unclaimed. Since then, 17 deposits amounting to Rs.9.79 lacs have been claimed/renewed.

## Unclaimed Shares Suspense Account

Clause 5A of Listing Agreement has been amended by SEBI. Pursuant to this amendment, it has become mandatory for Companies to transfer unclaimed shares issued in physical form to Unclaimed Suspense Account after sending three reminders to those shareholders whose shares are lying unclaimed. The Company has already sent 2 reminders to those shareholders. The Unclaimed Suspense Account will be opened only after completing the whole process.

As on 31st March, 2011, share certificates for 4,621 folios aggregating to 7,04,880 shares of Rs.2/- each were unclaimed. Since then 11 folios aggregating to 520 shares of Rs.2/- each have been claimed.

## Corporate Governance

The Company is conscious of its responsibility as a good corporate citizen and is committed to adherence to best corporate governance practices. A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) form part of the Annual Report.

## Directors

During the year, Shri S.C. Bhargava, resigned from the Board of the Company and in his place Shri Rajesh Kandwal, LIC Nominee, has been co-opted as a Director of the Company.

The Directors place on record their sincere appreciation for

the contribution made by Shri S.C. Bhargava during his tenure as a Director of the Company.

Shri Rajiv Sinha, Dr. S.S. Bajjal and Shri Arun Bharat Ram, Directors, retire by rotation and are eligible for re-appointment.

Shri Rajesh Kandwal, a nominee of Life Insurance Corporation of India, was co-opted by the Board w.e.f. 1.2.2011 to fill the casual vacancy caused by the resignation of Shri S.C. Bhargava, who was liable to retire by rotation at the ensuing Annual General Meeting. A notice has been received from a Member for appointment of Shri Rajesh Kandwal as a Director.

Further, Shri Rajiv Sinha and Shri Ajit S. Shriram have been re-designated as Joint Managing Director and Deputy Managing Director, respectively.

## Auditors

M/s. Deloitte Haskins and Sells, Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

## Personnel

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the report and accounts are being sent to all the Members excluding the aforesaid particulars. The complete Annual Report including this statement shall be made available for inspection by any Member during working hours for a period of 21 days before the date of the Annual General Meeting. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

## Directors' Responsibility Statement

It is hereby affirmed that

1. in preparation of annual accounts, all applicable accounting standards have been followed,
2. the accounting policies of the Company have been consistently followed. Wherever circumstances demanded, estimates have been made 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,
3. proper and sufficient care has been taken for maintenance of accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding assets of the Company and proper internal controls are in place for preventing and detecting frauds and other irregularities, and
4. annual accounts have been prepared on a going concern basis.

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

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters is appended hereto and forms part of this report.

## Industrial Relations

The Company continued to maintain harmonious and cordial relations with its workers in all its Divisions, which enabled it to achieve this performance level on all fronts.

## Acknowledgements

The Directors wish to thank customers, the Government authorities, financial institutions, bankers, other business associates and shareholders for the cooperation and

encouragement extended to the Company. The Directors also place on record their deep appreciation for the contribution made by the employees at all levels.

On behalf of the Board

New Delhi  
6<sup>th</sup> May, 2011

(AJAY S. SHRIRAM)  
Chairman & Sr. Managing Director

## Annexure to the Directors' Report

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

### A. CONSERVATION OF ENERGY

#### (a) Energy Conservation Measures Taken:

Energy conservation has been an important thrust area of the management and is being continuously monitored. Important specific actions taken during this year are:

- Stoppage of Cooling Tower Fan at 7.5 MW Cooling Tower in Power Plant at Ajbapur. Two nos. fans (out of 5) of 40 HP each were kept off throughout the season.
- Use of transparent sheets in Texmaco Mill at Ajbapur shed to optimize the lighting requirements.
- Use of V.L.J.H. to raise the temperature of raw juice from 30°C to 40°C.
- Optimization of ESP transformers of boilers.
- Use of 3rd effect vapour at B - continuous pan in place of 2nd effect vapours.
- Automation of Continuous Centrifugal Machines to run at desired load.
- Optimization of office air-conditioning i.e. by reducing the operating hours of package, split/window ACs by installation of wall fans.
- Periodical energy audits, pressure drop reduction measures and optimization of operating parameters have been done in the Fertilizer Plant.
- Replacement of old air compressors by energy efficient screw compressor.
- Carbide Furnace raw material charge raking system was made more effective by creating awareness amongst pusher operators.
- Reduction in specific energy consumption by installing VFD in H<sub>2</sub>SO<sub>4</sub> circulation pump in drying tower, transfer pump in CCU and brine reactor agitator.
- Reduction in specific energy consumption by installing step down transformer for lightning in Power Plant.

#### (b) Additional investments and proposals being implemented for reduction in consumption of energy:

- Implementation of Water Management Phase-I and II to achieve Zero Effluent discharge.
- Heating by condensate in place of 4th vapour to be taken up at Rupapur.

- Use of 3rd effect vapour for pan boiling, additional investment of Rs.19 lacs at Hariawan and Loni.
- Automation of Centrifugal Machines for constant load, additional investment of Rs.0.50 lac.
- Replacement of existing kiln burner with high efficiency pyrojet burner in Cement Plant at a cost of Rs.85 lacs.
- Replacement of decanter sludge transfer pump with high efficiency small capacity pumps at a cost of Rs.2 lacs.

#### (c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above mentioned energy consumption measures which have already been undertaken and the measures under implementation will yield savings in energy consumption compared to the past years and will continue to reduce the cost of production. The summarized position of energy reduction achieved is as under:

- Saving in Steam consumption
- Saving in Power consumption
- Saving of 0.14 MKcal/MT of Urea
- Saving in auxiliary power consumption equivalent to 28 Kwh/MT of Carbide Plant

#### (d) Total energy consumption and energy consumption per unit of production:

Form A is annexed.

### B. TECHNOLOGY ABSORPTION

#### (a) Efforts made in technology absorption

Form B is annexed.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

#### (a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

Nil

#### (b) Total foreign exchange used and earned:

	Rs./Crores	
	2010-11	2009-10
- Total foreign exchange used	491.35	158.61
- Total foreign exchange earned	28.69	5.38

**FORM A**  
(See Rule 2)

**Form for disclosure of particulars with respect to conservation of energy**

	<b>This Year 2010-11</b>	Previous Year 2009-10
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
(a) Purchased		
-- Kwh (in lacs)	<b>599.4</b>	513.2
-- Total Cost (Rs./lacs)	<b>2735.6</b>	2249.7
-- Rate (Rs./Kwh)	<b>4.6</b>	4.4
(b) Own Generation		
(i) Through Diesel Generator		
-- Kwh (in lacs)	<b>45.0</b>	60.5
-- Kwh generated per ltr. of Diesel/Furnance Oil	<b>4.0</b>	4.1
-- Cost (Rs./Kwh)	<b>15.5</b>	14.7
(ii) Through Steam Turbine Generator		
-- Kwh (in lacs)	<b>14044.6</b>	14717.6
-- Kwh (in lacs) generated per Kg. of Coal	<b>1.2</b>	1.2
-- Cost (Rs./Kwh)	<b>3.5</b>	3.0
(iii) Through Steam Turbine Generator (Bagasse)		
-- Kwh (in lacs)	<b>2263.5</b>	1509.4
-- Units generated per M.T. of Bagasse	<b>328.7</b>	329.1
-- Bagasse consumed (M.T./lacs)	<b>6.9</b>	4.6
<b>2. Coal</b>		
Quantity (M.T.)	<b>1267632.5</b>	1262091.0
Total Cost (Rs./lacs)	<b>40956.9</b>	39056.2
Average Rate (M.T.)	<b>3231.0</b>	3094.6
<b>3. Furnace Oil</b>		
Quantity (M.T.)	<b>5614.8</b>	4262.6
Total Cost (Rs./lacs)	<b>1651.8</b>	1062.9
Average Cost (M.T.)	<b>29418.7</b>	24935.8

	<b>This Year 2010-11</b>	Previous Year 2009-10
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
<b>1. Electricity</b>		
– Urea (Kwh/M.T.)	<b>109.2</b>	89.9
– PVC Compounds (Kwh/M.T.)	<b>217.0</b>	197.0
– C. Soda, SAC, Bharuch (Kwh/M.T.) - Internal Generation	<b>2656.0</b>	2561.0
– Liquid Chlorine (Kwh/M.T.)	<b>112.0</b>	115.0
– HCL (Kwh/M.T.)	<b>1.0</b>	1.0
– Textiles - Yarn (Kwh/Kg.)	<b>2.3</b>	2.2
– Sugar - Ajbapur (Kwh)	<b>355.3</b>	336.3
– Sugar - Rupapur (Kwh)	<b>310.7</b>	336.3
– Sugar - Loni (Kwh)	<b>366.4</b>	395.6
– Sugar - Hariawan (Kwh)	<b>374.2</b>	429.8
– Fenesta Building Systems (Kwh/M.T.)	<b>838.6</b>	963.5
<b>2. Coal</b>		
– Urea (M.T./M.T.)	<b>0.5</b>	0.6
– PVC Resin (M.T./M.T.)	<b>6.4</b>	6.0
– Carbide Packed (T/Ton)	<b>3.5</b>	3.2
– C. Soda (M.T./M.T.)	<b>4.6</b>	4.2
– Cement (M.T./M.T.)	<b>0.3</b>	0.3
– SBP (M.T./M.T.)	<b>0.2</b>	0.2
<b>3. Furnace Oil</b>		
– Urea (Kg./Ton)	<b>9.2</b>	7.1
– C. Soda, SFC, Kota (Kg./Ton)	<b>0.2</b>	2.9
– C. Soda, SAC, Bharuch (Kg./Ton)	<b>13.0</b>	10.0
– Cement (Kg./Ton)	<b>0.1</b>	0.1
<b>4. Others</b>		
– LDO/HSD – Urea (Ltr./Ton)	<b>7.1</b>	–
– Steam - C. Soda (M.T./M.T.) - SAC, Bharuch	<b>1.1</b>	1.0
– Steam - PVC Compounds (M.T./M.T.)	<b>0.1</b>	0.1
– Bagasse (M.T.) - Ajbapur	<b>2.1</b>	2.1
– Bagasse (M.T.) - Rupapur	<b>2.7</b>	2.8
– Bagasse (M.T.) - Loni	<b>2.8</b>	2.1
– Bagasse (M.T.) - Hariawan	<b>2.8</b>	2.8

**Notes:**

1. Different sources of energy are inter changeable.
2. Wherever required, figures relating to previous year have been re-arranged.

**FORM B**  
**(See Rule 2)**

**Form for disclosure of particulars with respect to technology absorption**

**Research and Development (R & D)**

**1. Specific areas in which R & D carried out by the Company**

- Improvement in product consistency at higher customer productivity in automotive profile compounds.
- Development of rigid high flow transparent and opaque PVC compounds suitable for relatively complex product geometry.
- Short retention clarifier alongwith TRD's for reduction in retention time and inversion of sugar at Hariawan.
- Use of 3rd vapour in place of 2nd at B - continous vacuum pan for reduction in steam consumption.
- Use of Boiler Ash in place of bagacillo at Rotary vacuum filter at Loni.
- Ejector type syrup sulphitor for reduction in sulphur consumption at Ajbapur.
- Mixed Juice aeration for Colour and turbidity reduction at Rupapur.
- Lab trials for use of sodium triphosphate in place of branded biocide at Loni.
- Carbon fines briquetting.
- Optimization of grinding aid dosage and alternate efficient grinding aid to achieve higher fly ash absorption in PPC.
- R & D studies on sludge concentration in decanter.

**2. Benefits derived as a result of the above R & D**

- New application opportunity with improved margin.
- New application in sectors dominated predominant by engineering polymers.
- Due to lower retention time less inversion of sugar in comparison to Dorr 444.
- Reduction in steam consumption at pan station by 0.6% on cane.
- Saving of Bagasse (0.1%) and better juice quality as the transmittance increases.
- Reduction in Sulphur consumption by 10% at Syrup sulphitation stage and lesser retention leads to less inversion of sugar at this stage.
- Reduction in colour of Mixed Juice by 3% and turbidity removal by 12%.

- Cost reduction by replacement of Chemical.
- Successful production of pet coke fines briquettes.
- Higher fly ash content in PPC.
- Increase in sludge use in raw mix slurry.

**3. Future plan of action**

- New Application development based on new products as above.
- New products for all major segments focusing on lower cost and better customer productivity.
- Juice softening R & D with Aduban Sugar Institute, Lousiana, U.S.
- Elimination of plough scrapper in batch type centrifugal.
- Extension of Ejector type syrup Sulphitor to double stage and auto level control.
- Implementation of dust collector System.
- Pilot trial for the Short retention clarifier with TRD's.

**4. Expenditure on R & D**

	Rs./Lacs	
	2010-11	2009-10
a) Capital	-	-
b) Revenue	296.00	250.00
c) Total	296.00	250.00
d) Total R & D expenditure as percentage of total turnover	0.03	0.06

**Technology absorption, adaptation and innovation**

**1. Efforts, in brief, made towards technology absorption, adaptation and innovation**

- Technology collaboration focusing on new market opportunities and applications.
- Raw sugar processing system at Ajbapur.
- Raw sugar processing system during season for Loni and Hariawan.

**2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.**

- Capacity to process raw sugar at Ajbapur.

3. Details of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) are furnished as under:

**I. Chemical Plant**

a) Technology Imported	- Purchase of bipolar membrane electrolyser from Asahi Kasei Chemical Corporation, based on their proprietary ION Exchange membrane technology developed for use in manufacture of Chlor-Alkali Products. - Design & Drawings package to convert existing Mercury Cell Based Caustic Soda Plant to membrane Cell Plant of 200 TPD capacity.
b) Year of Import	2005-06
c) Has the technology been fully absorbed?	Yes
d) If not fully absorbed, reasons therefor and future plans of action	N.A.

**II. PVC Plant**

a) Technology Imported	Purchase of polymer based on suspension technology from Chisso Corp. Japan of 100 M3 capacity.
b) Year of Import	2005-06
c) Has the technology been fully absorbed?	Yes
d) If not fully absorbed, reasons therefor and future plans of action	N.A.

**III. Sugar Plant**

a) Technology Imported	Multi Bed Filtration System and De-sweetening System.
b) Year of Import	2010-11
c) Has the technology been fully absorbed?	No
d) If not fully absorbed, reasons therefor and future plans of action	The equipments were installed at the end of the season and will be absorbed by next season.

## Corporate Governance Report 2010-11

### (A) Company's Philosophy

The Company's philosophy on Corporate Governance is focused upon a rich legacy of fair, ethical and transparent governance practices. The Company is conscious of its responsibility as a good corporate citizen and is committed to high standard of Corporate Governance practices. This is reflected in the well balanced and independent structure of the Company's eminent and well represented Board of Directors. The Company is in full compliance with the requirements under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s).

### (B) Board of Directors

As at 31.3.2011, the Board of Directors comprises of an Executive Chairman, four Executive Directors and seven Non-Executive Directors.

During the year, four Board Meetings were held on 5.5.2010, 26.7.2010, 26.10.2010 and 1.2.2011.

The composition of Board of Directors, their attendance at Board Meetings during the year 2010-11 and at the last Annual General Meeting held on 17.8.2010 and also the number of other Directorship and Committee Membership/ Chairmanship as on 31.3.2011 are as follows:

Name of Director	Category of Directorship	No. of Board meetings attended	Attended last AGM	No. of other Directorship #	No. of Committee Membership # #	
					Member	Chairman
Shri Ajay S. Shriram	ED	4	No	12	1	-
Shri Vikram S. Shriram	ED	4	Yes	12	1	2
Shri Rajiv Sinha	ED	4	Yes	6	1	-
Shri Ajit S. Shriram	ED	4	Yes	11	1	-
Dr. N.J. Singh	ED	4	Yes	-	-	-
Dr. S.S. Bajjal	I-NED	4	Yes	4	4	4
Shri Arun Bharat Ram	I-NED	2	No	8	3	2
Shri Pradeep Dinodia	I-NED	4	Yes	8	6	4
Shri Vimal Bhandari	I-NED	3	Yes	7	7	3
Shri Sunil Kant Munjal	I-NED	4	Yes	14	3	1
Shri D. Sengupta	I-NED	4	No	3	3	-
Shri S.C.Bhargava (LIC Nominee)*	I-NED	2	No	N.A.	N.A.	N.A.
Shri Rajesh Kandwal (LIC Nominee)**	I-NED	-	-	-	-	-

# Excluding Private Limited Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956.

# # Includes only Audit Committee, Shareholders/Investors' Grievance Committee and Remuneration Committee.

ED - Executive Director

I-NED - Independent-Non-Executive Director

\* Ceased w.e.f. 3.1.2011

\*\* Appointed w.e.f. 1.2.2011

The ratio between Executive and Non-Executive Directors and Non-Independent and Independent Directors is 5:7.

#### Relationship amongst Directors

Shri Ajay S. Shriram, Shri Vikram S. Shriram and Shri Ajit S. Shriram, being brothers, are related to each other.

#### Code of Conduct for Board Members & Senior Management Team

In compliance to the provisions of Clause 49 of

the Listing Agreement, the Board has laid down a Code of Conduct for all Board Members and Senior Management Team. A copy of the said Code of Conduct is available on the website of the Company ([www.dscl.com](http://www.dscl.com)).

All Board Members and Senior Management Team have affirmed compliance of Code of Conduct as on 31st March, 2011 and a declaration to that effect signed by Chairman & Senior Managing Director is attached and forms part of this report.

### (C) Board Audit Committee

#### (i) Terms of reference

The role and terms of reference of Board Audit Committee covers areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred to it by the Board of Directors.

#### (ii) Composition

The Board Audit Committee was formed in 1990. As at 31.3.2011, the Committee comprises of four Independent-Non-Executive Directors. The Committee met six times during the year and attendance of the Members at the meetings was as follows:

Name of Member	Status	No. of meetings attended
Dr. S.S. Bajjal	Chairman	6
Shri Arun Bharat Ram	Member	3
Shri Pradeep Dinodia	Member	6
Shri D. Sengupta	Member	6

### (D) Committee for Determining Remuneration Payable to Managing/Whole Time Directors

#### (i) Terms of reference

Subject to the provisions of the Companies Act, 1956 and the notifications, if any, issued by the Government thereunder to determine the remuneration, including commission payable to Managing/Whole time Directors.

#### (ii) Composition

The Committee comprises of three Independent-Non-Executive Directors. The

Committee met twice during the year and the attendance of the Members at the meetings was as follows:

Name of Member	Status	No. of meetings attended
Dr. S.S. Bajjal	Chairman	1
Shri Pradeep Dinodia	Member	2
Shri D. Sengupta	Member	2

#### (iii) Remuneration Policy

The policy, inter alia, provides for the following:

##### a) Executive Directors

- Salary and commission not to exceed limits prescribed under the Companies Act, 1956.
- Revision from time to time depending upon performance of the Company, individual Director's performance and prevailing Industry norms.
- No sitting fees.

##### b) Non-Executive Directors

- Eligible for commission.
- Sitting fees and commission not to exceed limits prescribed under the Companies Act, 1956.
- The remuneration payable to Non-Executive Directors is decided by the Board of Directors.

#### (iv) Details of remuneration for the year 2010-11

##### (a) Executive Directors

(Amount/Rs. Lacs)

Executive Directors	Salary	P.F.	Superannuation	Allowances & Perquisites	Total
Shri Ajay S. Shriram*	76.80	9.22	11.52	81.68	179.22
Shri Vikram S. Shriram*	73.20	8.78	10.98	75.95	168.91
Shri Rajiv Sinha*	62.40	7.49	9.36	50.50	129.75
Shri Ajit S. Shriram**	54.00	6.48	8.10	68.98	137.56
Dr. N.J. Singh***	17.76	2.13	2.66	13.47	36.02

\* Re-appointed w.e.f. 1.11.2008 for a period of 5 years. \*\*Re-appointed w.e.f. 2.5.2011 for a period of 5 years.

\*\*\* Appointed w.e.f. 20.11.2007 for a period of 5 years.

I. Provision for incremental gratuity and earned leave for the current year has not been considered, since the provision is based on actuarial basis for the Company as a whole.

II. Notice period for termination of appointment of Managing/Whole Time Directors is six calendar months, on either side.

- III. In the event of termination of appointment of Managing/Whole Time Directors, compensation will be in accordance with the provisions of the Companies Act, 1956 or any statutory amendment or re-enactment thereof.
- IV. The Company has not offered any stock option to its Executive Directors.

**b) Non-Executive Directors**

During the financial year, there was no pecuniary relationship or transaction between the Company and any of its Non-Executive Directors.

The criteria for making payments to Non-Executive Directors is as under:

Sitting fee:

- @ Rs.15,000/- per Board meeting
- @ Rs.15,000/- per Board Audit Committee meeting, and
- @ Rs.7,500/- per Board Committee (other than Board Audit Committee) meeting attended by them.

The details of remuneration paid/payable during the year by way of sitting fee and commission for attending meetings of Board/Committees thereof along with number of shares held by Non-Executive Directors as on 31.3.2011 in the Company are as under:

Name of the Director	Sitting Fee Amount Rs.Lac(s)	No. of Shares held
Dr. S.S. Baijal	2.03	50,000
Shri Arun Bharat Ram	0.75	-
Shri Pradeep Dinodia	2.18	29,270
Shri Vimal Bhandari	0.45	2,000
Shri Sunil Kant Munjal	0.60	-
Shri D. Sengupta	2.55	8,000
Shri S.C.Bhargava * (LIC Nominee)	0.30	-
Shri Rajesh Kandwal (LIC Nominee) **	-	-

\* Ceased w.e.f. 3.1.2011

\*\* Appointed w.e.f. 1.2.2011

During the year, the Company has paid Rs.1.49 lacs

as professional fees to M/s. S.R. Dinodia & Co., a firm in which Shri Pradeep Dinodia, Director of the Company, is a partner.

**(E) Shareholders/Investors' Grievance Committee**

**(i) Terms of reference**

- a) to scrutinise and approve registration of transfer and transmission of shares/debentures/warrants issued/to be issued by the Company,
- b) to exercise all powers conferred on the Board of Directors under Article 43 of the Articles of Association,
- c) to decide all questions and matters that may arise in regard to transmission of shares/debentures/warrants issued/to be issued by the Company,
- d) to approve and issue duplicate shares/debentures/warrants certificates in lieu of those reported lost, and arrange for printing of blank share certificates, as per requirement,
- e) to refer to the Board any proposal of refusal of registration of transfer of shares/debentures/warrants for their consideration,
- f) to look into shareholders and investors complaints like transfer of shares, non-receipt of annual reports, non-receipt of declared dividend warrants, etc., and
- g) to delegate all or any of its powers to Officers/Authorised Signatories of the Company.

**(ii) Composition**

The Committee comprises of two Independent-Non-Executive Directors and two Executive Directors. The Committee is headed by Shri Pradeep Dinodia (Non Executive-Independent Director).

The Company Secretary being Compliance Officer has been delegated the power to approve share transfer/transmission etc. subject to a limit of 2500 shares of Rs.2/- each per transfer deed at a time. The delegated authority has been regularly addressing the share transfer formalities.

During the year, the Committee met Six times

and the attendance of the Members was as follows:

Name	Status	No. of meetings attended
Shri Pradeep Dinodia	Chairman	6
Dr. S.S. Bajjal	Member	2
Shri Ajay S. Shriram	Member	6
Shri Vikram S. Shriram	Member	6

During the year, 112 complaints were received from the shareholders and all of them were resolved to the full satisfaction of the shareholders. No investor complaint was pending as on 31.3.2011.

#### (F) General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2009-10	17.8.2010	10.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi
2008-09	11.8.2009	10.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi
2007-08	19.8.2008	10.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi

The details of Special Resolutions passed in previous 3 Annual General Meetings are as under:

#### AGM 2010

- Approval under Section 309 of the Companies Act, 1956 for payment of sum not exceeding 1% per annum of net profits to Non-Executive Directors for a period of five years commencing from 1st April, 2010.
- Approval under Section 314 of the Companies Act, 1956 for appointment of Shri Anand A. Shriram to continue and hold office of Place of Profit.

#### AGM 2009

- Approval under Section 163 of the Companies Act, 1956 for maintenance of certain Statutory

records and copies of the Annual Returns of the Company with M/s. MCS Limited, Registrar and Transfer Agent at F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020.

#### AGM 2008

- Approval for re-appointment of Shri Ajay S. Shriram as Chairman & Senior Managing Director under Sections 269, 309 of the Companies Act, 1956 for a period of five years w.e.f. 1.11.2008.
- Approval for re-appointment of Shri Vikram S. Shriram as Vice Chairman & Managing Director under Sections 269, 309 of the Companies Act, 1956 for a period of five years w.e.f. 1.11.2008.
- Approval for re-appointment of Shri Rajiv Sinha as Deputy Managing Director under Sections 269, 309 of the Companies Act, 1956 for a period of five years w.e.f. 1.11.2008.
- Approval for appointment of Dr. N.J. Singh as Whole Time Director (EHS) under Sections 269, 309 of the Companies Act, 1956 for a period of five years w.e.f. 20.11.2007.
- Approval for promotion of Shri Aditya A. Shriram as General Manager under Section 314(1B) of the Companies Act, 1956 w.e.f. 1.7.2008.

#### (G) Disclosures

- (i) There were no transactions of material nature with related parties during the year that had potential conflict with the interest of the Company at large.
- (ii) There were no instances of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital markets during the last three years.
- (iii) The Company is complying with all mandatory requirements of Clause 49 of the Listing Agreement. The Company has adopted non-mandatory requirements relating to Remuneration Committee.
- (iv) The Chairman & Senior Managing Director and Chief Financial Officer of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49(V) of the Listing Agreement.

(v) The Company has established a comprehensive Risk Management Process that includes risk identification, risk assessment, risk mitigation and monitoring on a periodic basis. External and internal risk factors that could potentially affect performance of the Company vis-à-vis stated objectives are identified and reported in the business review meetings periodically. These are subsequently reported to the Board.

#### (H) Means of Communication

The Company interacts with its Investors through multiple forms of corporate and financial communications such as annual reports, result announcement and media releases. Quarterly results are usually published in English daily newspapers, viz., The Economic Times, The Financial Times, Business Standard and Hindi daily newspapers, viz. Navbharat Times and Business Standard. These results are also made available on the website of the Company [www.dscl.com](http://www.dscl.com) and also posted at website of NSE and BSE. The Company's website also displays official news releases. The Company has interacted with analysts and investors during the year under review through meetings and conference calls.

#### (I) General Shareholders Information

(i) Next Annual General Meeting is proposed to be held on 30th August, 2011 at Air Force Auditorium, Subroto Park, New Delhi.

(ii) **Financial Year:** April to March.

(iii) **Date of book closure:** 16th August, 2011 to 23rd August, 2011 (both days inclusive).

(iv) **Dividend payment date:** Dividend, if any, declared in the next Annual General Meeting, will be paid within 30 days of the date of declaration to those Members whose names appear in the Register of Members on the date of book closure.

(v) **Listing on Stock Exchanges and Stock Codes**  
Equity Shares are listed on National Stock Exchange of India Ltd. (Stock Code NSE: DCMSRMCONS) and Bombay Stock Exchange Ltd. (Stock Code BSE: 523367).

Under the depository system, the ISIN allotted to the Company's Equity Shares of face value of Rs.2/- each is INE499A01024.

#### (vi) Equity Share Price data for the year 2010-11

##### Equity Share Price on NSE and NIFTY Index

Month	Share Price on NSE		NIFTY Index	
	High	Low	High	Low
<b>2010</b>				
April	62.80	53.05	5399.65	5160.90
May	60.10	43.45	5278.70	4786.45
June	54.80	46.35	5366.75	4961.05
July	53.70	46.05	5477.50	5225.60
August	54.40	45.10	5549.80	5348.90
September	56.35	48.30	6073.50	5403.05
October	54.70	46.00	6284.10	5937.10
November	57.00	44.20	6338.50	5690.35
December	51.40	45.40	6147.30	5721.15
<b>2011</b>				
January	52.85	44.00	6181.05	5416.65
February	45.90	40.00	5599.25	5177.70
March	47.00	39.00	5872.00	5348.20

(vii) **Registrar and Share Transfer Agent:**  
M/s. MCS Limited are the Registrar and Share Transfer Agent for shares and debentures of the Company - both in physical and electronic mode.

(viii) **Share Transfer System:** The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Physical shares, which are lodged with the Company for transfer, are processed and returned to the members within a period of 30 days.

#### (ix) Distribution of Shareholding as on 31.03.2011

No. of Shares	Shareholders	
	Number	% to total no. of Shareholders
Upto - 500	49,982	87.26
501 - 1000	3,652	6.38
1001 - 2000	1,830	3.20
2001 - 3000	608	1.06
3001 - 4000	331	0.58
4001 - 5000	202	0.35
5001 - 10000	333	0.58
10001 - 50000	254	0.44
50001 - 100000	30	0.05
100001 and above	56	0.10
<b>TOTAL</b>	<b>57,278</b>	<b>100.00</b>

**(x) Categories of Shareholders as on 31.03.2011**

Category	No. of fully paid up shares held	% share-holding
Promoters, Relatives and Associates	9,55,13,165	57.57
Financial Institutions, Banks and Insurance Companies	1,80,25,577	10.86
Foreign Institutional Investors, Overseas Corporate Bodies and Non-Resident Indians	1,79,36,250	10.82
Mutual Funds	63,97,229	3.86
Bodies Corporate	37,99,552	2.29
General Public	2,42,31,547	14.60
<b>TOTAL</b>	<b>16,59,03,320</b>	<b>100.00</b>

**(xi) Dematerialisation of Equity Shares and liquidity**

As on 31.3.2011, of the total eligible Equity Shares, 87.41% were in dematerialised form and the balance 12.59% shares in physical form.

The Company has not issued any GDRs/ADRs/

warrants or any convertible instruments, which are pending for conversion.

**(xii) Plant Locations**

The Company's plants are located at Kota, Bharuch, Ajbapur, Rupapur, Hariawan, Loni, Tonk, Bangalore, Bhiwadi, Chennai, Hyderabad and Mumbai.

**(xiii) Address for Correspondence**

The Company's Registered Office is situated at 5th Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi-110 001.

Correspondence by the shareholders and debentureholders should be addressed to:

MCS Limited

F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi - 110 020

Tel. Nos. 011-41406149, 41406151-52

Fax No. 011-41709881

E-mail : admin@mcsdel.com

Exclusive E-mail for Investor Complaints

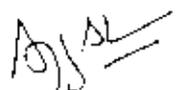
ykgupta@dscl.com / amitmehra@dscl.com

Members holding shares in electronic mode should address all their correspondence to their respective Depository Participants.

**Declaration regarding Compliance of Code of Conduct**

I, Ajay S. Shriram, Chairman & Senior Managing Director of DCM Shriram Consolidated Limited hereby declare that all Board Members and Senior Management Team have affirmed compliance of the Code of Conduct for the year ended March 31, 2011.

Place : New Delhi  
Date : 6<sup>th</sup> May, 2011

  
(AJAY S. SHRIRAM)  
Chairman & Sr. Managing Director

**Auditors Certificate on the Compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement**

To the Members of DCM Shriram Consolidated Limited

We have examined the compliance of conditions of Corporate Governance by DCM Shriram Consolidated Limited for the year ended March 31, 2011, as stipulated in clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s).

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We 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 Deloitte Haskins & Sells  
Chartered Accountants  
(Registration No. 015125N)

Place : Gurgaon  
Date : 6<sup>th</sup> May, 2011

Jaideep Bhargava  
Partner  
Membership No. 90295

## To the Members of DCM Shriram Consolidated Limited

1. We have audited the attached Balance Sheet of **DCM SHRIRAM CONSOLIDATED LIMITED** ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) on the basis of the written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
  - (f) without qualifying our opinion, we draw attention to note 20 of schedule 12 relating to accounting for cane purchase liability for the sugar season 2007-08 at Rs. 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal

proceedings in the matter, the effect thereof on these accounts can not be determined at this stage.

- (g) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
  - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 015125 N)

Jaideep Bhargava  
Partner

Gurgaon  
Date : May 6, 2011

Membership No.: 90295

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

Having regard to the nature of the Company's business/ activities and results for the year, clauses (x), (xiii) and (xiv) of Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.

- (i) (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 nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
- (c) The fixed assets disposed off during the year, in our Opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) (a) As explained to us, the inventories were physically verified during the year by the Management at

## Auditors' Report (Continued)

reasonable intervals except for inventory lying with third parties at the end of the year for which confirmations have been obtained in most of the cases.

- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has, during the year, not granted any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956, other than unsecured loans aggregating Rs. 7.89 crores granted during the year to five wholly owned subsidiaries covered in the register maintained under Section 301 of the Companies Act, 1956.  
The maximum amount due during the year of above loans was Rs. 74.47 crores and the year end balance of loans so granted was Rs. 73.96 crores. These loans includes interest free loans aggregating Rs. 62.25 crores made to two wholly owned subsidiaries, which, as explained to us, have been made for setting up new projects and making strategic investments in other subsidiaries.
- (b) In our opinion and according to the information and explanations given to us, after considering the purpose for which loans have been granted as indicated in paragraph 4(iii)(a) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order), the rate of interest and other terms and conditions of the loans granted, are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, the parties, to whom the loans have been granted by the Company, as referred to in paragraph 4(iii)(a) above, have been regular in repayment of principal amount as stipulated and have been regular in payment of interest where charged.
- (d) According to the information and explanations given to us, there are no overdue amounts in respect of the loans granted as referred to in paragraph 4(iii)(a) above and interest thereon where charged.
- (e) According to the information and explanations given to us, unsecured loans taken by the Company from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, are by way of fixed deposits aggregating Rs. 0.11 crore (maximum amount outstanding during the year Rs 0.11 crore) from a director and his relative, which is outstanding as at the year end.
- (f) In our opinion, the rate of interest and other terms and conditions of unsecured loan taken by the Company are not, prima facie, prejudicial to the interest of the Company.
- (g) In our opinion, the Company is regular in payment of the principal amount and the interest thereon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A, section 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public. As per information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vii) In our opinion, the internal audit functions carried out during the year by the Company and the firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

## Auditors' Report (Continued)

- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. We are informed that there are no undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues of wealth tax, customs duty and cess matters. According to the information and explanations given to us and the records of the Company examined by us, the details of disputed dues not paid of excise duty, service tax, income tax and sales tax dues as at March 31, 2011 are as follows:
- (xiii) In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purpose for which they were obtained.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that short term funds have not been used to finance long term investments.
- (xv) As the Company has not made any preferential allotment of shares during the year, paragraph 4 (xviii) of the Order is not applicable.
- (xvi) According to information and explanations given to us, no security has been created for debentures issued during the year since they are unsecured.
- (xvii) Since, the Company has not raised any money by way of public issue during the year, paragraph 4 (xx) of the Order is not applicable.
- (xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

Nature of the statute	Nature of the dues	Forum where pending	Amount* (Rs. in Crores)	Amount paid under protest (Rs. in Crores)	Period to which the amount relates
Central Excise Law	Excise duty	Appellate authority up to Commissioners' level	17.51	0.32	1995-96, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10
		Central Excise and Service Tax Appellate Tribunal	4.26	0.92	1997-98, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10
Finance Act, 1994	Service Tax	Appellate authority up to Commissioners' level	0.11	-	2007-08, 2008-09, 2009-10, 2010-11
		Central Excise and Service Tax Appellate Tribunal	2.15	0.02	2005-06, 2006-07, 2007-08, 2008-09
Income Tax Act, 1961	Income tax	Appellate authority up to Commissioners' level	2.57	2.57	2006-07, 2007-08
Sales Tax Laws	Sales tax	Appellate authority up to Commissioners' level	2.58	0.83	1983-84, 1994-95, 2000-01, 2001-02,
		Appellate Tribunal	0.27	0.14	2007-08, 2008-09

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

- (x) According to the records of the Company examined by us and the information and explanations given to us, the Company, during the year, has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- (xi) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order is not applicable.
- (xii) As the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions, paragraph 4 (xv) of the Order is not applicable.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 015125 N)

Gurgaon  
Date : May 6, 2011

Jaideep Bhargava  
Partner  
Membership No.: 90295

# Balance Sheet as at March 31, 2011

DCM SHRIRAM  
CONSOLIDATED LIMITED

	Schedule	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Sources of Funds</b>			
<b>Shareholders' funds</b>			
Share capital	1	33.34	33.34
Reserves and surplus	2	1228.39	1254.02
		<b>1261.73</b>	<b>1287.36</b>
<b>Loan funds</b>			
Secured	3	1092.20	1140.71
Unsecured		595.63	310.91
		<b>1687.83</b>	<b>1451.62</b>
<b>Deferred tax liabilities (net)</b>	4	<b>158.85</b>	<b>175.89</b>
<b>Total</b>		<b>3108.41</b>	<b>2914.87</b>
<b>Application of Funds</b>			
<b>Fixed assets</b>			
Gross block	5	2970.77	2918.02
Less : Depreciation		1056.45	906.87
Net block		<b>1914.32</b>	<b>2011.15</b>
Capital work in progress		<b>31.79</b>	<b>26.51</b>
		<b>1946.11</b>	<b>2037.66</b>
<b>Investments</b>	6	<b>50.08</b>	<b>58.85</b>
<b>Current assets, loans and advances</b>			
Inventories	7	982.80	762.53
Sundry debtors		391.50	188.42
Cash and bank balances		52.96	49.51
Loans and advances		377.79	400.85
		<b>1805.05</b>	<b>1401.31</b>
<b>Less: Current liabilities and provisions</b>	8		
Current liabilities		570.66	475.16
Provisions		122.17	107.79
		<b>692.83</b>	<b>582.95</b>
<b>Net current assets</b>		<b>1112.22</b>	<b>818.36</b>
<b>Total</b>		<b>3108.41</b>	<b>2914.87</b>
<b>Notes to the accounts</b>	12		

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

Jaideep Bhargava  
Partner

B.L. SACHDEVA  
Company Secretary

VIKRAM S. SHRIRAM  
Vice Chairman & Managing Director

RAJIV SINHA  
Dy. Managing Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

AJIT S. SHRIRAM  
N.J. SINGH  
S.S. BAIJAL  
ARUN BHARAT RAM  
PRADEEP DINODIA  
VIMAL BHANDARI  
SUNIL KANT MUNJAL  
D. SENGUPTA  
RAJESH KANDWAL  
Directors

New Delhi  
May 6, 2011

# Profit and Loss Account for the year ended March 31, 2011

DCM SHRIRAM  
CONSOLIDATED LIMITED

	Schedule	Year ended March 31, 2011 Rs. Crores	Year ended March 31, 2010 Rs. Crores
<b>Income</b>			
Gross sales		4210.87	3512.95
Less : Excise duty		144.63	110.88
Net sales		4066.24	3402.07
Other income	9	32.47	46.62
<b>Total Income</b>		<b>4098.71</b>	<b>3448.69</b>
<b>Expenditure</b>			
Manufacturing and other expenses	10	2447.76	2116.14
Purchases for resale		1480.46	989.93
Interest - On debentures and other fixed loans		56.79	78.58
- Others		6.98	7.45
Depreciation	5	157.59	159.68
<b>Total expenditure</b>		<b>4149.59</b>	<b>3351.78</b>
<b>Profit/(Loss) before tax and exceptional item</b>		<b>(50.87)</b>	<b>96.91</b>
<b>Exceptional item:</b>			
- Income from sale of subsidiary		-	6.92
<b>Profit/(Loss) before tax</b>		<b>(50.87)</b>	<b>103.83</b>
Provision for taxation	11	(20.21)	32.55
<b>Profit/(Loss) after tax</b>		<b>(30.66)</b>	<b>71.28</b>
Balance brought forward from the previous year		505.06	499.29
Balance brought forward consequent to merger of erstwhile Shriram Bioseed Genetics India Ltd (Refer Note 8 in Schedule 12)		9.87	-
<b>Profit available for appropriation</b>		<b>484.27</b>	<b>570.57</b>
<b>Appropriations</b>			
Proposed dividends (equity shares)			
- Interim		-	6.64
- Final		6.64	6.64
Corporate dividend tax		1.08	2.23
Storage fund for Molasses Account		0.64	-
General reserve		-	50.00
<b>Balance carried to balance sheet</b>		<b>475.91</b>	<b>505.06</b>
<b>Earnings per share - basic/diluted (Rs.)</b> (refer note 5 in schedule 12)			
-Before exceptional item		(1.85)	3.88
-After exceptional item		(1.85)	4.30
<b>Notes to the accounts</b>	12		

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

Jaideep Bhargava  
Partner

B.L. SACHDEVA  
Company Secretary

VIKRAM S. SHRIRAM  
Vice Chairman & Managing Director

RAJIV SINHA  
Dy. Managing Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

AJIT S. SHRIRAM  
N.J. SINGH  
S.S. BAIJAL  
ARUN BHARAT RAM  
PRADEEP DINODIA  
VIMAL BHANDARI  
SUNIL KANT MUNJAL  
D. SENGUPTA  
RAJESH KANDWAL  
Directors

New Delhi  
May 6, 2011

# Cash Flow Statement for the year ended March 31, 2011

DCM SHRIRAM  
CONSOLIDATED LIMITED

	Year ended March 31, 2011		Year ended March 31, 2010	
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
<b>A. Cash flow from operating activities</b>				
Net profit/(loss) before tax and exceptional item		(50.87)		96.61
Adjustments for :				
Depreciation		157.59		159.68
Provision for diminution in the value of non trade investment		-		0.20
Loss on sale of fixed assets		2.44		0.10
Finance charges		3.15		2.08
Interest expense	63.77		86.03	
Less: interest and dividend income	(12.46)	51.31	(20.66)	65.37
Operating profit/(loss) before working capital changes		163.62		324.34
Adjustments for :				
Trade and other receivables(net)		(153.42)		352.25
Inventories		(160.16)		(17.21)
Trade and other payables		24.42		61.07
Cash generated from operations		(125.54)		720.45
Income taxes (paid)/refund		37.10		(17.28)
<b>Net cash from/(used) in operating activities</b>		<b>(88.44)</b>		<b>703.17</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets		(82.66)		(84.88)
Sale of fixed assets		2.37		2.53
Purchase of non-trade long term investments		(0.51)		(5.15)
Redemption of non-trade long term investments		0.50		-
Purchase of non-trade current investments		(4975.39)		(1091.30)
Sale of non-trade current investments		4975.39		1091.30
Loans and advances to subsidiary companies		(5.47)		(3.01)
Interest received		15.96		14.01
Dividend received		1.20		1.79
<b>Cash flow from investing activities before exceptional item</b>		<b>(68.61)</b>		<b>(74.71)</b>
Exceptional items		-		8.65
<b>Net cash used in investing activities</b>		<b>(68.61)</b>		<b>(66.06)</b>
<b>C. Cash flow from financing activities</b>				
Proceeds from borrowings		3234.69		4766.99
Repayment of borrowings		(3109.33)		(5165.13)
Finance charges		(3.15)		(2.08)
Changes in working capital borrowings		105.36		(111.80)
Dividends paid		(6.64)		(19.91)
Corporate dividend tax paid		(1.10)		(3.39)
Interest paid		(60.26)		(86.38)
<b>Net cash from/(used) in financing activities</b>		<b>159.57</b>		<b>(621.70)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2.52</b>		<b>15.41</b>
Cash and cash equivalents as at opening*				
Cash and cheques in hand and balance with banks	46.90			31.49
Cash and bank balances acquired on amalgamation of erstwhile Shriram Bioseed Genetics India Limited	0.52	47.42		
Cash and cash equivalents as at closing*				
Cash and cheques in hand and balance with banks		49.94		46.90
*excludes Rs. 2.26 crores (2009-10- Rs.2.04 crores) held as margin money and in dividend accounts and Rs. 0.76 crore ( 2009-10 - Rs. 0.57 crore) earmarked for specific purposes				

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

Jaideep Bhargava  
Partner

B.L. SACHDEVA  
Company Secretary

VIKRAM S. SHRIRAM  
Vice Chairman & Managing Director

RAJIV SINHA  
Dy. Managing Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

AJIT S. SHRIRAM  
N.J. SINGH  
S.S. BAIJAL  
ARUN BHARAT RAM  
PRADEEP DINODIA  
VIMAL BHANDARI  
SUNIL KANT MUNJAL  
D. SENGUPTA  
RAJESH KANDWAL  
Directors

New Delhi  
May 6, 2011

# Schedules to the Accounts

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 1. SHARE CAPITAL

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Authorised</b>		
28,49,50,000 (2009-10 - 24,99,50,000) Equity shares of Rs.2 each	56.99	49.99
65,01,000 (2009-10 - 65,01,000) Cumulative redeemable preference shares of Rs.100 each	65.01	65.01
	<b>122.00</b>	115.00
<b>Issued</b>		
16,98,03,320 (2009-10 - 16,98,03,320) Equity shares of Rs.2 each	33.96	33.96
<b>Subscribed and paid up</b>		
16,59,03,320 (2009-10 - 16,59,03,320) Equity shares of Rs. 2 each fully called - up	33.18	33.18
Add :- Forfeited shares - Amount originally paid up	0.16	0.16
	<b>33.34</b>	33.34

### NOTES:

Of the issued, subscribed and paid-up capital,

- 2,87,75,380 equity shares of Rs. 2 each represent the equity shares issued on October 9, 1990 to the members of undivided DCM Limited in the ratio of one share for every four shares held by the members in undivided DCM Limited, in terms of the Scheme of Arrangement effective from April 1, 1990 without payment being received in cash.
- 8,29,51,660 equity shares of Rs. 2 each fully paid up were allotted and issued as bonus shares by capitalisation of Capital Redemption Reserve

## 2. RESERVES AND SURPLUS

	As at March 31, 2010 Rs. Crores	Adjustments on merger * Rs. Crores	Additions Rs. Crores	Deductions Rs. Crores	As at March 31, 2011 Rs. Crores
Capital reserve	-	2.88	-	-	2.88
Capital redemption reserve	8.41	-	-	-	8.41
Share premium account	62.76	-	-	-	62.76
Revaluation reserve	-	0.66	-	0.66 #	-
Storage fund for Molasses Account	-	-	0.64	-	0.64
General reserve	677.79	-	-	-	677.79
Profit and loss account	505.06	9.87	-	39.02	475.91
	1254.02	13.41	0.64	39.68	1228.39

\* Refer Note 8 in Schedule 12

# Refer Note 9 in Schedule 12

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 3. LOAN FUNDS

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Secured</b>		
Loans from banks		
On cash credit account	108.23	2.41
Others	572.43	686.37
Other Loans	411.54	451.93
	<b>1092.20</b>	<b>1140.71</b>
<b>Unsecured</b>		
Deposits		
Fixed	11.60	11.77
Others	37.00	32.32
Interest accrued and due on deposits	0.14	0.13
Short term loans and advances		
Banks	543.89	266.69
Others	3.00	-
	<b>595.63</b>	<b>310.91</b>
	<b>1687.83</b>	<b>1451.62</b>

#### **SECURED**

##### 1. Short term working capital borrowings from Banks:

- i) Loans from banks on cash credit account of Rs. 107.55 Crores (2009-10 - Rs. 2.41 Crores) are secured by first pari passu charge on whole of the current assets of the company (except Shriram Bioseed Genetics, Hyderabad), both present and future. These loans are further secured by a third charge by way of mortgage/hypothecation of all the immovable/movable properties (other than current assets) of the Company's undertakings at Kota in Rajasthan and Ajbapur, Rupapur, Loni & Hariawan in Uttar Pradesh. Amount of Rs. 0.68 Crore (2009-10 - Nil) is secured by exclusive charge by way of hypothecation on current assets and mortgage/hypothecation on the immovable and movable properties, both present and future of the Company's undertakings at Shriram Bioseed Genetics, Hyderabad.
- ii) Short Term Loan of Rs 97.56 Crores (2009-10- Rs. 135 Crores) are secured by first pari passu charge on whole of the current assets of the Company (except Shriram Bioseed Genetics, Hyderabad), both present and future and a third charge by way of mortgage/hypothecation of all the immovable/movable properties (other than current assets) of the Company's undertakings at Kota in Rajasthan and Ajbapur, Rupapur, Loni & Hariawan in Uttar Pradesh

##### 2. Other loans:

- i) Term loans of Rs. 141.89 Crores (2009-10- Rs. 136.61 Crores) from banks are secured by way of first pari passu mortgage/charge created on immovable/movable fixed assets, both present and future, term loan of Rs. 6.00 Crores (2009-10 - Rs. 9.00 Crores) from others is secured by way of first pari passu mortgage on immovable properties and first charge by way of hypothecation of all movables (save and except book debts), both present and future, subject to prior charges created in favour of the Company's bankers on the current assets for securing working capital borrowings, and term loan of Rs. 111.49 Crores (2009-10- Rs. 112.30 Crores) from others is secured by way of first pari passu mortgage/charge created on immovable and movable assets (excluding current assets), both present and future and a second charge ranking pari passu on the current assets, both present and future of the Company's undertakings at Jhagadia, Distt Bharuch, Gujarat (Rs. 3.00 Crores due within a year; 2009-10- Rs. 9.78 Crores)

- (ii) Term loans of Rs. 96.72 Crores (2009-10- Rs. 105.64 Crores) from banks are secured by way of first pari passu mortgage/charge created on immovable/movable fixed asset both present and future, term loan of Rs. 9.00 Crores (2009-10- Rs. 13.50 Crores) from others is secured by way of first pari passu mortgage on immovable properties and first charge by way of hypothecation of all movables (save and except book debts), both present and future, subject to prior charges created in favour of the Company's bankers on the current assets for securing working capital borrowings, and term loans of Rs. 191.75 Crores (2009-10- Rs. 211.12 Crores) from others are secured by way of first pari passu mortgage/charge created on immovable and movable assets (excluding current assets), both present and future and a second charge ranking pari passu on the current assets, both present and future of the Company's undertakings at Kota, Rajasthan (Rs. 65.49 Crores due within a year; 2009-10- Rs. 37.98 Crores).
- (iii) Term loan of Rs. 55.35 Crores (2009-10- Rs. 69.60 Crores) from banks are secured by way of first pari passu mortgage/charge created on immovable/movable assets and book debts, both present and future, subject to any prior charges created in favour of the Company's bankers on the current assets for securing working capital borrowings and term loans of Rs. 34.10 Crores (2009-10- Rs. 37.23 Crores) from others are secured by way of a exclusive second charge on movable assets (save and except book debts) both present and future, pertaining to the Company's Ajbapur Sugar Complex, Uttar Pradesh (Rs. 25.27 Crores due within a year; 2009-10- Rs. 23.02 Crores)
- (iv) Term loan of Rs. 89.19 Crores (2009-10- Rs. 89.84 Crores) from a bank is secured by way of first mortgage/charge created on immovable/movable assets, both present and future, subject to prior charges created in favour of Company's bankers on current assets for securing working capital borrowings, term loan of Rs. Nil (2009-10- Rs. 7.32 Crores) from a bank is secured by way of first pari passu mortgage/charge created on immovable/movable fixed assets, both present and future, pertaining to the Company's Loni Sugar Complex, Uttar Pradesh. (Rs. Nil due within a year; 2009-10- Rs. 0.36 Crore)
- (v) Term loan of Rs. 55.35 Crores (2009-10- Rs. 69.60 Crores) from a bank is secured by way of first pari passu mortgage/charge created on immovable/movable assets and book debts, both present and future, subject to any prior charges created in favour of the Company's bankers on the current assets for securing working capital borrowings, term loan of Rs. Nil (2009-10- Rs. 7.32 Crores) from a bank is secured by way of first pari passu mortgage/charge created on immovable/movable fixed assets both present and future and term loan of Rs. 21.58 Crores (2009-10- Rs. 25.70 Crores ) from others is secured by way of first pari passu mortgage/charge created on immovable/movable assets (excluding current assets) both present and future, and a second charge ranking pari passu on the current assets, both present and future and term loan of Rs. 16.41 Crores (2009-10- Rs. 16.41 Crores) from others are secured by way of a exclusive second charge on movable assets (save and except book debts) both present and future, pertaining to the Company's Hariawan Sugar Complex, Uttar Pradesh. (Rs. 26.06 Crores due within a year; 2009-10- Rs. 24.20 Crores)
- (vi) Term loan of Rs. 14.24 Crores (2009-10- Rs. 14.24 Crores) from others are secured by way of an exclusive second charge on movable assets (save and except book debts) both present and future, pertaining to the Company's Rupapur Sugar Complex, Uttar Pradesh. (Rs. Nil due within a year; 2009-10- Rs. Nil)
- (vii) Term loan of Rs. 23.51 Crores (2009-10- Rs. 51.72 Crores) from a bank is secured by way of residual mortgage/charge created on immovable/movable fixed assets, both present and future pertaining to all the four sugar units of the Company, ie. Ajbapur Sugar Complex, Uttar Pradesh, Rupapur Sugar Complex, Uttar Pradesh, Hariawan Sugar Complex, Uttar Pradesh & Loni Sugar Complex, Uttar Pradesh. (Rs. 23.51 Crores due within a year; 2009-10- Rs. 28.22 Crores)
- (viii) Term Loan of Rs. 12.86 Crores (2009-10- Rs 13.72 Crores) from a bank is secured by way of equitable mortgage of Land/Building, both present and future, of SBM unit of the Company at Tonk, Rajasthan.(Rs.1.72 Crores due within a year; 2009-10- Rs.1.71 Crores)
- (ix) Term loans of Rs. 6.97 Crores (2009-10- Rs. 12.43 Crores) from others are secured by way of Bank Guarantee which in turn is secured by first charge on whole of the current assets (except Shriram Bioseed Genetics, Hyderabad) of the Company, both present and future and a third charge by way of mortgage/hypothecation of all the immovable/movable properties (other than current assets) of the Company's undertakings at Kota in Rajasthan and Ajbapur, Rupapur, Loni & Hariawan in Uttar Pradesh (Rs. 2.32 Crores due within a year; 2009-10- Rs. 3.11 Crores)

# Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 4. DEFERRED TAX LIABILITIES AND ASSETS

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Deferred tax liabilities</b>		
Depreciation	231.55	239.83
	<b>231.55</b>	<b>239.83</b>
<b>Deferred tax assets</b>		
Unabsorbed depreciation	24.40	20.27
Provision for gratuity and leave encashment	33.21	29.23
Provision for doubtful debts and advances	4.15	3.49
Others	10.94	10.95
	<b>72.70</b>	<b>63.94</b>
<b>Deferred tax liabilities (net)</b>	<b>158.85</b>	<b>175.89</b>

## 5. FIXED ASSETS

Description	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at March 31, 2010	Adjustments on Merger##	Additions	Deductions	As at March 31, 2011	Up to March 31, 2010	Adjustments on Merger##	For the year	On deductions	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010
<b>Tangibles</b>												
Land - Freehold	110.67	5.10	4.14	0.28	119.63 *	-	-	-	-	-	119.63	110.67
- Leasehold	16.77	-	2.44	-	19.21						19.21	16.77
Buildings	413.54	1.99	6.34	0.37	421.50	43.20	0.71	10.56	0.13	54.34	367.16	370.34
Plant and machinery	2,223.24	8.57	25.49	8.79	2,248.51 §	783.94	2.41	127.76	6.81	907.30	1,341.21	1,439.30
Furniture and fittings	86.43	0.86	3.37	3.48	87.18	39.68	0.66	9.47	1.87	47.94	39.24	46.75
Vehicles	27.20	0.57	9.65	5.10	32.32	13.91	0.36	4.84	3.74	15.37	16.95	13.29
<b>Intangibles</b>												
Technical Know how	23.79	-	-	-	23.79	17.23	-	2.38	-	19.61	4.18	6.56
Brand	8.22	-	-	-	8.22	5.12	-	0.69	-	5.81	2.41	3.10
Software	8.16	0.91	1.34	-	10.41	3.79	0.40	1.89	-	6.08	4.33	4.37
<b>This year</b>	<b>2,918.02</b>	<b>18.00</b>	<b>52.77 **</b>	<b>18.02 @</b>	<b>2,970.77</b>	<b>906.87</b>	<b>4.54</b>	<b>157.59</b>	<b>12.55 @</b>	<b>1,056.45</b>	<b>1,914.32</b>	
Previous year	2,865.21	-	61.60	8.79	2,918.02	753.35	-	159.68	6.16	906.87		2,011.15
Capital work in progress #											31.79	26.51
											<b>1,946.11</b>	<b>2,037.66</b>

\* Includes Rs.0.29 crores (2009-10 - Rs. 1.89 crores) pertaining to land situated at Hardoi (2009-10 - Hardoi and Hyderabad) pending registration in favour of the Company.

§ Includes Rs. 0.16 crore (2009-10 -Rs. 0.16 crore) in respect of certain plant and machinery retired from active use and held for disposal.

\*\* Includes addition of Rs.Nil (2009-10 - Rs. 0.34 crores) on account of foreign exchange fluctuation

# Includes capital advances Rs. 3.57 crores (2009-10 - Rs. 4.73 crores)

## Refer Note 8 in Schedule 12

@ Refer Note 9 in Schedule 12

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 6. INVESTMENTS

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Long Term</b> (valued at cost unless there is permanent fall in value thereof)		
<b>Trade Investments</b>		
<b>Unquoted</b>		
7,95,009 (2009-10 - 7,95,009) Equity shares of Rs.10 each fully paid-up of Bharuch Eco Aqua Infrastructure Limited.	0.79	0.79
45,50,000 (2009-10 - 45,50,000) Equity shares of Rs. 10 each fully paid-up of Forum I Aviation Private Limited.	4.55	4.55
<b>Non-trade Investments</b>		
<b>Government securities</b>		
<b>Unquoted</b>		
National savings certificates	0.08	0.07
<b>Investment in Shares, Units, etc.</b>		
<b>Unquoted</b>		
Nil(2009-10 - 500) 5.5% Bonds of Rs. 10,000 each fully paid-up of Rural Electrification Corporation Limited, 500 bonds redeemed during the year	-	0.50
<b>Investment in Subsidiaries</b>		
<b>Unquoted</b>		
60,01,208 (2009-10 - 60,01,208) Equity shares of Rs.10 each fully paid-up of DCM Shriram Credit and Investments Limited.	0.22	0.22
83,51,207 (2009-10 - 83,51,207) Equity shares of Rs.10 each fully paid-up of DCM Shriram Aqua Foods Limited.	4.22	4.22
Nil (2009-10 - 29,19,065) Equity shares of Rs.10 each fully paid-up of Shriram Bioseed Genetics India Limited.*	-	8.78
200,000 (2009-10 - 2,00,000 ) Equity shares of Rs. 10 each fully paid-up of DCM Shriram Energy and Infrastructure Limited	0.20	0.20
Less: Provision for diminution in value of investment	(0.20)	(0.20)
11,74,551 (2009-10 - 11,74,551) Equity shares of US \$ 1 each fully paid-up of Bioseeds Limited.	14.41	14.41
10,00,000 (2009-10 - 10,00,000) Equity shares of Rs. 10 each fully paid-up of Hariyali Rural Ventures Limited	1.00	1.00
50,000 (2009-10 - 50,000) Equity shares of Rs. 10 each fully paid-up of SBM Yarn Limited	0.05	0.05
50,000 (2009-10 - 50,000) Equity shares of Rs. 10 each fully paid-up of Fenesta India Limited	0.05	0.05
40,50,000 (2009-10- 40,50,000) Equity shares of Rs. 10 each fully paid-up of Shriram Bioseed Ventures Limited	20.05	20.05

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 6. INVESTMENTS (Continued)

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
37,424 (2009-10- 37,424) Equity shares of Rs. 100 each fully paid-up of Bioseed Research India Private Limited	4.06	4.06
17,50,280 (2009-10 17,50,280) Equity shares of Rs. 10 each fully paid-up of Shri Ganpati Fertilizer Limited # (Re. 1)	#	#
50,000 (2009-10 - 50,000) Equity shares of Rs. 10 each fully paid-up of Shridhar Shriram Foundation	0.05	0.05
50,007 (2009-10 - 50,007) Equity shares of Rs. 10 each fully paid-up of Bioseed India Limited	0.05	0.05
5,00,000 (2009-10 - Nil) Equity shares of Rs. 10 each fully paid-up of Hariyali Insurance Broking Limited acquired during the year	0.50	-
<b>TOTAL:</b>	<b>50.08</b>	<b>58.85</b>
Aggregate book value: - Unquoted	<b>50.08</b>	<b>58.85</b>
* Refer Note 8 in Schedule 12 Also refer note 15 in schedule 12		

### 7. CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Current Assets</b>		
<b>Inventories</b>		
Stores and spares *	92.23	132.06
Stock-in-trade **		
Raw materials	52.02	67.92
Process stock	21.48	12.16
Finished goods	817.07	550.39
	<b>982.80</b>	<b>762.53</b>
Sundry debtors ***		
Debts over six months		
Secured - considered good	0.10	0.01
Unsecured - considered good	85.00	34.88
- considered doubtful	9.44	7.84
Other debts		
Secured - considered good	1.04	1.48
Unsecured - considered good	305.36	152.05
	<b>400.94</b>	<b>196.26</b>
Less : Provision for doubtful debts	9.44	7.84
	<b>391.50</b>	<b>188.42</b>

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 7. CURRENT ASSETS, LOANS AND ADVANCES (Continued)

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Cash and bank balances</b>		
Cash on hand	1.50	1.54
Cheques in hand	-	5.70
With scheduled banks on		
Current account	48.77	38.60
Deposit account #	2.68	3.65
With Bank of China, China on		
Current account # #	0.01	0.02
	<b>52.96</b>	49.51
<b>Loans and Advances</b>		
Unsecured and considered good unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received		
Considered good	166.35	139.97
Considered doubtful	3.35	2.67
Less : Provision for doubtful advances	3.35	2.67
	<b>166.35</b>	139.97
Loans and advances to subsidiary companies \$	99.88	103.63
Deposits \$	55.02	54.04
Balances with customs, excise etc.	17.54	23.91
Tax payments (net of provision for current tax and Fringe benefit tax)	9.64	46.55
MAT credit entitlement	26.16	24.85
Interest accrued on investments, deposits etc.	3.20	7.90
	<b>377.79</b>	400.85
	<b>1805.05</b>	1401.31

\* Stores and spares are valued at cost or under.

\*\* Stock-in-trade is valued at cost or net realisable value, whichever is lower.

\*\*\* includes amount due from subsidiaries Rs.11.89 crores ( 2009-10- Rs. Nil)

# Includes Rs. 0.56 crore (2009-10 - Rs. 0.31 crore) provided as margin for bank guarantees and letter of credit, and Rs. 0.76 crore ( 2009-10 - Rs. 0.57 crore) earmarked for specific purposes

## Maximum balance outstanding Rs. 0.27 crore ( 2009-10 - Rs. 0.20 crore)

\$ Refer note 7 of Schedule 12

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 8. CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Current Liabilities</b>		
Sundry creditors #		
Total outstanding dues of micro and small enterprise *	1.23	0.74
Total outstanding dues of creditors other than micro and small enterprise @	553.23	461.53
Ex-gratia payable under voluntary retirement schemes **	0.85	1.04
Interest accrued but not due on loans	15.35	11.85
	<b>570.66</b>	<b>475.16</b>
<b>Provisions</b>		
Gratuity	61.43	53.28
Compensated absences	40.93	34.68
Provision for contingencies	12.09	12.09
Proposed dividends	6.64	6.64
Corporate dividend tax	1.08	1.10
	<b>122.17</b>	<b>107.79</b>
	<b>692.83</b>	<b>582.95</b>

# Sundry creditors do not include any amounts outstanding as on March 31, 2011 which are required to be credited to Investor Education and Protection Fund.

\* Refer note 6 of schedule 12

@ includes amount payable to subsidiary Rs. 16.49 crores (2009-10 - Nil)

\*\* Rs. 0.18 crore (2009-10 - Rs.0.20 crore) due within a year.

### 9. OTHER INCOME

	Year ended March 31, 2011 Rs. Crores	Year ended March 31, 2010 Rs. Crores
Dividend income (gross) from:		
- non trade, long term investments	-	1.52
- non trade, current investments	1.20	0.27
Profit on sale of fertiliser bonds	-	0.89
Interest income #	11.26	18.87
Rent	5.36	4.27
Liabilities/provisions no longer required written back	1.25	5.07
Miscellaneous	13.40	15.73
	<b>32.47</b>	<b>46.62</b>

# Income-tax deducted at source - Rs. 0.83 crore (2009-10 - Rs.0.38 crore)

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 10. MANUFACTURING AND OTHER EXPENSES

	Year ended March 31, 2011 Rs. Crores	Year ended March 31, 2010 Rs. Crores
Raw materials consumed	1289.58	1044.29
Stores, spares and components	173.90	121.66
Power, fuel, etc.	462.77	434.52
Repairs		
Buildings	7.60	4.68
Plant and machinery	21.34	20.64
Salaries, wages, bonus, gratuity, commission, etc.	281.78	233.48
Provident and other funds	20.01	13.87
Welfare	15.12	12.39
Rent	27.36	21.60
Insurance	10.09	9.15
Donation	0.11	0.03
Rates and taxes	2.55	1.62
Auditors' remuneration		
Audit fee	0.58	0.55
Tax audit	0.17	0.07
Limited review	0.35	0.28
Other services	0.68	0.35
Out-of-pocket expenses	0.05	0.06
Directors' fees	0.09	0.08
Bad debts and advances written off	-	0.24
Provision for doubtful debts and advances	1.95	1.55
Freight and transport	63.24	45.35
Commission to selling agents	3.35	3.40
Brokerage, discounts (other than trade discounts), etc.	4.92	2.75
Selling expenses	56.09	31.84
Royalty	68.56	-
Exchange fluctuation	30.54	25.09
Loss on sale/write off of fixed assets	2.44	0.10
Increase/(decrease) in excise duty on finished goods	9.96	(5.75)
Provision for diminution in the value of long term investment in a subsidiary	-	0.20
Miscellaneous expenses	111.56	89.17
	<b>2666.74</b>	<b>2113.26</b>
Less:- Cost of own manufactured goods capitalised	<b>(0.08)</b>	<b>(0.12)</b>
	<b>2666.66</b>	<b>2113.14</b>
(Increase)/decrease in stock of finished goods and process stock		
Closing stock	838.55	562.55
Less: Stock transferred from Shriram Bioseed Genetics India Ltd pursuant to Scheme of Arrangement (Refer Note 8 in Schedule 12)	57.10	-
Adjusted Closing Stock	781.45	562.55
Less : Opening stock	562.55	565.55
	<b>(218.90)</b>	<b>3.00</b>
	<b>2447.76</b>	<b>2116.14</b>

### 11. CURRENT/DEFERRED TAX

	Year ended March 31, 2011 Rs. Crores	Year ended March 31, 2010 Rs. Crores
- Current tax	-	17.45
Less: MAT credit entitlement	-	(16.85)
- Deferred tax	(20.21)	31.95
	<b>(20.21)</b>	<b>32.55</b>

**12. NOTES TO THE ACCOUNTS****1. Significant accounting policies****(i) Accounting convention**

The financial statements are prepared under the historical cost convention. These statements have been prepared in accordance with the Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

**(ii) Fixed assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes and incidental expenses and interest on loans attributable to the acquisition of assets up to the date of commissioning of assets. Capital subsidy received against specific assets is reduced from the value of relevant fixed assets.

The Company is following the straight line method of depreciation in respect of buildings, plant and machinery and written down value method in respect of other assets.

Depreciation is provided at the rates as specified in schedule XIV to the Companies Act, 1956, except in the case of following assets where depreciation is provided at rates indicated against each asset:

	<b>Depreciation Rate</b>
- catalyst tubes	12.50%
- cell units	10.00%
- certain other plant and machinery items	16.67%
- office and other equipments	25.00%

Depreciation is calculated on a pro-rata basis from the date of additions, except in the case of assets costing upto Rs.5000 each, where each such asset is fully depreciated in the year of purchase.

Depreciation (amortisation) on intangibles is provided on straight line method as follows:

- Technical know-how is amortised over its estimated economic useful life of 10 years.
- Brand is amortised over a period of 10 years.
- Software is amortised over a period of 5 years.

On assets sold, discarded, etc. during the year, depreciation is provided upto the date of sale/ discard.

**(iii) Foreign currency transactions and derivatives**

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing on the date of the transaction.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statements are recognized as income/expense in the period in which they arise except that the exchange differences arising till the commissioning of fixed assets, relating to borrowed funds and liabilities in foreign currency for acquisition of the fixed assets are adjusted to the cost of fixed assets.

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. Further, exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/expense for the period except that the exchange differences, including premium or discount on forward exchange contracts, arising till the commissioning of fixed assets, relating to borrowed funds and liabilities in foreign currency for acquisition of the fixed assets are adjusted to the cost of fixed assets.

### (iv) Inventories

Stores and spares are valued at cost or under. Stock-in-trade is valued at cost or net realisable value, whichever is lower. The bases of determining cost (which also includes taxes and duties wherever applicable) for different categories of inventory are as follows:-

Stores, spares and raw materials - Weighted average rate.

Stock-in-trade

Process stocks and finished goods - Direct cost plus appropriate share of overheads after giving credit for other income and excluding certain expenses like ex-gratia and gratuity.

By-products - At estimated realisable value

### (v) Revenue recognition

- a) Revenue in respect of sale of products is recognised at the point of despatch to customer.
- b) Under the retention pricing scheme, the Government of India reimburses to the fertiliser industry, the difference between the retention price based on the cost of production and selling price (as realised from the farmers) as fixed by the Government from time to time, in the form of subsidy. The effect of variation in input costs/expenses on retention price yet to be notified is accounted for by the Company as income for the year based on its assessment of ultimate collection with reasonable degree of certainty at the time of accrual.
- c) The Company accrues concession/subsidy on traded Phosphatic and Potassic fertilisers pending notification by Government of India, based on its assessment of ultimate collection thereof with reasonable degree of certainty.

### (vi) Investments

Long term investments are stated at cost unless there is a permanent fall in value thereof. Current investments are stated at cost or net realisable value whichever is less.

### (vii) Employee benefits

Company's contributions paid/payable during the year to provident fund, superannuation fund and employees' state insurance corporation are recognised in the profit and loss account. For the Provident Fund Trust administered by the Company, the Company is liable to meet the shortfall, if any, in payment of interest at the rates declared by the Central Government, and such liability is recognised in the year of shortfall.

Provisions for gratuity and compensated absences determined on an actuarial basis at the end of the year are charged to revenue each year. The Company makes contribution to the LIC for Employees Gratuity Scheme in respect of employees of one of the units.

### (viii) Research and development

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

### (ix) Income-tax

The Income-tax liability is provided in accordance with the provisions of the Income-tax Act, 1961. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, between taxable income and accounting income. Deferred tax assets on unabsorbed depreciation and carry forward losses are recognised on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
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	This Year (Rs. Crores)	Previous Year (Rs. Crores)
<b>2. (i) Contingent liabilities not provided for:</b>		
Claims* (excluding claims by employees where amount not ascertainable) not acknowledged as debts:		
Income tax matters	-	0.53
Sales tax matters	1.36	1.36
Excise matters	2.17	2.23
Additional premium on land	8.11	8.11
Others	6.01	5.84
<b>Total</b>	<b>17.65</b>	<b>18.07</b>
*all the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of management the legal proceedings, when ultimately concluded, will not have a material effect on results of operations or financial position of the Company.		
(ii) Capital commitments (net of advances)	<b>20.73</b>	2.83
(iii) Guarantees given to financial institutions, banks and other parties in respect of loans availed by subsidiaries and other parties:		
Amount guaranteed	<b>5.07</b>	4.73
Amount of loans outstanding	<b>1.74</b>	1.15

3. In accordance with past practice, the Company has taken revenue credits aggregating Rs 27.00 crores (2009-10 - Rs. Nil) for urea subsidy claims, which are pending notification/ final acceptance by 'Fertiliser Industry Coordination Committee' (FICC), Government of India, in pursuance of the Retention Price Scheme administered for nitrogenous fertilisers. Necessary adjustment to revenue credits so accrued will be made on issuance of notification by FICC, Government of India

#### 4. Segment reporting

##### A. Business segments:

Based on the guiding principles given in Accounting Standard AS-17 "Segment Reporting" notified under Companies (Accounting Standard) Rules, 2006, the Company's business segments include: Fertilisers (manufacturing of urea), Chloro-Vinyl (manufacturing of poly-vinyl chloride, carbide and chlor alkali products), Farm Solutions (trading of di-ammonium phosphate, murite of potash, super phosphate, other fertilisers, seeds and pesticides), Sugar (manufacturing of sugar products and co-generation of Power), Cement (manufacturing of cement), Hariyali Kisaan Bazaar (Rural retail and agri businesses), Bioseed (production of hybrid seeds), Others (UPVC window systems, textiles, plaster of paris and compounds). Sale of power from the power generation facilities set up for the business segments is included in their respective results.

##### B. Geographical segments:

Since the Company's activities/ operations are primarily within the country and considering the nature of products/ services it deals in, the risks and returns are same and as such there is only one geographical segment.

##### C. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in note 1 above, the accounting policies in relation to segment accounting are as under:

# Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## a) Segment revenue and expenses:

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

## b) 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 deferred income taxes. While most of the assets/ liabilities can be directly attributed to individual segment, the carrying amount of certain assets/ liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

## c) Inter segment sales:

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

## D. Information about business segments:

Rs. Crores

PARTICULARS	Fertiliser		Farm Solutions		Bioseed*		Sugar		Hariyali Kisaan Bazaar		Chloro-Vinyl		Cement		Others		Elimination		Total	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
<b>1. REVENUE</b>																				
External sales (Gross)	467.48	476.10	910.70	400.78	101.72		640.70	759.00	762.92	616.52	844.31	795.59	139.36	146.11	343.68	318.85			4210.87	3512.95
Other Operating Income	3.92	3.36	-	0.02	1.16		1.22	3.53	5.27	5.39	3.02	3.94	0.45	3.14	0.98	2.09			16.02	21.47
Inter segment sales	-	-	13.03	5.95	119.26		0.86	3.17	5.80	8.11	37.38	17.22	-	-	0.01	-	176.34	34.45		
<b>Total revenue</b>	<b>471.40</b>	<b>479.46</b>	<b>923.73</b>	<b>406.75</b>	<b>222.14</b>		<b>642.78</b>	<b>765.70</b>	<b>773.99</b>	<b>630.02</b>	<b>884.71</b>	<b>816.75</b>	<b>139.81</b>	<b>149.25</b>	<b>344.67</b>	<b>320.94</b>	<b>176.34</b>	<b>34.45</b>	<b>4226.89</b>	<b>3534.42</b>
<b>2. RESULTS</b>																				
Segment results	29.24	44.63	39.56	20.43	16.29		(7.12)	42.49	(83.11)	(81.17)	90.03	175.23	16.41	37.22	(10.40)	(0.70)			90.90	238.13
Unallocated expenses (net of income)																			78.00	55.19
<b>Operating profit/(loss)</b>	<b>29.24</b>	<b>44.63</b>	<b>39.56</b>	<b>20.43</b>	<b>16.29</b>		<b>(7.12)</b>	<b>42.49</b>	<b>(83.11)</b>	<b>(81.17)</b>	<b>90.03</b>	<b>175.23</b>	<b>16.41</b>	<b>37.22</b>	<b>(10.40)</b>	<b>(0.70)</b>			<b>12.90</b>	<b>182.94</b>
Interest expense																			63.77	86.03
<b>Profit/(loss) before tax and exceptional items</b>																			(50.87)	96.91
Income from sale of subsidiary																			-	6.92
<b>Profit/(loss) before tax</b>																			(50.87)	103.83
Provision for taxation																			(20.21)	32.55
<b>Net profit/(loss)</b>																			(30.66)	71.28
<b>3. OTHER INFORMATION</b>																				
<b>A. ASSETS</b>																				
Segment assets	257.07	163.34	173.68	149.79	141.93		1381.06	1222.56	480.78	484.24	821.69	933.42	48.07	44.85	273.48	243.68			3577.76	3241.88
Unallocated assets																			223.48	255.94
<b>Total assets</b>	<b>257.07</b>	<b>163.34</b>	<b>173.68</b>	<b>149.79</b>	<b>141.93</b>		<b>1381.06</b>	<b>1222.56</b>	<b>480.78</b>	<b>484.24</b>	<b>821.69</b>	<b>933.42</b>	<b>48.07</b>	<b>44.85</b>	<b>273.48</b>	<b>243.68</b>			<b>3801.24</b>	<b>3497.82</b>
<b>B. LIABILITIES</b>																				
Segment liabilities	71.63	77.47	69.96	77.96	125.02		155.90	88.09	37.65	41.18	99.82	150.60	15.76	13.21	42.26	30.74			618.00	479.25
Share capital and reserves																			1261.73	1287.36
Secured and unsecured loans																			1687.83	1451.62
Unallocated liabilities																			233.68	279.59
<b>Total liabilities</b>	<b>71.63</b>	<b>77.47</b>	<b>69.96</b>	<b>77.96</b>	<b>125.02</b>		<b>155.90</b>	<b>88.09</b>	<b>37.65</b>	<b>41.18</b>	<b>99.82</b>	<b>150.60</b>	<b>15.76</b>	<b>13.21</b>	<b>42.26</b>	<b>30.74</b>			<b>3801.24</b>	<b>3497.82</b>
<b>C. OTHERS</b>																				
Capital expenditure	4.72	13.75	-	-	1.55		11.71	2.52	4.41	7.68	14.17	18.52	3.14	3.01	15.47	8.98				
Depreciation	10.71	12.53	0.02	0.03	1.02		45.50	45.76	14.37	15.26	68.40	69.22	2.18	2.09	12.92	12.70				
Non cash expenses other than depreciation	-	-	-	-	1.38		0.16	1.00	0.08	-	-	-	-	-	0.22	0.58				

\* Refer note 8 of Schedule 12

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
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### 5. Earnings per share:

	This year	Previous year
Profit/(Loss) after tax and exceptional item (Rs. Crores)	(30.66)	71.28
Exceptional item (Rs. Crores)	-	6.92
Profit/(Loss) after tax but before exceptional item (Rs. Crores)	(30.66)	64.36
Weighted average number of equity shares outstanding	165903320	165903320
Basic and diluted earnings per share in rupees (face value – Rs.2 per share) :		
- Before exceptional item	(1.85)	3.88
- After exceptional item	(1.85)	4.30

6. Based on the information available with the Company, the principal amount and interest due to Micro and Small Enterprise as defined under the "The Micro, Small, and Medium Enterprises Development Act, 2006" is Rs. 1.23 crores (2009-10 - Rs. 0.74 crore) and Rs. # ( 2009-10 – Rs. Nil) respectively.  
# Rs. 17,781

7. Loans and advances include following amounts due from subsidiaries:

Name of the party	Amount outstanding as at year end		Maximum amount outstanding during the year	
	This year (Rs. Crores)	Previous year (Rs. Crores)	This year (Rs. Crores)	Previous year (Rs. Crores)
1. DCM Shriram Credit and Investments Limited	8.76	6.27	9.25	34.87
2. Shriram Bioseed Genetics India Limited *	-	15.37	-	49.68
3. DCM Shriram Aqua Foods Limited	0.18	0.13	0.18	0.13
4. DCM Shriram Infrastructure Limited	27.00	25.89	27.00	25.89
5. Shriram Bioseed Ventures Limited	37.98	36.18	38.00	36.18
6. Shri Ganpati Fertilizers Limited	25.92	19.76	27.88	21.58
7. Hariyali Rural Ventures Limited	32.31	33.05	33.56	34.58
8. Hariyali Rural Foundation	0.04	0.03	0.04	0.07
9. DCM Shriram Energy and infrastructure Limited	-	-	-	0.21
<b>Total</b>	<b>132.19</b>	<b>136.68</b>		

# Subsidiary in previous year. (Refer Note 8)

8. (a) Pursuant to the Scheme of Arrangement (Scheme) for amalgamation of Shriram Bioseed Genetics India Limited ( SBGIL), wholly owned subsidiary of the Company, under sections 391 to section 394 of the Companies Act, 1956 approved by the Hon'ble High Court of Delhi vide its order dated August 19, 2010 which became effective on September 28, 2010 on filing of the certified copy of the orders of the High Court in the office of the Registrar of Companies, w.e.f April 1, 2009, the appointed date of the Scheme:

(i) the entire business of SBGIL engaged in the production of hybrid seeds, has been transferred to the Company.

(ii) the amalgamation has been accounted for under 'the pooling of interests method' being an amalgamation in the nature of merger, as prescribed by the Accounting Standard – 14 "Accounting for Amalgamations" notified under Companies ( Accounting Standard) Rules, 2006.

(iii) in terms of the Scheme, the difference in the value of net assets and reserves of SBGIL as at April 1, 2009 duly adjusted for cancellation of the equity share capital of SBGIL held by the Company, amounting to Rs. 2.80 crores has been credited to 'Capital Reserve'.

Rs. Crores

### Assets

Fixed Assets	11.71
Investments	3.36
Inventories	41.68
Sundry Debtors	39.92
Cash and Bank Balances	0.57
Loans and advances	7.02

**Total** **104.26**

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

	Rs. Crores
<b>Liabilities</b>	
Current Liabilities and provisions	63.24
Loans	21.96
Deferred tax Liabilities	0.54
<b>Total</b>	<b>85.74</b>
<b>Net Assets</b>	<b>18.52</b>
Less: Profit & loss account	(6.18)
Revaluation reserve	(0.68)
Capital reserve	(0.08)
Value of investments held by the Company in SBGIL	(8.78)
<b>Capital Reserve</b>	<b>2.80</b>

(iv) The assets and liabilities as at March 31, 2010 and the transactions including income and expenses for the year from April 1, 2009 to March 31, 2010 of erstwhile SBGIL (being the period when pending effectuation of the Scheme, the business and activities of erstwhile SBGIL were being run and managed in trust for the Company) have been incorporated in the accounts on the basis of its audited financial statements under the Companies Act, 1956 for the year ended March 31, 2010. Consequently, net profit for the year 2009-10 amounting to Rs. 3.69 crores (after adjustments on account of unrealised profit and tax) is included in accumulated Profit and Loss Account balance of Rs. 9.87 crores, transferred on merger of erstwhile SBGIL with the Company.

9. Since fixed assets are accounted for on cost basis, the Company's management has decided to eliminate the revaluation component included in fixed assets transferred in pursuant to the Scheme referred to in note 8 above. Consequently, a sum of Rs. 0.96 crores and Rs 0.30 crores included in gross block and accumulated depreciation respectively in respect of such fixed assets has been adjusted in Schedule 5.
10. Details of Pre-operative expenses pending allocation included under Capital work in progress in Schedule 5 is as under:

Particulars	This Year Rs. Crores	Previous Year Rs. Crores
Stores, spares and components	0.02	-
Salaries, wages, bonus, gratuity etc.	0.40	0.30
Provident and other funds	0.02	0.02
Welfare	0.01	-
Rent	0.02	0.01
Freight and transport	0.01	0.02
Exchange fluctuation	-	0.31
Miscellaneous expenses	0.49	0.48
	<b>0.97</b>	1.14
Add: Brought forward from the previous year	2.33	4.26
Less: Capitalised during the year	0.14	3.07
<b>Transferred to capital work-in-progress</b>	<b>3.16</b>	2.33

11. Related party disclosures under Accounting Standard AS-18 "Related Party Disclosures" notified under Companies (Accounting Standard) Rules, 2006:

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

Subsidiaries: DCM Shriram Credit and Investments Limited, Bioseed India Limited, DCM Shriram Infrastructure Limited, DCM Shriram Thermal Energy Limited, Hariyali India Limited, DCM Shriram Aqua Foods Limited, Hariyali Rural Foundation, Hariyali Rural Ventures Limited, Hariyali Insurance Broking Limited, DCM Shriram Energy and Infrastructure Ltd., DCM Shriram Hydro Energy Limited, SBM Yarn Limited, Fenesta India

# Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

Limited, Shri Ganpati Fertilizers Limited, Shriram Bioseed (Thailand) Limited, Bioseeds Limited, Bioseed Research Philippines Inc., Bioseeds Holdings PTE. Limited, Bioseed Vietnam Limited, Bioseed Research India Private Limited, Shriram Bioseed Ventures Limited, Shriram Bioseeds Limited, Zeus Investments Limited, Shridhar Shriram Foundation, DSCL Energy Services Company Limited\*, Shriram Bioseed Genetics India Limited #

Key Managerial Persons, their relatives and HUFs: Mr. Ajay S. Shriram, Mr. Vikram S. Shriram, Mr. Rajiv Sinha, Mr. Ajit S. Shriram, Mr. N.J. Singh, Mr. Aditya A. Shriram (relative of Mr. Ajay S. Shriram), Mr. Anand A. Shriram (relative of Mr. Ajay S. Shriram), Mrs. Divya Sinha (relative of Mr. Rajiv Sinha), Ms. Arunima Sinha (relative of Mr. Rajiv Sinha), M/s. Ajay S. Shriram (HUF), M/s. Vikram S. Shriram (HUF)

\*Ceased to be subsidiary w.e.f December 14, 2009.

# Subsidiary in previous year. ( Refer Note 8)

## B. Transactions with related parties referred to in note 11 A above.

(Rs. crores)

TYPE OF TRANSACTIONS	DCM Shriram Credit and Investments Ltd.	DCM Shriram Aqua Foods Ltd.	DCM Shriram Infrastructure Ltd.	Shriram Bioseed Ventures Ltd.	Hariyali Rural Ventures Ltd.	Shri Ganpati Fertilizers Ltd.	DCM Shriram Energy and Infrastructure Ltd.	Hariyali Rural Foundation	DCM Shriram Thermal Energy Ltd.	Bioseed Vietnam Ltd.	Bioseed Research Philippines Ltd.	Bioseeds Limited	Hariyali Insurance Broking Ltd.	Bioseed Research India Pvt. Ltd.	Shridhar Shriram Foundation	DSCL Energy Services Company Ltd.*	Shriram Bioseed Genetics India Limited @	Key managerial personnel, their relatives and their HUF	Total
Sale of finished and other goods						0.02 (0.01)				6.31 (-)	5.51 (-)								11.84 (0.01)
Interest recovered	0.55 (1.02)			0.18 (0.06)		1.16 (0.45)												(0.06)	1.89 (1.59)
Expenses recovered					0.01 (0.02)	(0.39)		0.01 (-)								(1.98)	(12.22)		0.02 (14.81)
Purchases of finished goods						27.08 (13.51)											(83.73)		27.08 (97.24)
Rent paid					0.01 (0.01)														4.17 (2.84)
Rent received													0.01 (0.01)						0.01 (0.01)
Security deposits given						0.08 (0.28)													0.08 (0.61)
Fixed deposit taken																			(0.33)
Security deposits received back																			(0.02)
Compensation paid						0.82 (0.55)													0.07 (0.13)
Remuneration																			0.82 (0.55)
Collection charges received								0.01 (0.02)											0.01 (7.68)
Loans and advances given (net)	2.49 (-)	0.05 (0.04)	1.11 (1.35)	1.64 (1.61)		6.16 (2.75)		0.01 (-)	#	#									(8.39)
Loans and advances received back (net)																			-
Consultancy paid	(0.90)							(0.03)											(0.93)
Shares acquired	-					0.50 (-)													(0.17)
Investment made	(0.05)																		0.50 (4.11)
Unsecured loan written off						(0.95)													(1.00)
Provision for diminution in value of investments							(0.21)												(0.21)
Dividend received							(0.20)												(0.20)
Royalty																			(1.52)
<b>Balance outstanding as at the year end</b>																			<b>33.36</b> (-)
Security deposits/receivable					32.31 (33.05)														8.88 (8.95)
Fixed deposits																			0.11 (0.11)
Loans and advances	8.76 (6.27)	0.18 (0.13)	27.00 (25.89)	37.98 (36.18)		25.92 (19.76)		0.04 (0.03)	#	#									(15.37)
Debtors										4.48 (-)	7.41 (-)								11.89 (-)
Creditors																			16.49 (-)
Commission Payable																			(2.28)
Loans outstanding in respect of guarantee given																			1.42 (0.75)

Figures in bracket denotes previous year figures

# Rs. 20000

\* Ceased to be a subsidiary w.e.f December 14, 2009

@ Refer Note 8 in Schedule 12

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
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### Disclosure in respect of material transaction with Key managerial personnel, their relatives and their HUF

Nature of the transaction	Name	Rs. in crores	
		This year	Previous year
Rent paid	M/s. Ajay S. Shriram ( HUF)	1.26	0.96
	M/s. Vikram S. Shriram ( HUF)	1.05	0.61
	M/s. Ajit S. Shriram ( HUF)	1.11	0.82
	Mr. Rajiv Sinha	0.30	0.15
	Relatives of Key management personnel	0.45	0.30
		<b>4.17</b>	<b>2.84</b>
Security deposits given	Mr. Rajiv Sinha	-	0.17
	Relatives of Key management personnel	-	0.16
		-	0.33
Security deposits received back	Mr. Rajiv Sinha	0.04	0.08
	Relatives of Key management personnel	0.03	0.05
		0.07	0.13
Remuneration	Mr. Ajay S. Shriram	1.79	2.15
	Mr. Vikram S. Shriram	1.69	1.85
	Mr. Ajit S. Shriram	1.38	1.52
	Mr. Rajiv Sinha	1.30	1.49
	Mr. N.J Singh	0.36	0.37
	Relatives of Key management personnel	0.35	0.30
		<b>6.87</b>	<b>7.68</b>

### 12. Employee Benefits

The Company has classified the various benefits provided to employees as under:-

#### i) Defined contribution plans :

The Company has recognized the following amounts in the profit and loss account:

	Rs. Crores	
	This Year	Previous Year
- Employers' contribution to provident fund	14.16	11.92
- Employers' contribution to superannuation fund	5.85	1.95
- Employers' contribution to employees' state insurance corporation	0.67	0.22

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
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### ii) Defined benefit plans

a) Gratuity

b) Compensated absences - Earned leave/ sick leave

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plans and details of the same are given below :-

(Rs. Crores)

	Gratuity (Partially funded) \$		Compensated absences			
			Earned leave (Unfunded) \$		Sick leave (Unfunded) \$	
	This Year	Previous Year	This Year	Previous year	This Year	Previous year
Discount rate (per annum)	8%	8%	8%	8%	8%	8%
Future salary increase	7%	7%	7%	7%	7%	7%
Expected rate of return on plan assets	8%	-	-	-	-	-
In service mortality	*	*	*	*	*	*
Retirement age	58/60 years	58/60 years	58/60 years	58/60 years	58/60 years	58/60 years
Withdrawal rates:						
- upto 30 years	3%	3%	3%	3%	3%	3%
- upto 44 years	2%	2%	2%	2%	2%	2%
- above 44 years	1%	1%	1%	1%	1%	1%
<b>I. Expense recognised in profit and loss account</b>						
Current service cost	3.38	3.22	2.95	2.57	1.21	1.12
Interest cost	4.37	3.89	1.66	1.53	1.16	1.07
Expected return on plan assets	(0.04)	-	-	-	-	-
Net actuarial( gain) / loss recognised in the year	4.56	2.17	2.28	1.12	(0.61)	(0.65)
Past service cost	0.70	-	-	-	-	-
Total expense	12.97	9.28	6.89	5.22	1.76	1.54
<b>II. Net asset/(liability) recognised in the balance sheet</b>						
Present value of Defined benefit obligation	61.90	53.28	25.13	20.81	15.80	13.87
Fair value of plan assets	0.47	-	-	-	-	-
Funded status [(deficit)]	(61.43)	(53.28)	(25.13)	(20.81)	(15.80)	(13.87)
Net asset/(liability)	(61.43)	(53.28)	(25.13)	(20.81)	(15.80)	(13.87)
<b>III. Change in the present value of obligation during the year</b>						
Present value of obligation as at the beginning of the year	53.28	46.70	20.81	17.57	13.87	12.33
Interest cost	4.37	3.89	1.66	1.53	1.16	1.07
Current service cost	3.38	3.22	2.95	2.57	1.21	1.12
Benefits paid	(4.78)	(2.70)	(3.15)	(1.98)	-	-
Actuarial (gains) / losses on obligation	4.56	2.17	2.28	1.12	(0.61)	(0.65)
Expected return on plan assets	-	-	-	-	-	-
Transfer from SBGIL pursuant to amalgamation \$	0.39	-	0.58	-	0.17	-
Past service cost	0.70	-	-	-	-	-
Present value of obligation as at the end of the year	61.90	53.28	25.13	20.81	15.80	13.87
<b>IV. Change in the fair value of assets during the year</b>						
Fair value of plan assets at the beginning of the year	0.34	-	-	-	-	-
Expected return on plan assets	0.04	-	-	-	-	-
Employer contribution	0.16	-	-	-	-	-
Actual benefits paid	(0.07)	-	-	-	-	-
Fair value of plan assets at the end of the year	0.47	-	-	-	-	-
Actual return on plan assets	-	-	-	-	-	-

\* LIC (1994-96) duly modified

Note: The plan assets are maintained with LIC of India Gratuity Scheme. The details of investment maintained by LIC are not available and have therefore not been disclosed.

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
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Disclosure relating to present value of defined benefit obligation and fair value of plan assets and net actuarial loss:-

Particulars	2010-11			2009-10			2008-09			2007-08		
	Gratuity	Earned leave	Sick leave									
Present value of obligation as at the end	61.90	25.13	15.80	53.28	20.81	13.87	46.70	17.57	12.33	40.54	14.83	11.03
Fair value of plan assets at the end of the year	0.47	-	-	-	-	-	-	-	-	-	-	-
Net liability recognised in balance sheet	(61.43)	(25.13)	(15.80)	(53.28)	(20.81)	(13.87)	(46.70)	(17.57)	(12.33)	(40.54)	(14.83)	(11.03)
Net actuarial (gain)/loss recognised	4.56	2.28	(0.61)	2.17	1.12	(0.65)	2.08	0.80	(0.65)	2.51	0.15	(0.45)

§ Refer Note 8 of Schedule 12

13. 'Excise duty' on sales has been deducted from gross sales on the face of profit and loss account. 'Increase/ (decrease) in excise duty on finished goods' has been shown under the head 'Manufacturing and other expenses' in schedule 10.

#### 14. Managerial remuneration

Managerial remuneration of Rs. 6.52 crores (2009-10 – Rs. 7.87 crores) includes commission payable to managing directors Rs. Nil (2009-10 – Rs. 2.28 crores) and non-working directors Rs. Nil (2009-10 –Rs. 0.49 crores).

	This year (Rs. Crores)	Previous Year (Rs. Crores)
Salaries	2.84	2.50
Contribution to provident and other funds	0.77	0.67
Allowances and Perquisites	2.91	1.93
Commission	-	2.77
Total	6.52	7.87

Provision for incremental gratuity liability and leave encashment for the current year in respect of directors has not been considered above, since the provision is based on an actuarial basis for the Company as a whole.

Computation of net profit in accordance with section 198 of the Companies Act, 1956 for the current year has not been given as in view of inadequacy of profits, remuneration has been paid in accordance with Central Government's approval/ Schedule XIII to the Act, as applicable.

	This year (Rs. Crores)	Previous Year (Rs. Crores)
Profit for the year before tax, per profit and loss account		103.83
Add: Managerial remuneration including commission		7.87
Directors' sitting fees		0.08
		111.78
Less: Profit on sale of long term investment		6.92
Net profit in accordance with section 198/349 of the Companies Act, 1956		104.86
Maximum remuneration to managing directors @ 10% of the net profit		10.49
Restricted to		7.38
Maximum remuneration @ 1% of net profit to non-working directors		1.05
Restricted to		0.49

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 15. Current Investments purchased and sold during the year are as follows:

Current investments (Mutual Fund units) purchased and sold during the year 2010-11

S. No.	Name of the Fund	Face value (Rs.)	Purchased Units*		Sold units*
			Amount (Rs. Crores)	Nos. (Crores)	Nos. (Crores)
1	Birla Sunlife Cash Plus - Institutional Daily Dividend Reinvestment	10	428.63	42.78	42.78
2	DWS Insta cash plus fund- Super institutional plan daily dividend	10	229.84	22.91	22.91
3	TATA Liquid Super High Investment Fund - Daily Dividend	1000	95.71	0.09	0.09
4	UTI Liquid Cash Plan Institutional- daily Income option Reinvestment	1000	29.42	0.03	0.03
5	Sundaram Money Fund Super Institutional Daily Div Reinvestment	10	33.01	3.27	3.27
6	HDFC Cash Managemnt Fund -Savings plan - Daily Dividend Reinvestment	10	12.00	1.13	1.13
7	Principal Cash Managemnt Fund - Div Reinvestment Daily	10	65.51	6.55	6.55
8	Axis Liquid Fund - Institutional Daily Div reinvestment	1000	617.05	0.62	0.62
9	JP Morgan India Liquid Fund - Super Inst Daily Div Plan- Reinvestment	10	332.33	33.21	33.21
10	Baroda pioneer Short Term Bond Fund - Dividend Plan	10	4.01	0.40	0.40
11	Baroda pioneer Liquid Fund-Institutional Daily Dividend Plan	10	14.60	1.46	1.46
12	Canara Robeco Liquid Fund - institutional Daily Dividend Reinvestment	10	185.04	18.40	18.40
13	SBI Premier Liquid Fund- Super Institutional - Daily Dividend	10	120.74	12.03	12.03
14	SBI Magnum Insta Cash Fund- Daily Dividend Option	10	89.65	5.35	5.35
15	Reliance Liquidity Fund Daily Dividend Reinvestment Option	10	428.58	42.84	42.84
16	Reliance Money Manager Fund Institutional Option- Daily Dividend Plan	1000	7.50	0.01	0.01
17	Kotak Liquid ( Institutional premium) - Daily Dividend	10	532.87	43.58	43.58
18	Kotak Floater Short Term - Daily Dividend	10	83.53	8.26	8.26
19	ICICI Prudential Liquid Super Institutional Plan - Div Daily	100	148.04	1.48	1.48
20	LICMF Liquid Fund - Dividend Plan	10	27.00	2.46	2.46
21	DSP Black rock Liquidity Fund - institutional Plan - Daily Dividend	1000	196.79	0.20	0.20
22	JM High Liquidity Fund Institutional Plan - Daily Dividend	10	87.01	8.69	8.69
23	JM High Liquidity Fund - Super Institutional Plan - Daily Dividend	10	586.37	58.54	58.54
24	Tempelton India Treasury Management Account- Super Institutional Plan	1000	591.43	0.59	0.59
25	Fidelity Cash Fund ( retail)- Daily Dividend	10	5.00	0.49	0.49
26	ICICI Prudential Flexible Income - Daily dividend	100	23.73	0.22	0.22
Total			<b>4,975.39</b>	<b>315.59</b>	<b>315.59</b>

\* include dividend units

### 16. There are no disputed dues of wealth tax, customs duty and cess matters. The details of disputed Excise duty, Service tax, Income-Tax and Sales-tax dues as on March 31, 2011 are as follows:

Nature of the statute	Nature of the dues	Forum where pending	Amount* (Rs. Crores)	Amount paid under protest (Rs. Crores)	Period to which the amount relates
Central Excise Law	Excise duty	Appellate authority up to commissioners' level	17.51	0.32	1995-96, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10
		Central Excise and Service Tax Appellate Tribunal	4.26	0.92	1997-98, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10
Finance Act, 1994	Service Tax	Appellate authority up to commissioners' level	0.11	-	2007-08 to 2010-11
		Central Excise and Service Tax Appellate Tribunal	2.15	0.02	2005-06 to 2008-09
Income Tax Act, 1961	Income tax	Appellate authority up to commissioners' level	2.57	2.57	2006-07, 2007-08
Sales Tax Laws	Sales tax	Appellate authority up to commissioners' level	2.58	0.83	1983-84, 1994-95, 2000-01, 2001-02
		Appellate Tribunal	0.27	0.14	2007-08, 2008-09

\*amount as per demand orders including interest and penalty whenever quantified in the Order

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
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17. Provision for contingencies aggregating to Rs. 12.09 crores (2009-10 - Rs. 12.09 crores) in Schedule 8 represents the maximum possible exposure on ultimate settlement of issues relating to reconstruction arrangement of the companies.
18. Research and development expenses included under relevant heads in the profit and loss account Rs. 2.96 crores (2009-10 - Rs. 2.50 crores).
19. Category wise quantitative data about Derivative Instruments:

Nature of Derivative	Number of deals		Purpose		Amount in foreign currency (in Crores)		Amount in (Rs. Crores)	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
US Dollar Interest rate swap	5	10	Hedging	Hedging	USD 2.50	USD 8.47	111.49	336.90
Currency swap	7	2	Hedging	Hedging	USD 4.54	USD 0.79	202.25	35.94
Currency swap	3	3	Hedging	Hedging	JPY 175.73	JPY 213.50	94.64	103.27
Coupon swap	4	4	Conversion of Indian Rupee denominated coupons into USD coupons	Conversion of Indian Rupee denominated coupons into USD coupons	USD 0.50	USD 0.50	22.30	22.46
Options	1	1	Hedging	Hedging	JPY 32.64	JPY 45.69	17.58	22.10
Commodity Futures	-	11	Hedging	Hedging	-	-	-	21.84
Commodity Futures	1	6	Sale/Purchase	Sale/Purchase	-	-	2.73	2.72

Foreign Currency exposures that are not hedged by derivative instruments or otherwise is as follows:

Particulars	This year		Previous Year	
	Amount in foreign currency (in Crores)	Amount in (Rs. Crores)	Amount in foreign currency (in Crores)	Amount in (Rs. Crores)
Loans	USD 0.51	22.84	USD 0.12	5.55
	JPY 12.64	6.81	JPY 45.69	22.11
Current liabilities	USD 0.05	2.16	USD 1.04	46.49
	-	-	JPY 0.02	0.01
	EUR 0.002	0.15	-	-
Current Assets	USD 0.13	5.73	USD 0.01	0.57
	-	-	EURO 0.14	8.29

20. The Company had accounted for cane purchases for sugar season 2007-08 at Rs. 110 per quintal, the rate at which it has made payment to the cane growers as per the interim order of the Hon'ble Supreme Court, against the price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Necessary adjustments will be made in accordance with the orders of the Hon'ble court in the matter.
21. Consequent to effectuation of the Scheme of Amalgamation referred to in note 8 above, current year figures includes figures of erstwhile Shriram Bioseed Genetics India Limited (SBGIL). As such the corresponding figures of the previous year are not directly comparable with those of the current year.
22. Disclosure in respect of operating leases under Accounting Standards AS-19 "leases" are as under:
- a. **Assets taken on lease:-**
- (i) The Company has entered into lease agreements for lease of offices, retail outlets etc., generally for a period of 5/15 years, which can be terminated, by serving notice period as per the terms of the agreements.

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

(ii)

(Rs. Crores)

Total of minimum lease payments  
The total of minimum lease payments for a period :  
- Not later than one year  
- Later than one year and not later than five years  
- Later than five years

This Year	Previous Year
4.01	5.24
2.01	4.02
2.00	1.21
-	0.01
27.36	21.60

(iii) Lease payment recognised in profit and loss account for the year

### b. Assets given on lease:-

(i) The Company has entered into operating lease arrangements for buildings. The details of leased assets are as under:-

Rs. Crores

	Gross Block		Accumulated depreciation		Depreciation for the year	
	This year	Previous year	This year	Previous year	This year	Previous year
Land and building	19.52	19.50	1.13	0.86	0.27	0.17
Plant and Machinery	0.41	0.41	0.08	0.04	0.04	0.01
Furniture and Fittings	1.02	1.02	0.59	0.44	0.15	0.22
	20.95	20.93	1.80	1.34	0.46	0.40

(ii)

Rs. Crores

Future minimum lease rent receivables in respect of non-cancellable lease  
- Not later than one year  
- Later than one year and not later than five years  
- Later than five years

This Year	Previous Year
8.08	8.32
0.23	0.23
0.96	0.94
6.89	7.15

23. Previous year's figures have been recast, wherever necessary.

24. Schedule 1 to 12 and the statement of additional information form an integral part of the financial statements.

# Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## Statement of Additional Information

### 1. Particulars of capacity and production

Description	Unit	Capacity				Unit	Production	
		Licensed*		Installed			2010-11	2009-10
		2010-11	2009-10	2010-11	2009-10			
Urea	M.T. per year			330000	330000	M.T.	404040	383652
Calcium carbide	M.T. per year			112000	112000	M.T.	33920**	22505**
PVC resins	M.T. per year			70000	70000	M.T.	34200	15207
Caustic soda	M.T. per year			274670	274670	M.T.	209768	181725
Chlorine	M.T. per year			203986	203986	M.T.	149917	137243
Hydrochloric acid(100%)	M.T. per year			73850	73850	M.T.	36515	23017
Compressed Hydrogen	M.T. per year			1657	1657	M.T.	1007	1044
Stable Bleaching Powder	M.T. per year			13200	13200	M.T.	10194	10610
Cement	M.T. per year			400000	400000	M.T.	369075	367500
Yarn	Spindles Nos.			14544	14544	M.T.	3718	3717
Sugar	M.T. per day***			33000	33000	M.T.	267445	197146
UPVC Windows	Nos. per year			406098	406098	Nos.	164944	151225
PVC Compounds	M.T. per year			29700	29700	M.T.	19723	24819

\* Delicensed/Not applicable

\*\* Production of Marketable Calcium carbide only

\*\*\* Crushing of sugarcane

### 2. Particulars of stocks and sales

Description	Unit	Stocks				Sales	
		Opening		Closing		2010-11	2009-10
		2010-11	2009-10	2010-11	2009-10		
Urea	M.T.	-	-	-	-	404030	383643
	Rs. Crores	-	-	-	-	467.48	476.10
PVC resins	M.T.	178	100	361	178	31545	13729
	Rs. Crores	0.84	0.47	1.85	0.84	186.37	76.42
Caustic soda	M.T.	618	1513	671	618	208745	181802
	Rs. Crores	0.82	2.46	1.04	0.82	320.93	292.54
Chlorine	M.T.	197	1376	211	197	145182	132661
	Rs. Crores	0.06	0.02	0.06	0.06	83.69	31.12
Hydrochloric acid(100%)	M.T.	185	100	374	185	21061	16547
	* Rs. Crores	0.04	....	0.07	0.04	7.99	2.83
Sodium Hypochlorite(10%)	M.T.	18	2	24	18	13701	15538
	* Rs. Crores	....	....	....	....	3.23	3.08
Compressed Hydrogen	M.T.	-	-	-	-	1007	1044
	Rs. Crores	-	-	-	-	13.23	12.27
Stable Bleaching Powder	M.T.	23	107	20	23	10177	10694
	Rs. Crores	0.02	0.06	0.01	0.02	10.35	9.78
Marketable Calcium carbide	M.T.	-	-	-	-	33920	22505
	Rs. Crores	-	-	-	-	134.25	83.98
D.A.P.	M.T.	2160	3668	2304	2160	131576	30957
	Rs. Crores	2.00	3.43	2.82	2.00	279.57	26.56
M.O.P.	M.T.	1764	3683	1653	1764	43316	8779
	Rs. Crores	0.77	1.60	0.73	0.77	73.60	3.86
Super Phosphate	M.T.	6627	4486	2677	6627	398777	273354
	Rs. Crores	3.60	1.51	1.16	3.60	284.92	156.01
Zinc Sulphate	M.T.	325	440	270	325	8918	7266
	Rs. Crores	0.89	1.42	0.76	0.89	24.00	18.49
Traded Urea	M.T.	6114	6935	11505	6114	62718	53403
	Rs. Crores	2.90	3.27	6.12	2.90	32.52	25.86
P.O.P	M.T.	1	-	-	1	34773	39287
	* Rs. Crores	....	-	-	....	17.41	17.72
Cement	M.T.	9034	2745	5669	9034	372104	360918
	Rs. Crores	2.26	0.66	1.48	2.26	136.79	139.96
Yarn	M.T.	54	116	258	54	3514	3779
	Rs. Crores	0.60	0.99	4.96	0.60	52.33	39.68

# Schedules to the Accounts (Continued)

DCM SHRIRAM  
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## 2. Particulars of stocks and sales (Continued)

Description	Unit	Stocks				Sales	
		Opening		Closing		2010-11	2009-10
		2010-11	2009-10	2010-11	2009-10		
Sugar	M.T.	131559	172599	209184	131559	189820	238185
	Rs. Crores	365.21	361.86	560.63	365.21	528.24	663.51
Molasses	M.T.	77846	88339	107261	77846	140344	124697
	Rs. Crores	21.79	49.92	28.85	21.79	36.85	55.01
UPVC Windows	Nos.	5063	6375	3877	5063	165786	151140
	Rs. Crores	2.30	2.20	2.28	2.30	134.83	108.81
PVC Compounds	M.T.	197	196	201	197	19712	24821
	Rs. Crores	1.28	0.96	1.44	1.28	136.31	150.58
Power Sale	Lac/Kwh	-	-	-	-	2605.55	5234.40
	Rs. Crores	-	-	-	-	136.30	319.44
Petrol / Diesel	Lac/Litres	6.79	4.44	7.56	6.79	558.07	450.90
	Rs. Crores	2.74	1.65	3.47	2.74	233.88	164.75
Other sales/stocks and adjustments	Rs. Crores	142.27	121.51	199.34	142.27	875.80	634.59
<b>Total</b>	<b>Rs. Crores</b>	<b>550.39</b>	<b>553.99</b>	<b>817.07</b>	<b>550.39</b>	<b>4210.87</b>	<b>3512.95</b>

\* Amount in Rs. Lacs for above products

Hydrochloric acid(100%)	Rs. Lacs	3.82	0.36	6.94	3.82	
Sodium Hypochlorite(10%)	Rs. Lacs	0.22	0.03	0.21	0.22	
P.O.P	Rs. Lacs	0.02	-	-	0.02	

## 3A. Particulars of raw materials consumed

Description	2010-11		2009-10	
	Quantity	Value	Quantity	Value
	M.T.	Rs. Crores	M.T.	Rs. Crores
Liquidated natural gas	207720806*	227.87	197627715*	239.42
Lime and lime stone	94844	32.34	49399	13.54
Hard coke/SLV/Pearl/Nut coke/Met coke/Pet coke	33423	38.20	15788	18.39
Charcoal	22112	23.50	15650	14.32
Salt	338841	35.01	292822	32.52
Lime stone	326238	10.31	349011	11.35
Kapas, cotton, synthetic yarn etc.	4340	41.50	4313	28.06
Sugarcane	2926562	649.82	2045190	503.05
Raw Sugar	-	-	10460	28.68
PVC Resin	4347	22.26	10054	48.03
Plasticizers	4232	31.21	5203	30.74
Other miscellaneous raw materials		177.56		76.19
<b>Total</b>		<b>1289.58</b>		<b>1044.29</b>

\* In standard cubic metres

## 3B. Particulars of goods purchased for resale

Description	Unit	2010-11		2009-10	
		Quantity	Value	Quantity	Value
			Rs. Crores		Rs. Crores
D.A.P.	M.T.	131750	272.25	29448	28.11
Super Phosphate	M.T.	394826	268.89	275495	154.25
Petrol / Diesel	Lac/Litres	558.84	230.67	453.25	162.21
Others			708.65		645.36
<b>Total</b>			<b>1480.46</b>		<b>989.93</b>

# Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 4. Other Additional Information

Description	2010-11 Rs. Crores	2009-10 Rs. Crores
(a) Value of imports on CIF basis		
Raw materials	56.74	110.91
Components and spare parts	12.85	9.39
Capital goods	6.25	7.36
Others	392.10	6.93
(b) Expenditure in foreign currency on cash basis		
Travelling	1.09	1.37
Interest	20.69	17.61
Consultation fees	0.68	0.85
Others	0.95	4.19
(c) Earnings in foreign exchange on cash basis		
Direct export of goods on FOB basis/as per contracts where FOB value not readily ascertainable	28.17	5.38
Others	0.52	-

	2010-11		2009-10	
	Rs. Crores	%	Rs. Crores	%
(d) Value of imported/indigenous raw materials, spare parts, components and stores consumed				
(i) Raw materials				
Imported	51.26	3.98	64.21	6.15
Indigenous	1238.32	96.02	980.08	93.85
	1289.58	100.00	1044.29	100.00
(ii) Spare parts, components and stores				
Imported	11.50	6.61	11.57	9.51
Indigenous	162.40	93.39	110.09	90.49
	173.90	100.00	121.66	100.00

### NOTES :

- The Licences acquired from undivided DCM Limited, pursuant to the Scheme of Arrangement, are pending endorsement in the name of the Company.
- Installed capacity is as certified by officials of the Company and relied upon by the auditors, being a technical matter.
- The figures of production, sales, opening /closing stocks of caustic soda consist of liquid and flakes, both.
- The figures of production, sales, opening /closing stocks of chlorine consist of liquid chlorine and chlorine gas, both.
- The sales quantities are net of samples/shortages.
- Where one class of goods is used in the manufacture of another, consumption of materials has been arrived at after deducting internal transfers.
- Production details in respect of a class of goods captively consumed have not been indicated.
- Interest paid/payable to financial institutions/ banks in India on foreign currency loans is not included under item 4(b) above, as such payments have been/will be made in Indian Rupees to the financial institutions.

Signatures to Schedules 1 to 12 and Statement of Additional information.

VIKRAM S. SHRIRAM  
Vice Chairman & Managing Director

B.L. SACHDEVA  
Company Secretary

RAJIV SINHA  
Dy. Managing Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

AJIT S. SHRIRAM  
N.J. SINGH  
S.S. BAIJAL  
ARUN BHARAT RAM  
PRADEEP DINODIA  
VIMAL BHANDARI  
SUNIL KANT MUNJAL  
D. SENGUPTA  
RAJESH KANDWAL  
Directors

New Delhi  
May 6, 2011

# Balance Sheet Abstract and Company's General Business Profile

DCM SHRIRAM  
CONSOLIDATED LIMITED

## I. Registration Details

Registration No. 

-	3	4	9	2	3
---	---	---	---	---	---

State Code 

5	5
---	---

Balance Sheet date 

3	1	-	0	3	-	1	1
---	---	---	---	---	---	---	---

## II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

				-	N	I	L	-
--	--	--	--	---	---	---	---	---

Rights Issue

				-	N	I	L	-
--	--	--	--	---	---	---	---	---

Bonus Issue

				-	N	I	L	-
--	--	--	--	---	---	---	---	---

Private Placement

				-	N	I	L	-
--	--	--	--	---	---	---	---	---

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

		3	1	0	8	4	1	2	7
--	--	---	---	---	---	---	---	---	---

Total Assets

		3	1	0	8	4	1	2	7
--	--	---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

				3	3	3	3	6	7
--	--	--	--	---	---	---	---	---	---

Reserves and Surplus

		1	2	2	8	3	9	3	1
--	--	---	---	---	---	---	---	---	---

Secured Loans

		1	0	9	2	1	9	9	1
--	--	---	---	---	---	---	---	---	---

Unsecured Loans

				5	9	5	6	3	1	9
--	--	--	--	---	---	---	---	---	---	---

Deferred Tax Liabilities (net)

				1	5	8	8	5	1	9
--	--	--	--	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

		1	9	4	6	1	0	6	8
--	--	---	---	---	---	---	---	---	---

Investments

				5	0	0	7	9	5
--	--	--	--	---	---	---	---	---	---

Net Current Assets

		1	1	1	2	2	2	6	4
--	--	---	---	---	---	---	---	---	---

Misc. Expenditure

						-	N	I	L	-
--	--	--	--	--	--	---	---	---	---	---

Accumulated Losses

						-	N	I	L	-
--	--	--	--	--	--	---	---	---	---	---

## IV. Performance of Company (Amount in Rs. Thousands)

Turnover

		4	0	9	8	7	1	4	4
--	--	---	---	---	---	---	---	---	---

Total Expenditure

		4	1	4	9	5	7	9	8
--	--	---	---	---	---	---	---	---	---

+ - Profit/Loss Before Tax

		-		5	0	8	6	5	4
--	--	---	--	---	---	---	---	---	---

+ - Profit/Loss After Tax

		-		3	0	6	5	5	4
--	--	---	--	---	---	---	---	---	---

(Please tick Appropriate box + for Profit, - for Loss)

Earning Per Share in Rs.

						-	1	.	8	5
--	--	--	--	--	--	---	---	---	---	---

Dividend rate %

		2	0
--	--	---	---

## V. Generic Names of Three Principle Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

		3	1	0	2	1	0	.	0	0
--	--	---	---	---	---	---	---	---	---	---

Product Description

									U	R	E	A
--	--	--	--	--	--	--	--	--	---	---	---	---

Item Code No. (ITC Code)

		1	7	0	1	1	1	.	9	0
--	--	---	---	---	---	---	---	---	---	---

Product Description

									S	U	G	A	R
--	--	--	--	--	--	--	--	--	---	---	---	---	---

Item Code No. (ITC Code)

		2	8	1	5	1	2	.	0	0
--	--	---	---	---	---	---	---	---	---	---

Product Description

									C	A	U	S	T	I	C		S	O	D	A
--	--	--	--	--	--	--	--	--	---	---	---	---	---	---	---	--	---	---	---	---

VIKRAM S. SHRIRAM  
Vice Chairman & Managing Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

B.L. SACHDEVA  
Company Secretary

RAJIV SINHA  
Dy. Managing Director

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SUNIL KANT MUNJAL  
D. SENGUPTA  
RAJESH KANDWAL  
Directors

New Delhi  
May 6, 2011

## Auditors' Report

### Auditors' Report on Consolidated Financial Statements to the Board of Directors of DCM Shriram Consolidated Limited

1. We have audited the attached Consolidated Balance Sheet of **DCM SHRIRAM CONSOLIDATED LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries viz., DCM Shriram Credit and Investments Limited, Bioseed India Limited, DCM Shriram Infrastructure Limited, DCM Shriram Thermal Energy Limited, DCM Shriram Energy and Infrastructure Limited, Hariyali Rural Ventures Limited, DCM Shriram Aqua Foods Limited, Bioseeds Limited, Bioseed Vietnam Limited, Bioseed Holding PTE Limited, Bioseed Research Phillipines Inc., Shriram Bioseed (Thailand) Limited, Shriram Bioseed Ventures Limited, Shriram Bioseed Limited, Zeus Investments Limited, DCM Shriram Hydro Energy Limited, Fenesta India Limited (Formerly known as Fenesta Building Systems Limited), SBM Yarn Limited, Hariyali India Limited, Hariyali Insurance Broking Limited and Shri Ganpati Fertilizers Limited, whose financial statements reflect total assets of Rs. 254.77 crores as at March 31, 2011, total revenues of Rs. 68.43 crores and net cash outflows amounting to Rs. 1.74 crores for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, as notified under the Companies (Accounting Standards) Rules, 2006.
5. Without qualifying our opinion, we draw attention to note 14 of schedule 13 relating to accounting for cane purchase liability for the sugar season 2007-08 at Rs. 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts cannot be determined at this stage.
6. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 015125N)

Jaideep Bhargava  
Partner  
Membership No.: 90295

Gurgaon  
Date: May 6, 2011

# Consolidated Balance Sheet

DCM SHRIRAM  
CONSOLIDATED LIMITED

of DCM Shriram Consolidated Limited and its Subsidiary Companies as at March 31, 2011

	Schedule	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Sources of Funds</b>			
<b>Shareholders' funds</b>			
Share capital	1	33.34	33.34
Reserves and surplus	2	1273.03	1296.27
		<b>1306.37</b>	<b>1329.61</b>
<b>Loan funds</b>			
Secured	3	1112.84	1141.37
Unsecured		597.54	319.54
		<b>1710.38</b>	<b>1460.91</b>
<b>Deferred tax liabilities (net)</b>	4	<b>156.13</b>	<b>176.33</b>
<b>Total</b>		<b>3172.88</b>	<b>2966.85</b>
<b>Application of Funds</b>			
<b>Fixed assets</b>			
Gross block	5	3095.27	3053.90
Less : Depreciation		1077.07	929.83
Net block		2018.20	2124.07
Capital work in progress		65.32	59.30
		<b>2083.52</b>	<b>2183.37</b>
<b>Investments</b>	6	<b>12.58</b>	<b>12.76</b>
<b>Current assets, loans and advances</b>			
Inventories	7	1016.70	854.87
Sundry debtors		433.70	257.81
Cash and bank balances		74.38	56.88
Loans and advances		264.79	288.55
		<b>1789.57</b>	<b>1458.11</b>
<b>Less: Current liabilities and provisions</b>	8		
Current liabilities		586.04	574.47
Provisions		126.75	112.92
		<b>712.79</b>	<b>687.39</b>
<b>Net current assets</b>		<b>1076.78</b>	<b>770.72</b>
<b>Total</b>		<b>3172.88</b>	<b>2966.85</b>
<b>Notes to the consolidated accounts</b>	13		

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

Jaideep Bhargava  
Partner

B.L. SACHDEVA  
Company Secretary

VIKRAM S. SHRIRAM  
Vice Chairman & Managing Director

RAJIV SINHA  
Dy. Managing Director

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SUNIL KANT MUNJAL  
D. SENGUPTA  
RAJESH KANDWAL  
Directors

New Delhi  
May 6, 2011

# Consolidated Profit and Loss Account

DCM SHRIRAM  
CONSOLIDATED LIMITED

of DCM Shriram Consolidated Limited and its Subsidiary Companies for the year ended March 31, 2011

	Schedule	Year ended March 31, 2011 Rs. Crores	Year ended March 31, 2010 Rs. Crores
<b>Income</b>			
Gross Sales		4279.14	3629.99
Less : Excise duty		144.63	110.88
Net Sales		4134.51	3519.11
Income from services and other income	9	33.32	51.34
<b>Total income</b>		<b>4167.83</b>	<b>3570.45</b>
<b>Expenditure</b>			
Manufacturing and other expenses	10	2520.14	2310.19
Purchases for resale		1453.38	892.69
Interest - On debentures and other fixed loan		56.79	78.58
- Others		9.53	9.98
Depreciation	11	159.98	162.96
<b>Total Expenditure</b>		<b>4199.82</b>	<b>3454.40</b>
<b>Profit before tax and exceptional item</b>		<b>(31.99)</b>	<b>116.05</b>
<b>Exceptional item</b>			
- Income from sale of subsidiary		-	6.48
<b>Profit before tax</b>		<b>(31.99)</b>	<b>122.53</b>
Provision for taxation	12	(17.72)	38.28
<b>Profit after tax</b>		<b>(14.27)</b>	<b>84.25</b>
Balance brought forward from the previous year		517.17	498.74
<b>Profit available for appropriation</b>		<b>502.90</b>	<b>582.99</b>
<b>Appropriations</b>			
Proposed dividends (equity shares)			
- Interim		-	6.64
- Final		6.64	6.64
Corporate dividend tax		1.08	2.50
Statutory reserve		0.01	0.04
Storage fund for Molasses Account		0.64	-
General reserve		-	50.00
<b>Balance carried to consolidated balance sheet</b>		<b>494.53</b>	<b>517.17</b>
<b>Earnings per share - basic/diluted (Rs.)</b>			
(Refer note 8 in schedule 13)			
- Before exceptional item		(0.86)	4.69
- After exceptional item		(0.86)	5.08
Notes to the consolidated accounts	13		

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

VIKRAM S. SHRIRAM  
Vice Chairman & Managing Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

Jaideep Bhargava  
Partner

B.L. SACHDEVA  
Company Secretary

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Dy. Managing Director

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PRADEEP DINODIA  
VIMAL BHANDARI  
SUNIL KANT MUNJAL  
D. SENGUPTA  
RAJESH KANDWAL  
Directors

New Delhi  
May 6, 2011

# Consolidated Cash Flow Statement

DCM SHRIRAM  
CONSOLIDATED LIMITED

of DCM Shriram Consolidated Limited and its Subsidiary Companies for the year ended March 31, 2011

	Year ended March 31, 2011 Rs. Crores	Year ended March 31, 2010 Rs. Crores
<b>A. Cash flow from operating activities</b>		
Net profit/(loss) before tax and exceptional items	(31.99)	116.05
Adjustments for :		
Depreciation	159.98	162.96
Loss on sale/write off of fixed assets	3.31	1.11
(Profit) on sale of non trade current investments	-	(0.01)
(Profit) on sale of non trade long term investments	(0.19)	-
Exchange differences on conversion	0.10	1.83
Finance Charges	3.15	2.08
Interest expense	66.32	88.56
Less: interest and dividend income	(12.09)	(19.63)
<b>Operating profit before working capital changes</b>	<b>188.59</b>	<b>352.95</b>
Adjustments for :		
Trade and other receivables(net)	(105.72)	377.61
Inventories	(161.83)	(49.45)
Trade and other payables	(36.46)	51.73
<b>Cash generated from operations</b>	<b>(115.42)</b>	<b>732.84</b>
Income taxes refund/(paid)	32.35	(22.93)
<b>Net cash from operating activities</b>	<b>(83.07)</b>	<b>709.91</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(92.76)	(95.15)
Sale of fixed assets	2.78	7.19
Purchase of non trade current investments	(4975.39)	(1092.50)
Purchase of non trade long term investments	(0.41)	(0.05)
Sale of non trade current investments	4975.39	1093.05
Sale of non trade long term investments	0.78	-
Interest received	15.42	13.89
Dividend received	1.36	0.42
<b>Net cash used in investing activities before exceptional item</b>	<b>(72.83)</b>	<b>(73.15)</b>
Exceptional item	-	8.81
<b>Net cash used in investing activities after exceptional item</b>	<b>(72.83)</b>	<b>(64.34)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from borrowings	3253.44	4768.35
Repayment of borrowings	(3109.34)	(5166.20)
Inter Corporate Deposits received back	-	0.14
Inter Corporate Deposits given	(2.72)	-
Finance Charges	(3.15)	(2.08)
Changes in working capital borrowings	105.36	(130.30)
Dividends paid	(6.64)	(19.91)
Corporate dividend tax paid	(1.10)	(3.66)
Interest paid	(62.81)	(89.09)
<b>Net cash (used)/ from financing activities</b>	<b>173.04</b>	<b>(642.75)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17.14</b>	<b>2.82</b>
Cash and cash equivalents as at opening *		
Cash and cheques in hand and balances with banks	54.10	51.69
Cash and cash equivalents on sale of subsidiary	-	(0.41)
Cash and cash equivalents as at closing *		
Cash and cheques in hand and balances with banks	71.24	54.10
* excludes Rs. 2.38 crores (2009-10 - 2.21 crores) held as margin money and in dividend accounts and Rs. 0.76 crore (2009-10- Rs. 0.57 crore) earmarked for specific purposes		

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

Jaideep Bhargava  
Partner

B.L. SACHDEVA  
Company Secretary

VIKRAM S. SHRIRAM  
Vice Chairman & Managing Director

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D. SENGUPTA  
RAJESH KANDWAL  
Directors

New Delhi  
May 6, 2011

# Consolidated Financial Statements

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 1. SHARE CAPITAL

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Authorised</b>		
28,49,50,000 (2009-10 - 24,99,50,000) Equity shares of Rs.2 each	56.99	49.99
65,01,000 (2009-10 - 65,01,000) Cumulative redeemable preference shares of Rs.100 each	65.01	65.01
	<b>122.00</b>	<b>115.00</b>
<b>Issued</b>		
16,98,03,320 (2009-10 - 16,98,03,320) Equity shares of Rs.2 each	33.96	33.96
<b>Subscribed and paid up</b>		
16,59,03,320 (2009-10 - 16,59,03,320) Equity shares of Rs.2 each, fully called-up	33.18	33.18
Add: forfeited shares - Amount originally paid up	0.16	0.16
	<b>33.34</b>	<b>33.34</b>

### NOTES:

Of the issued, subscribed and paid-up capital,

- 2,87,75,380 equity shares of Rs. 2 each represent the equity shares issued on October 9, 1990 to the members of undivided DCM Limited in the ratio of one share for every four shares held by the members in undivided DCM Limited, in terms of the Scheme of Arrangement effective from April 1, 1990, without payment being received in cash.
- 8,29,51,660 equity shares of Rs. 2 each fully paid up were allotted and issued as bonus shares by capitalisation of Capital Redemption Reserve.

## 2. RESERVES AND SURPLUS

	As at March 31, 2010 Rs. Crores	Additions Rs. Crores	Deductions Rs. Crores	As at March 31, 2011 Rs. Crores
Revaluation reserve	0.25	-	0.25 \$	-
Share premium account	65.07	-	-	65.07
Capital redemption reserve	8.41	-	-	8.41
Capital reserve	22.61	-	-	22.61
Storage Fund for Molasses Account	-	0.64	-	0.64
General reserve	677.79	-	-	677.79
Statutory reserve *	0.76	0.01	-	0.77
Foreign currency translation reserve	4.21	-	1.00	3.21
Profit and loss account	517.17	-	22.64	494.53
	<b>1296.27</b>	<b>0.65</b>	<b>23.89</b>	<b>1273.03</b>

\* As per the Reserve Bank of India ( Amendment ) Act 1997

\$ Refer Note 11 in Schedule 13

## 3. LOAN FUNDS

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Secured</b>		
Loans from banks		
On cash credit account	108.23	2.87
Others	592.31	686.53
Other loans	412.30	451.97
	<b>1112.84</b>	<b>1141.37</b>
<b>Unsecured</b>		
Deposits		
Fixed	11.60	11.77
Others	37.07	34.43
Interest accrued and due on deposits	0.14	0.13
Short term loans and advances		
Banks	543.89	268.67
Others	4.43	4.33
Finance lease liability*	0.41	0.21
	<b>597.54</b>	<b>319.54</b>
	<b>1710.38</b>	<b>1460.91</b>

\* Represents present value of minimum lease payments. Also refer note 6 in schedule 13

## 3. LOAN FUNDS (Continued)

### Secured

#### 1. Short term working capital borrowings from Banks:

##### (a) Company

- i) Loans from banks on cash credit account of Rs. 107.55 Crores (2009-10 – Rs. 2.41 Crores) are secured by first pari passu charge on whole of the current assets of the Company (except Shriram Bioseed Genetics, Hyderabad), both present and future. These loans are further secured by a third charge by way of mortgage/hypothecation of all the immovable/movable properties (other than current assets) of the Company's undertakings at Kota in Rajasthan and Ajbapur, Rupapur, Loni & Hariawan in Uttar Pradesh. Amount of Rs. 0.68 Crore (2009-10 – Rs. 0.46 Crore) is secured by exclusive charge by way of hypothecation on current assets and mortgage/hypothecation of the immovable and movable properties, both present and future of the Company's undertakings at Shriram Bioseed Genetics, Hyderabad.
- ii) Short Term Loan of Rs 97.56 Crores (2009-10- Rs. 135 Crores) are secured by first pari passu charge on whole of the current assets of the company (except Shriram Bioseed Genetics, Hyderabad), both present and future and a third charge by way of mortgage/hypothecation of all the immovable/movable properties (other than current assets) of the Company's undertakings at Kota in Rajasthan and Ajbapur, Rupapur, Loni & Hariawan in Uttar Pradesh.

#### 2. Other loans:

##### (a) Company

- (i) Term loans of Rs. 141.89 Crores (2009-10– Rs. 136.61 Crores) from banks are secured by way of first pari passu mortgage/charge created on immovable/movable fixed assets, both present and future, term loan of Rs. 6.00 Crores (2009-10 – Rs. 9.00 Crores) from others is secured by way of first pari passu mortgage on immovable properties and first charge by way of hypothecation of all movables (save and except book debts), both present and future, subject to prior charges created in favour of the Company's bankers on the current assets for securing working capital borrowings, and term loan of Rs. 111.49 Crores (2009-10- Rs. 112.30 Crores) from others is secured by way of first pari passu mortgage/charge created on immovable and movable assets (excluding current assets), both present and future and a second charge ranking pari passu on the current assets, both present and future of the Company's undertakings at Jhagadia, Distt Bharuch, Gujarat (Rs. 3.00 Crores due within a year; 2009-10– Rs. 9.78 Crores)
- (ii) Term loans of Rs. 96.72 Crores (2009-10– Rs. 105.64 Crores) from banks are secured by way of first pari passu mortgage/charge created on immovable/movable fixed asset both present and future, term loan of Rs. 9.00 Crores (2009-10– Rs. 13.50 Crores) from others is secured by way of first pari passu mortgage on immovable properties and first charge by way of hypothecation of all movables (save and except book debts), both present and future, subject to prior charges created in favour of the Company's bankers on the current assets for securing working capital borrowings, and term loans of Rs. 191.75 Crores (2009-10- Rs. 211.12 Crores) from others are secured by way of first pari passu mortgage/charge created on immovable and movable assets (excluding current assets), both present and future and a second charge ranking pari passu on the current assets, both present and future of the Company's undertakings at Kota, Rajasthan (Rs. 65.49 Crores due within a year; 2009-10– Rs. 37.98 Crores).
- (iii) Term loan of Rs. 55.35 Crores (2009-10- Rs. 69.60 Crores) from banks are secured by way of first pari passu mortgage/charge created on immovable/movable assets and book debts, both present and future, subject to any prior charges created in favour of the Company's bankers on the current assets for securing working capital borrowings and term loans of Rs. 34.10 Crores (2009-10- Rs. 37.23 Crores) from others are secured by way of a exclusive second charge on movable assets (save and except book debts) both present and future, pertaining to the Company's Ajbapur Sugar Complex, Uttar Pradesh (Rs. 25.27 Crores due within a year; 2009-10– Rs. 23.02 Crores)
- (iv) Term loan of Rs. 89.19 Crores (2009-10– Rs. 89.84 Crores) from a bank is secured by way of first mortgage/charge created on immovable/movable assets, both present and future, subject to prior charges created in favour of Company's bankers on current assets for securing working capital borrowings, term loan of Rs. Nil (2009-10– Rs. 7.32 Crores) from a bank is secured by way of first pari passu mortgage/charge created on immovable/movable fixed assets, both present and future, pertaining to the Company's Loni Sugar Complex, Uttar Pradesh. (Rs. Nil due within a year; 2009-10– Rs. 0.36 Crore)
- (v) Term loan of Rs. 55.35 Crores (2009-10– Rs. 69.60 Crores) from a bank is secured by way of first pari passu mortgage/charge created on immovable/movable assets and book debts, both present and future, subject to any prior charges created in favour of the Company's bankers on the current assets for securing working capital borrowings, term loan of Rs. Nil (2009-10- Rs. 7.32 Crores) from a bank is secured by way of first pari passu mortgage/charge created on immovable/movable fixed assets both present and future and term loan of Rs. 21.58 Crores (2009-10– Rs. 25.70 Crores) from others is secured by way of first pari passu mortgage/charge created on immovable/movable assets (excluding current assets) both present and future, and a second charge ranking pari passu on the current assets, both present and future and term loan of Rs. 16.41 Crores (2009-10– Rs. 16.41 Crores) from others are secured by way of a exclusive second charge on movable assets (save and except book debts) both present and future, pertaining to the Company's Hariawan Sugar Complex, Uttar Pradesh. (Rs. 26.06 Crores due within a year; 2009-10– Rs. 24.20 Crores)
- (vi) Term loan of Rs. 14.24 Crores (2009-10– Rs. 14.24 Crores) from others are secured by way of an exclusive second charge on movable assets (save and except book debts) both present and future, pertaining to the Company's Rupapur Sugar Complex, Uttar Pradesh. (Rs. Nil due within a year; 2009-10– Rs. Nil).
- (vii) Term loan of Rs. 23.51 Crores (2009-10- Rs. 51.72 Crores) from a bank is secured by way of residual mortgage/charge created on immovable/movable fixed assets, both present and future pertaining to all the four sugar units of the Company, ie. Ajbapur Sugar Complex, Uttar Pradesh, Rupapur Sugar Complex, Uttar Pradesh, Hariawan Sugar Complex, Uttar Pradesh & Loni Sugar Complex, Uttar Pradesh. (Rs. 23.51 Crores due within a year; 2009-10– Rs. 28.22 Crores).
- (viii) Term Loan of Rs. 12.86 Crores (2009-10- Rs 13.72 Crores) from a bank is secured by way of equitable mortgage of Land/Building, both present and future, of SBM unit of the Company at Tonk, Rajasthan. (Rs. 1.72 Crores due within a year; 2009-10– Rs. 1.71 Crores)

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 3. LOAN FUNDS (Continued)

(ix) Term loans of Rs. 6.97 Crores (2009-10- Rs. 12.43 Crores) from others are secured by way of Bank Guarantee which in turn is secured by first charge on whole of the current assets (except Shriram Bioseed Genetics, Hyderabad) of the company, both present and future and a third charge by way of mortgage/hypothecation of all the immovable/movable properties (other than current assets) of the Company's undertakings at Kota in Rajasthan and Ajbapur, Rupapur, Loni & Hariawan in Uttar Pradesh (Rs. 2.32 Crores due within a year; 2009-10- Rs. 3.11 Crores).

### (b) Subsidiaries

#### i. Bioseed Vietnam Limited

Loans of Rs. 19.72 Crores (2009-10- Rs. Nil) from a bank is secured by way of mortgage/hypothecation of all the immovable/movable properties. (Rs. 19.72 Crores due within a year, 2009-10- Rs. Nil)

#### ii. Shri Ganpati Fertilizers Limited

Rs. 0.16 Crore (2009-10- Rs. 0.16 Crores) from a bank and Rs. 0.05 Crore (2009-10: Rs. 0.04 Crore) from others are secured by way of hypothecation of assets purchased. (Rs. 0.17 Crore due with in a year; 2009-10 - Rs. 0.15 Crore)

#### iii. Bioseed Research India Private Limited

Term loans of Rs. 0.71 Crore (2009-10- Rs. Nil) from others are secured by way of mortgage/hypothecation of whole of immovable/movable properties except book debts acquired from the loan, both present and future.

## 4. DEFERRED TAX LIABILITIES AND ASSETS

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Deferred tax liabilities</b>		
Depreciation	231.80	240.93
Others	0.07	0.07
	<b>231.87</b>	<b>241.00</b>
<b>Deferred tax assets</b>		
Unabsorbed depreciation	26.98	20.27
Provision for gratuity and leave encashment	33.41	29.67
Provision for doubtful debts and advances	4.15	3.49
Others	11.20	11.24
	<b>75.74</b>	<b>64.67</b>
<b>Deferred tax liabilities (net)</b>	<b>156.13</b>	<b>176.33</b>

## 5. FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK		
	As at March 31, 2010 Rs. Crores	Additions** Rs. Crores	Deductions Rs. Crores	(Disposal) of subsidiaries Rs. Crores	As at March 31, 2011 Rs. Crores	Up to March 31, 2010 Rs. Crores	For the year Rs. Crores	Deductions/ Adjustment Rs. Crores	(Disposal) of subsidiaries Rs. Crores	Up to March 31, 2011 Rs. Crores	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Tangibles</b>												
Land - Freehold	130.88	10.16	0.26	-	140.78 *	-	-	-	-	-	140.78	130.88
- Leasehold	16.77	2.44	-	-	19.21	-	-	-	-	-	19.21	16.77
Buildings	440.19	6.84	0.93	-	446.10	46.38	11.56	0.12	-	57.82	388.28	393.81
Plant and machinery	2,244.56	25.68	8.63	-	2,261.61 §	790.38	128.68	6.96	-	912.10	1,349.51	1,454.18
Furniture and fittings	88.66	3.57	3.48	-	88.75	41.12	9.63	1.81	-	48.94	39.81	47.54
Vehicles	30.21	10.26	5.24	-	35.23	15.36	5.13	3.53	-	16.96	18.27	14.85
<b>Intangibles</b>												
Goodwill	59.74	-	0.33	-	59.41	9.15	-	-	-	9.15	50.26	50.59
Technical Know How	23.79	-	-	-	23.79	17.23	2.38	-	-	19.61	4.18	6.56
Brand	8.22	-	-	-	8.22	5.13	0.69	-	-	5.82	2.40	3.09
Software	9.86	1.44	0.10	-	11.20	4.27	1.98	0.01	-	6.24	4.96	5.59
<b>Assets on lease</b>												
Vehicles	1.02	0.14	0.19	-	0.97 §§	0.81	-	0.38	-	0.43	0.54	0.21
<b>This year</b>	<b>3,053.90</b>	<b>60.53</b>	<b>19.16 @</b>	<b>-</b>	<b>3,095.27</b>	<b>929.83</b>	<b>160.05 #</b>	<b>12.81</b>	<b>-</b>	<b>1,077.07</b>	<b>2,018.20</b>	<b>-</b>
Previous year	3,001.55	69.12	15.55	(1.22)	3,053.90	774.94	163.02	7.25	(0.88)	929.83	-	2,124.07
Capital work in progress ##											65.32	59.30
											<b>2,083.52</b>	<b>2,183.37</b>

\* Includes Rs.0.29 crores (2009-10 - Rs. 1.89 crores) pertaining to land situated at Hardoi (2009-10 - Hardoi and Hyderabad) pending registration in favour of the Company.

\*\* Includes addition of Rs.Nil (2009-10 - Rs 0.34 crore) on account of foreign exchange fluctuation.

§ Includes Rs. 0.16 crore (2009-10 - Rs. 0.16 crore) in respect of certain plant and machinery retired from active use and held for disposal.

§§ Refer note 6 in schedule 13

# Includes Rs. 0.07 crore (2009-10 - Rs. 0.03 crore) included in additions to fixed assets/capital work in progress

## includes capital advances Rs. 5.33 crores (2009-10 - Rs. 5.01 crores)

@ Refer Note 11 in Schedule 13

## 6. INVESTMENTS

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Long Term</b> (valued at cost unless there is permanent fall in value thereof)		
<b>Trade Investments</b>		
<b>Unquoted</b>		
7,95,009 (2009-10 - 7,95,009) Equity shares of Rs. 10/- each fully paid up of Bharuch Eco Aqua Infrastructure Limited	0.79	0.79
45,50,000 (2009-10 - 45,50,000) Equity Shares of Rs. 10/- each shares of Forum I Aviation Private Limited	4.55	4.55
<b>Quoted</b>		
763.959 (2009-10 - 763.959) US-2002 of Unit Trust of India of Rs. 10/- each fully paid up (# Rs.5,000)	#	#
<b>Non-Trade Investments</b>		
<b>Government Securities</b>		
<b>Unquoted</b>		
National savings certificates *	0.08	0.07
<b>Investment in Shares, Units, etc.</b>		
<b>Quoted</b>		
1,50,000 (2009-10 - 150,000 ) Equity shares of IFCI Limited of Rs.10/- each fully paid up	0.06	0.06
5,400 (2009-10 - 5,400) Master Gains 92 of Unit Trust of India of Rs. 10/- each fully paid up (@ Rs.47,000)	@	@
2,500 (2009-10 - 2,500) Equity shares of APW President System Limited of Rs.10/- each fully paid up	0.01	0.01
66,037 (2009-10 - 66,037 ) Equity shares of Bank of Baroda of Rs. 10/- each fully paid up.	1.52	1.52
8,708 (2009-10 - 8,708) Equity shares of Reliance Power Limited of Rs. 10/- each fully paid up	0.24	0.24
45,128 (2009-10 - 45,128) Equity shares of Gujarat State Petronet Limited of Rs. 10/- each fully paid up	0.12	0.12
1,708 (2009-10 - 1,708 ) Equity shares of Future Capital Holdings Ltd. Rs. 10/- each fully paid up	0.13	0.13
34,150 (2009-10 - 34,150) Equity shares of National Thermal Power Corporation Limited of Rs.10/- each fully paid up	0.21	0.21
3,430 (2009-10 - 3,430) Equity shares of Punjab National Bank of Rs.10/- each fully paid up	0.13	0.13
97,907 (2009-10 - 97,907) Equity shares of Power Grid Corporation Ltd of Rs. 10/- each fully paid up	0.51	0.51

## 6. INVESTMENTS (Continued)

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
37,870 (2009-10 - 37,870) Equity shares of Yes Bank Ltd of Rs. 10/- each fully paid up	0.17	0.17
Nil (2009-10 - 6,934) Equity shares of HSBC InvestDirect (India) Ltd of Rs. 10/-each fully paid up. 6934 ( 2009-10 - Nil) equity shares sold during the year	-	0.09
6,53,592 (2009-10 - Nil) Equity shares of Nicco Corporation Ltd of Rs. 2/-each fully paid up allotted during the year	0.40	-
<b>Unquoted</b>		
Nil (2009-10 -500) 5.5% bonds of Rs. 10,000/- each fully paid up of Rural Electrification Corporation Limited, 500 bonds redeemed during the year	-	0.50
49,950( 2009-10 - 49,950) Equity shares of Pacific Land Development Private Limited of Rs.10/- each fully paid up	0.05	0.05
5,00,000 ( 2009-10- 5,00,000) Equity shares of Forech India Ltd. of Rs. 10/- each, Rs. 4 paid up	1.75	1.75
3,00,000 ( 2009-10 - 3,00,000) Equity shares of E Commodities Limited of Rs.10/- each fully paid up	0.30	0.30
2,00,000 (2009-10 - 2,00,000) Equity shares of Ellenbarie Commercial Limited of Rs.10/- each fully paid up	1.50	1.50
40,000 (2009-10 - 40,000) Equity shares of BMD Estate Private Limited of Rs.10/- each fully paid up	0.75	0.75
Less : Permanent diminution in value	0.75	0.75
10,000 ( 2009-10 - 10,000) Equity shares of Hariyali Rural Foundation of Rs. 10/- each fully paid up.	0.01	0.01
50,000 (2009-10 - 50,000) Equity shares of Rs. 10 each fully paid up of Shridhar Shriram Foundation	0.05	0.05
<b>TOTAL:</b>	<b>12.58</b>	<b>12.76</b>
Aggregate book value - Quoted	3.50	3.19
- Unquoted	9.08	9.57
Aggregate market value - Quoted	11.07	8.82

\* Lodged with Sales Tax authorities Rs. 9,000 (2009-10 - Rs. 9,000)

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 7. CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Current Assets</b>		
<b>Inventories</b>		
Stores and spares *	93.40	135.67
Stock-in-trade **		
Raw materials	58.90	79.21
Process stocks	28.45	25.33
Finished goods	835.94	614.65
Securities	0.01	0.01
	<b>1016.70</b>	<b>854.87</b>
<b>Sundry debtors</b>		
Debts over six months		
Secured - considered good	0.10	0.01
Unsecured - considered good	87.04	50.28
- considered doubtful	9.50	7.91
Other debts		
Secured - considered good	1.04	1.48
Unsecured - considered good	345.52	206.04
	<b>443.20</b>	<b>265.72</b>
Less: Provision for doubtful debts	9.50	7.91
	<b>433.70</b>	<b>257.81</b>
<b>Cash and bank balances</b>		
Cash on hand	1.69	1.56
Cheques in hand	-	5.70
With banks on		
Current account	61.92	40.94
Deposit account #	10.77	8.68
	<b>74.38</b>	<b>56.88</b>
<b>Loans and Advances</b>		
Advances recoverable in cash or in kind or for value to be received		
Unsecured - considered good	181.46	160.06
- considered doubtful	3.41	2.74
Less: Provision for doubtful advances	3.41	2.74
	<b>181.46</b>	<b>160.06</b>
Deposits	24.19	22.91
With customs, excise and port trust authorities	17.54	23.91
Tax payments (net of provision for current tax and fringe benefit tax)	8.02	46.20
MAT Credit entitlement	30.35	27.55
Interest accrued on investments, deposits etc.	3.23	7.92
	<b>264.79</b>	<b>288.55</b>
	<b>1789.57</b>	<b>1458.11</b>

\* Stores and spares are valued at cost or under.

\*\* Stock-in-trade is valued at cost or net realisable value, whichever is lower

# - Includes Rs. 0.56 crore (2009-10 - Rs. 0.31 crore) provided as margin for bank guarantees and letter of credit, and Rs. 0.76 crore (2009-10 - Rs. 0.57 crore) earmarked for specific purposes

- Includes Rs.10,000 (2009-10 - Rs.10,000) lodged with sales tax authority.

- Includes Rs. 0.12 crore (2009-10 - Rs. 0.10 crore) lodged with excise authority.

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 8. CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2011 Rs. Crores	As at March 31, 2010 Rs. Crores
<b>Current Liabilities</b>		
Sundry creditors #		
Total outstanding dues of Micro and small enterprises	1.23	0.74
Total outstanding dues of creditors other than micro and small enterprises	568.59	560.82
Ex-gratia payable under voluntary retirement schemes*	0.85	1.04
Interest accrued but not due on loans	15.37	11.87
	<b>586.04</b>	<b>574.47</b>
<b>Provisions</b>		
Gratuity	61.58	53.36
Compensated absences	41.36	35.73
Proposed dividends	6.64	6.64
Corporate dividend tax	1.08	1.10
Provision for Contingencies	16.09	16.09
	<b>126.75</b>	<b>112.92</b>
	<b>712.79</b>	<b>687.39</b>

# Sundry creditors do not include any amounts outstanding as on March 31, 2011 which are required to be credited to Investor Education and Protection Fund.

\* Rs. 0.18 crore (2009-10 - Rs. 0.20 crore) due within a year.

## 9. INCOME FROM SERVICES AND OTHER INCOME

	Year ended March 31, 2011 Rs. Crores	Year ended March 31, 2010 Rs. Crores
Income from services *	-	3.92
<b>Other income</b>		
Dividend income (gross) from:		
- non trade, long term investments	0.16	0.12
- non trade, current investments	1.20	0.30
Profit on sale of non trade long term investments	0.19	-
Profit on sale of non trade current investments	-	0.01
Profit on sale of Fertilizer bonds	-	0.89
Interest income **	10.73	19.21
Rent	5.35	4.27
Liabilities/provisions no longer required written back	1.27	5.71
Miscellaneous	14.42	16.91
	<b>33.32</b>	<b>51.34</b>

\* Income-tax deducted at source Rs. Nil (2009-10 - Rs. 0.21 crore)

\*\* Income-tax deducted at source Rs. 0.68 crore (2009-10 - Rs. 0.49 crore)

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 10. MANUFACTURING AND OTHER EXPENSES

	Year ended March 31, 2011 Rs. Crores	Year ended March 31, 2010 Rs. Crores
Raw materials consumed	1347.66	1147.24
Stores, spares and components	179.37	135.81
Power, Fuel, etc.	465.40	438.26
Repairs		
Buildings	7.68	4.83
Plant and machinery	21.76	21.02
Salaries, wages, bonus, gratuity, commission, etc.	297.94	259.45
Provident and other funds	20.41	15.16
Welfare	15.44	13.24
Rent	29.47	25.10
Insurance	10.26	9.91
Donation	0.13	0.04
Rates and taxes	2.66	1.95
Auditors' remuneration		
Audit fee	0.86	0.84
Tax audit	0.17	0.09
Limited review	0.35	-
Other services	0.72	0.66
Out-of-pocket expenses	0.04	0.06
Directors' fees	0.09	0.08
Bad debts and advances written-off	1.11	1.72
Provision for doubtful debts and advances	1.95	1.65
Freight and transport	64.12	49.56
Commission to selling agents	3.35	3.40
Brokerage, discounts (other than trade discounts), etc.	4.91	3.66
Selling expenses	60.29	48.56
Exchange fluctuation	28.99	26.23
Loss on sale/write off of fixed assets	3.31	1.11
Increase/(decrease) in excise duty of finished goods	9.96	(5.75)
Miscellaneous expenses	166.23	133.45
	<b>2744.63</b>	<b>2337.33</b>
Less: - Cost of own manufactured goods capitalised	<b>(0.08)</b>	<b>(0.12)</b>
	<b>2744.55</b>	<b>2337.21</b>
(Increase)/ Decrease in stock of finished goods and process stocks		
Closing stock	864.40	639.99
Less : Opening stock	639.99	613.04
Less: Stock of Subsidiaries on disposal thereof	-	(0.07)
	<b>639.99</b>	<b>612.97</b>
	<b>(224.41)</b>	<b>(27.02)</b>
	<b>2520.14</b>	<b>2310.19</b>

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 11. DEPRECIATION

	Year ended March 31, 2011 Rs. Crores	Year ended March 31, 2010 Rs. Crores
Depreciation	159.98	162.99
Less: Transfer from revaluation reserve	-	0.03
	<b>159.98</b>	<b>162.96</b>

## 12. CURRENT/DEFERRED TAX

	Year ended March 31, 2011 Rs. Crores	Year ended March 31, 2010 Rs. Crores
Current tax	5.28	23.77
Less :- MAT credit entitlement	<u>(2.80)</u> 2.48	<u>(19.01)</u> 4.76
Deferred tax	(20.20)	32.05
Adjustments related to earlier year current tax	-	1.47
	<b>(17.72)</b>	<b>38.28</b>

## 13. NOTES TO THE CONSOLIDATED ACCOUNTS

### 1. Statement of accounting policies

#### (i) Basis of accounting

The consolidated financial statements are prepared under the historical cost convention. These statements have been prepared in accordance with Accounting Standard 21 – “Consolidated Financial Statements” and relevant presentational requirements of the Companies Act, 1956.

#### (ii) Principles of consolidation

- a) The consolidated financial statements relate to DCM Shriram Consolidated Limited (‘the Company’) and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:
- the financial statements of the Company and its subsidiary companies 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.
  - 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.
  - the excess of cost to the Company of its investment in a subsidiary company over the Company’s portion of the equity of the subsidiary at the date on which investment in subsidiary is made is recognised in the financial statements as goodwill.
- b) The companies considered in the consolidated financial statements are:

Name of the Company	Country of incorporation	% voting power held as at March 31, 2011	% voting power held as at March 31, 2010
<b>Subsidiary companies</b>			
DCM Shriram Credit and Investments Limited (DSCIL)	India	100	100
Bioseed India Limited	India	100	100
DCM Shriram Infrastructure Limited (100 % subsidiary of DSCIL)	India	100	100
DCM Shriram Thermal Energy Limited (100 % subsidiary of DSCIL)	India	100	100
Hariyali India Limited (100% subsidiary of DSCIL)	India	100	100
Hariyali Rural Ventures Limited	India	100	100
DCM Shriram Aqua Foods Limited	India	100	100
Bioseeds Limited (BL)	Mauritius	100	100
Bioseed Research Philippines Inc (100% subsidiary of BL)	Philippines	100	100
Bioseed Holdings PTE Limited (BHP) (100% subsidiary of BL)	Singapore	100	100
Bioseed Vietnam Limited (100% subsidiary of BHP)	Vietnam	100	100
Shriram Bioseed (Thailand) Limited (99.99% subsidiary of BHP)	Thailand	99.99	99.99
Bioseed Research India Private Limited	India	100	100
Shriram Bioseed Genetics India Limited @	India	-	100
Shriram Bioseed Ventures Limited (SBVL)	India	100	100
Shriram Bioseeds Limited (SBL) (100% subsidiary of SBVL)	Mauritius	100	100
Zeus Investments Limited (100% subsidiary of SBL)	Mauritius	100	100
DCM Shriram Energy and Infrastructure Limited (DSEIL)	India	100	100
DCM Shriram Hydro Energy Limited (100% subsidiary of DSEIL)	India	100	100
Fenesta India Limited	India	100	100
SBM Yarn Limited	India	100	100
Hariyali Insurance Broking Limited	India	100	100
Shri Ganpati Fertilizers Limited	India	81.41	81.41

@ subsidiary in previous year (Refer Note 11)

- c) The accounts of subsidiaries namely Hariyali Rural Foundation and Shridhar Shriram Foundation, incorporated under Section 25 of the Companies Act, 1956 are not considered for consolidation since the objective of control in these companies is not to obtain economic benefits from its activities.
- d) These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiaries on the audited financial statements prepared for consolidation by the concerned subsidiaries in accordance with the requirements of AS –21 “Consolidated Financial Statements” notified by the Companies ( Accounting Standard ) Rules, 2006.

## 13. NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

### (iii) Fixed assets and depreciation

#### a) Owned assets

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes and incidental expenses and interest on loans attributable to the acquisition of assets up to the date of commissioning of assets. Capital subsidy received against specific assets is reduced from the value of relevant fixed assets.

The Company is following the straight-line method of depreciation in respect of buildings, plant and machinery and written down value method in respect of other assets.

Depreciation is provided at the rates as specified in schedule XIV to the Companies Act, 1956, except in the case of:

	Depreciation Rate
- catalyst tubes	12.50%
- cell units	10.00%
- certain other plant and machinery items	16.67%
- office and other equipments	25.00%

Depreciation is calculated on a pro-rata basis from the date of additions, except in the case of assets costing upto Rs.5000 each, where each such asset is fully depreciated in the year of purchase.

Depreciation (amortisation) on intangibles is provided on straight line method as follows:

- Technical know-how is amortised over its estimated economic useful life of 10 years
- Brand is amortised over a period of 10 years.
- Software is amortised over a period of 5 years.

On assets sold, discarded, etc. during the year, depreciation is provided upto the date of sale/discard.

#### b. Assets taken on finance lease

Fixed assets taken on finance lease on or after April 1, 2001 are stated at the lower of the fair value of the lease assets or the present value of the minimum lease payments at the inception of the lease.

In respect of fixed assets taken on finance lease, when there is reasonable certainty that the Company will obtain ownership by the end of the lease term, depreciation is provided in accordance with the policy followed by the Company for owned assets.

### (iv) Foreign currency transactions and derivatives

- (a) Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing on the date of transaction. Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statements are recognized as income/expense in the period in which they arise except that the exchange differences arising till the commissioning of fixed assets, relating to borrowed funds and liabilities in foreign currency for acquisition of the fixed assets are adjusted to the cost of fixed assets.

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. Further exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/ expense for the period except that the exchange differences, including premium or discount on forward exchange contracts, arising till the commissioning of fixed assets, relating to borrowed funds and liabilities in foreign currency for acquisition of the fixed assets are adjusted to the cost of fixed assets.

- (b) In case of foreign subsidiaries, the assets and liabilities have been translated into Indian Rupees at the closing exchange rate at the year end whereas revenues and expenses reflected in the profit and loss account have been translated into Indian Rupees at monthly average exchange rate for the reporting period. The resultant translation exchange differences are accumulated in "Foreign currency translation reserve" to be recognised as income or expense in the period in which net investment in concerned foreign subsidiary is disposed off.

### (v) Inventories

Stores and spares are valued at cost or under. Stock-in-trade is valued at Cost or net realisable value, whichever is lower. The bases of determining cost (which also includes taxes and duties wherever applicable) for different categories of inventory are as follows: -

Stores, spares and raw materials - Weighted average rate.

Stock-in-trade

Process stocks and finished goods - Direct cost plus appropriate share of overheads after giving credit for other income and excluding certain expenses like ex-gratia and gratuity.

By-products - At estimated realisable value

Securities are valued at cost or net realisable value, whichever is lower.

### (vi) Revenue recognition

- a) Revenue in respect of sale of products is recognised at the point of despatch to customer.

## 13. NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

- b) Under the retention pricing scheme, the Government of India reimburses to the fertiliser industry, the difference between the retention price based on the cost of production and selling price (as realised from the farmers) as fixed by the Government from time to time, in the form of subsidy. The effect of variation in input costs/expenses on retention price yet to be notified is accounted for by the Company as income for the year based on its assessment of ultimate collection with reasonable degree of certainty at the time of accrual.
- c) The Company accrues concession/subsidy on traded Phosphatic and Potassic fertilisers pending notification by Government of India, based on its assessment of ultimate collection thereof with reasonable degree of certainty.
- d) Revenue in respect of income from services is recognized on proportionate completion method.

### (vii) Investments

Long term investments are stated at cost unless there is a permanent fall in value thereof. Current investments are stated at cost or net realisable value, whichever is less.

### (viii) Employee benefits

Company's contributions paid/payable during the year to provident fund, superannuation fund and employees' state insurance corporation are recognised in the profit and loss account. For the Provident Fund Trust administered by the Company, the Company is liable to meet the shortfall, if any, in payment of interest at the rates declared by the Central Government and such liability is recognised in the year of shortfall.

Provisions for gratuity and compensated absences determined on an actuarial basis at the end of the year are charged to revenue each year.

### (ix) Research and development

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

### (x) Income-tax

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

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, between taxable income and accounting income. Deferred tax assets on unabsorbed depreciation and carry forward losses are recognised on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

	This Year (Rs. Crores)	Previous Year (Rs. Crores)
2. (i) <b>Contingent liabilities not provided for:</b>		
Claims* (excluding claims by employees where amount not ascertainable) not acknowledged as debts:		
Income tax matters	-	0.53
Sales tax matters	1.36	1.36
Excise Matters	2.17	2.23
Additional Premium on Land	8.11	8.11
Others	6.01	6.12
<b>Total</b>	<b>17.65</b>	<b>18.35</b>

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

(ii) Capital commitments (net of advances)	21.42	3.85
(iii) Guarantees given to financial institutions, banks and other parties in respect of loans availed by other parties:		
Amount guaranteed	1.85	1.85
Amount of loans outstanding	0.32	0.40

3. In accordance with past practice, the Company has taken revenue credits aggregating Rs. 27.00 crores (2009-10 - Rs. Nil) for urea subsidy claims, which are pending notification/ final acceptance by 'Fertiliser Industry Coordination Committee' (FICC), Government of India, in pursuance of the Retention Price Scheme administered for nitrogenous fertilisers. Necessary adjustment to revenue credits so accrued will be made on issuance of notification by FICC, Government of India.

4. (a) Provision for contingencies aggregating to Rs. 12.09 crores (2009-10 - Rs.12.09 crores) in Schedule 8 represents the maximum possible exposure on ultimate settlement of issues relating to reconstruction arrangement of the companies.
- (b) The Hon'ble Supreme Court vide its Order dated December 11, 1996 directed that the Aqua projects shall be allowed to be developed after the projects are granted approval by an 'Authority' to be constituted by the Central Government, which is still pending. DCM Shriram Aqua Foods Limited (DSAFL) is monitoring the developments in this regard and will take appropriate actions in due course.

However, DSAFL, in the year 2001-2002, based on a valuation of its assets carried out by an independent valuer had out of abundant caution made a provision for contingencies of Rs. 4.00 crores towards the possible diminution in the value of its assets.

## 13. NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

### 5. Segment reporting

#### A. Business segments :

Based on the guiding principles given in Accounting Standard AS-17 "Segment Reporting" notified by the Companies (Accounting Standard) Rules, 2006 the Company's business segments include: Fertilisers (manufacturing of urea), Chloro-Vinyl (manufacturing of poly-vinyl chloride, carbide and chlor alkali products), Farm Solutions (trading of di ammonia phosphate, muriate of potash, super phosphate, other fertilisers, seeds and pesticides), Cement (manufacturing of cement), Sugar (manufacturing of sugar products and co-generation of Power), Hariyali Kisaan Bazaar (Rural retail and agri businesses), Bioseed (production of hybrid seeds), Others (energy services, textiles, compounds, UPVC Window Systems and plaster of paris). Sale of power from the power generation facilities set up for the business segments is included in their respective results.

#### B. Geographical segments:

Since the Company's activities/operations are primarily within the country and considering the nature of products/services it deals in, the risks and returns are same and as such there is only one geographical segment.

#### C. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in note 1 above, the accounting policies in relation to segment accounting are as under:

##### a) Segment revenue and expenses:

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

##### b) 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 deferred income taxes. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amounts of certain assets/liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

##### c) Inter segment sales:

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

#### D. Information about business segments:

PARTICULARS	Rs. Crores																			
	Fertiliser		Farm Solutions		Sugar		Hariyali Kisaan Bazaar		Chloro-Vinyl		Cement		Bioseed		Others		Elimination		Total	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
<b>1. REVENUE</b>																				
External sales (Gross)	467.48	476.10	910.59	400.78	640.70	759.00	762.92	616.52	844.31	795.59	139.36	146.11	170.10	117.04	343.68	318.85			4279.14	3629.99
Other Operating Income	3.92	3.36	0.11	0.02	1.22	3.53	5.27	5.39	3.02	3.94	0.45	3.14	2.11	1.73	1.33	2.64			17.43	23.75
Income from Services																3.92				3.92
Inter segment sales	-	-	13.14	5.95	0.86	3.17	5.80	8.11	37.38	17.22	-	-	119.26	83.73	0.01	0.17	176.45	118.35		
<b>Total revenue</b>	<b>471.40</b>	<b>479.46</b>	<b>923.84</b>	<b>406.75</b>	<b>642.78</b>	<b>765.70</b>	<b>773.99</b>	<b>630.02</b>	<b>884.71</b>	<b>816.75</b>	<b>139.81</b>	<b>149.25</b>	<b>291.47</b>	<b>202.50</b>	<b>345.02</b>	<b>325.58</b>	<b>176.45</b>	<b>118.35</b>	<b>4296.57</b>	<b>3657.66</b>
<b>2. RESULTS</b>																				
Segment results	29.24	44.63	41.37	16.67	(7.12)	42.49	(83.11)	(81.17)	90.03	175.23	16.41	37.22	37.81	28.40	(11.75)	(1.57)			112.88	261.90
Unallocated expenses (net of income)																			78.55	57.29
<b>Operating profit/(loss)</b>	<b>29.24</b>	<b>44.63</b>	<b>41.37</b>	<b>16.67</b>	<b>(7.12)</b>	<b>42.49</b>	<b>(83.11)</b>	<b>(81.17)</b>	<b>90.03</b>	<b>175.23</b>	<b>16.41</b>	<b>37.22</b>	<b>37.81</b>	<b>28.40</b>	<b>(11.75)</b>	<b>(1.57)</b>			<b>34.33</b>	<b>204.61</b>
Interest expense																			66.32	88.56
<b>Profit/(loss) before tax and exceptional items</b>																			<b>(31.99)</b>	<b>116.05</b>
Income from sale of subsidiary																			-	6.48
<b>Profit/(loss) before tax</b>																			<b>(31.99)</b>	<b>122.53</b>
Provision for taxation																			(17.72)	38.28
<b>Net profit/(loss)</b>																			<b>(14.27)</b>	<b>84.25</b>
<b>3. OTHER INFORMATION</b>																				
<b>A. ASSETS</b>																				
Segment assets	257.07	163.34	177.24	136.38	1381.06	1222.56	448.47	451.18	821.69	933.42	48.07	44.85	257.76	207.70	392.40	360.12			3783.76	3519.55
Unallocated assets																			101.91	134.89
<b>Total assets</b>	<b>257.07</b>	<b>163.34</b>	<b>177.24</b>	<b>136.38</b>	<b>1381.06</b>	<b>1222.56</b>	<b>448.47</b>	<b>451.18</b>	<b>821.69</b>	<b>933.42</b>	<b>48.07</b>	<b>44.85</b>	<b>257.76</b>	<b>207.70</b>	<b>392.40</b>	<b>360.12</b>			<b>3885.67</b>	<b>3654.24</b>
<b>B. LIABILITIES</b>																				
Segment liabilities	71.63	77.47	71.97	79.60	155.90	88.09	37.65	41.18	99.82	150.60	15.76	13.21	138.74	100.50	46.39	35.03			637.86	585.68
Share capital and reserves																			1306.37	1329.61
Secured and unsecured loans																			1710.38	1460.91
Unallocated liabilities																			231.06	278.04
<b>Total liabilities</b>	<b>71.63</b>	<b>77.47</b>	<b>71.97</b>	<b>79.60</b>	<b>155.90</b>	<b>88.09</b>	<b>37.65</b>	<b>41.18</b>	<b>99.82</b>	<b>150.60</b>	<b>15.76</b>	<b>13.21</b>	<b>138.74</b>	<b>100.50</b>	<b>46.39</b>	<b>35.03</b>			<b>3885.67</b>	<b>3654.24</b>
<b>C. OTHERS</b>																				
Capital expenditure	4.72	13.75	0.59	0.49	11.71	2.52	4.41	7.68	14.17	18.52	3.14	3.01	9.04	5.75	16.98	10.29				
Depreciation	10.71	12.53	0.34	0.33	45.50	45.76	14.37	15.26	68.40	69.22	2.18	2.09	2.34	2.09	13.66	13.59				
Non cash expenses other than depreciation	-	-	-	-	0.16	1.00	0.08	-	-	-	-	-	2.45	1.69	0.26	1.48				

## 13. NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

6. Disclosure in respect of assets taken on lease on or after April 1, 2001 under Accounting Standard AS-19 "Leases".

(i) General description of the finance lease:

Bioseed Research Philippines Inc (BRP) has entered into finance lease arrangement for vehicles and office equipment. Some of the significant terms and conditions of such leases are as under:

- renewal for a further period on such terms and conditions as may be mutually agreed upon between lessor and BRP.
- assets to be purchased by BRP or the nominee appointed by BRP at the end of the lease term.

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

Rs. Crores

	Total		Not later than one year		Later than one year but not later than five years	
	This year	Previous year	This year	Previous year	This year	Previous year
Total of minimum lease payments at the balance sheet date	0.48	0.26	0.17	0.12	0.31	0.14
Less: Future finance charges	0.07	0.05	0.03	0.02	0.04	0.03
Present value of minimum lease payments at the balance sheet date	0.41	0.21	0.14	0.10	0.27	0.11

(iii) General description of the operating lease

- Assets Taken on Lease

(a) The Company has entered into lease agreements for lease of offices, retail outlets etc., generally for a period of 5/15 years, which can be terminated, by serving notice period as per the terms of the agreements

(b)

Rs. Crores

	This Year	Previous Year
Total of minimum lease payments	4.01	5.24
The total of minimum lease payments for a period:		
- Not later than one year	2.01	4.02
- Later than one year and not later than five years	2.00	1.21
- Later than five years	-	0.01
(c) Lease payment recognised in profit and loss account for the year	29.47	25.10

- Assets given on lease:-

(a) The Company has entered into operating lease arrangements for buildings. The details of leased assets are as under:-

Rs. Crores

	Gross Block		Accumulated depreciation		Depreciation for the year	
	This year	Previous year	This year	Previous year	This year	Previous year
Land and building	38.14	38.90	2.74	1.84	0.90	0.97
Plant and Machinery	0.41	0.41	0.08	0.04	0.04	0.01
Furniture and Fittings	1.02	1.02	0.59	0.44	0.15	0.22
	39.57	40.33	3.41	2.32	1.09	1.20

Rs. Crores

	This Year	Previous Year
(b) Future minimum lease payments receivables in respect of non-cancellable lease	8.08	8.32
- Not later than one year	0.23	0.23
- Later than one year and not later than five years	0.96	0.94
- Later than five years	6.89	7.15

## 7. Earnings per share

	This Year	Previous Year
Net Profit/(Loss) for the year as per profit and loss account (Rs. Crores)	(14.27)	84.25
Exceptional item (Rs. Crores)	-	6.48
Net Profit/(Loss) after tax but before exceptional items (Rs. Crores)	(14.27)	77.77
Basic/Weighted average number of equity shares outstanding	165,903,320	165,903,320
Basic and diluted earnings per share in rupees (face value – Rs.2 per share)		
- Before exceptional item	(0.86)	4.69
- After exceptional item	(0.86)	5.08

**13. NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)**

**8. Related party disclosures under Accounting Standard 18**

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

Key Managerial Persons, their relatives and HUFs : Mr. Ajay S.Shriram, Mr. Vikram S.Shriram, Mr. Rajiv Sinha, Mr. Ajit S.Shriram, Mr. N.J. Singh, Mr. Aditya A. Shriram (relative of Mr. Ajay S. Shriram), Mr. Anand A. Shriram (relative of Mr. Ajay S. Shriram), Mrs. Divya Sinha (relative of Mr. Rajiv Sinha), Ms. Arunima Sinha (relative of Mr. Rajiv Sinha), M/s. Ajay S.Shriram (HUF), M/s. Vikram S.Shriram (HUF)

B. Transactions with Key Managerial Persons, their relatives and HUF's.

	Key Managerial Personnel, their relatives and HUFs	
	This Year Rs. Crores	Previous Year Rs. Crores
Hire of premises - rent paid	4.17	2.84
Security deposit given	-	0.33
Security deposit received back	0.07	0.13
Fixed deposit received	-	0.02
Managerial remuneration including commission	6.52	7.38
Remuneration paid	0.35	0.30
Balance outstanding as at the year end		
- Security deposits for premises hired	8.88	8.95
- Fixed deposits	0.11	0.11
- Commission payable	-	2.28

**Disclosure in respect of material transaction with Key managerial personnel, their relatives and their HUF**

Nature of the transaction	Name	Rs. in crores	
		This year	Previous year
<b>Rent paid</b>	M/s. Ajay S. Shriram ( HUF)	1.26	0.96
	M/s. Vikram S. Shriram ( HUF)	1.05	0.61
	M/s. Ajit S. Shriram ( HUF)	1.11	0.82
	Mr. Rajiv Sinha	0.30	0.15
	Relatives of Key management personnel	0.45	0.30
		4.17	2.84
<b>Security deposits given</b>	Mr. Rajiv Sinha	-	0.17
	Relatives of Key management personnel	-	0.16
		-	0.33
<b>Security deposits received back</b>	Mr. Rajiv Sinha	0.04	0.08
	Relatives of Key management personnel	0.03	0.05
		0.07	0.13
<b>Remuneration</b>	Mr. Ajay S. Shriram	1.79	2.15
	Mr. Vikram S. Shriram	1.69	1.85
	Mr. Ajit S. Shriram	1.38	1.52
	Mr. Rajiv Sinha	1.30	1.49
	Mr. N.J Singh	0.36	0.37
	Relatives of Key management personnel	0.35	0.30
		6.87	7.68

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 13. NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

9. Details of Pre-operative expenses pending allocation included under Capital work in progress in Schedule 5 is as under:

Rs. Crores

Particulars	This Year	Previous Year
Stores, spares and components	0.02	-
Salaries, wages, bonus, gratuity, commission etc.	0.40	0.30
Provident and other funds	0.02	0.02
Welfare	0.01	0.02
Rent	0.02	0.01
Freight and transport	0.01	0.02
Exchange fluctuation	-	0.31
Miscellaneous expenses	0.77	0.85
Depreciation	0.07	0.03
	<b>1.32</b>	1.56
Add: Brought forward from the previous year	3.03	4.54
Less: Capitalised during the year	0.14	3.07
Transferred to capital work-in-progress	4.21	3.03

10. Research and development expenses included under relevant heads in the profit and loss account Rs.22.68 crores ( 2009-10 – Rs. 16.11 crores)

11. (a) Pursuant to the Scheme of Arrangement (Scheme), under sections 391 to section 394 of the Companies Act, 1956 approved by the Hon'ble High Court of Delhi vide its order dated August 19, 2010 which became effective on September 28, 2010 on filing of the certified copy of the orders of the High Court in the office of the Registrar of Companies, w.e.f April 1, 2009, the appointed date of the Scheme, Shriram Bioseed Genetics India Limited (SBGIL), wholly owned subsidiary of the Company has amalgamated into the Company.

(b) Since fixed assets are accounted for on cost basis, the Company's management has decided to eliminate the revaluation component included in fixed asset of erstwhile SBGIL.

12. Category wise quantitative data about Derivative Instruments:

Nature of Derivative	Number of deals		Purpose		Amount in foreign currency (in Crores)		Amount in Rs. Crores	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
US Dollar Interest rate swap	5	10	Hedging	Hedging	USD 2.50	USD 8.47	111.49	336.90
Currency swap	7	2	Hedging	Hedging	USD 4.54	USD 0.79	202.25	35.94
Currency swap	3	3	Hedging	Hedging	JPY 175.73	JPY 213.50	94.64	103.27
Coupon swap	4	4	Conversion of Indian Rupee denominated coupons into USD coupons	Conversion of Indian Rupee denominated coupons into USD coupons	USD 0.50	USD 0.50	22.30	22.46
Options	1	1	Hedging	Hedging	JPY 32.64	JPY 45.69	17.58	22.10
Commodity Futures	-	11	Hedging	Hedging	-	-	-	21.84
Commodity Futures	1	6	Sale/Purchase	Sale/Purchase	-	-	2.73	2.72

Foreign Currency exposures that are not hedged by derivative instruments or otherwise is as follows:

Particulars	This Year		Previous Year	
	Amount in foreign currency (in Crores)	Amount in Rs. Crores	Amount in foreign currency (in Crores)	Amount in Rs. Crores
Loans	USD 0.51	22.84	USD 0.12	5.55
	JPY 12.64	6.81	JPY 45.69	22.11
Current liabilities	USD 0.05	2.16	USD 1.04	46.49
	-	-	JPY 0.02	0.01
	EUR 0.002	0.15	-	-
Current Assets	USD 0.13	5.73	USD 0.01	0.57
	-	-	EURO 0.14	8.29

## 13. NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

13. In an earlier year, pursuant to an Umbrella agreement dated January 30, 2006 entered into between the Company (DSCL) and M/s Shri Ganapati Fertilizers Limited (SGFL), a supplier of SSP products, DSCL had provided financial assistance to SGFL against security of all immovable assets and movable assets of SGFL and pledge of equity shares of SGFL held by its promoters. In Financial year 2008-09, due to continuous non-compliance with the terms of this agreement, DSCL had invoked the security clause, resulting in SGFL becoming a subsidiary of DSCL.

Since complete information/records were not available, the financial statements of SGFL as at March 31, 2009 were prepared on the basis of the available records and information for the period upto May 5, 2008 and records maintained thereafter by the current management. In view of the management, non-availability of such information is not likely to have a material impact on the SGFL's financial results.

14. DSCL had accounted for cane purchases for sugar season 2007-08 at Rs. 110 per quintal, the rate at which it has made payment to the cane growers as per the interim order of the Hon'ble Supreme Court, against the price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Necessary adjustments will be made in accordance with the orders of the Hon'ble court in the matter.

### 15. Employee Benefits

The Company has classified the various benefits provided to employees as under:-

#### i) Defined contribution plans

The Company has recognized the following amounts in the profit and loss account:

	Rs. Crores	
	This Year	Previous Year
- Employers' contribution to provident fund	14.43	12.64
- Employers' contribution to superannuation fund	5.98	2.27
- Employers' contribution to employees' state insurance corporation	0.70	0.22

#### ii) Defined benefit plans

- a) Gratuity
- b) Compensated absences – Earned leave/ sick leave

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plans and details of the same are given below :-

	Rs. Crores					
	Gratuity (Partially funded)		Compensated absences			
			Earned leave (Unfunded)		Sick leave	
	This year	Previous year	This year	Previous year	This year	Previous year
Discount rate (per annum)	8%	8%	8%	8%	8%	8%
Future salary increase	7%	7%	7%	7%	7%	7%
Expected rate of return on plan assets	8%	8%	-	-	-	-
In service mortality	*	*	*	*	*	*
Retirement age	58/60 years	58/60 years	58/60 years	58/60 years	58/60 years	58/60 years
Withdrawal rates:						
- upto 30 years	3%	3%	3%	3%	3%	3%
- upto 44 years	2%	2%	2%	2%	2%	2%
- above 44 years	1%	1%	1%	1%	1%	1%
<b>I. Expense recognised in profit and loss account</b>						
Current service cost	3.44	3.31	3.00	2.73	1.21	1.12
Interest cost	4.39	3.93	1.68	1.58	1.16	1.07
Expected return on plan assets	(0.06)	(0.05)	-	-	-	-
Net actuarial( gain) / loss recognised in the year	4.69	2.26	2.34	1.33	(0.57)	(0.61)
Past service cost	0.70	-	-	-	-	-
<b>Total expense</b>	<b>13.16</b>	9.45	<b>7.02</b>	5.64	<b>1.80</b>	1.58

13. NOTES TO THE CONSOLIDATED ACCOUNTS (Continued)

Rs. Crores

	Compensated absences					
	Gratuity (Partially funded)		Earned leave (Unfunded)		Sick leave	
	This year	Previous year	This year	Previous year	This year	Previous year
<b>II. Net asset/(liability) recognised in the balance sheet as at March 31, 2011</b>						
Present value of Defined benefit obligation	62.36	53.91	25.44	21.61	15.92	14.12
Fair value of plan assets	0.78	0.55	-	-	-	-
Funded status [surplus/(deficit)]	(61.58)	(53.36)	(25.44)	(21.61)	(15.92)	(14.12)
Net asset/(liability) as at March 31, 2011	(61.58)	(53.36)	(25.44)	(21.61)	(15.92)	(14.12)
<b>III. Change in the present value of obligation during the year</b>						
Present value of obligation as at the beginning of the year	53.52	47.15	21.03	18.17	13.95	12.54
Interest cost	4.39	3.94	1.68	1.58	1.16	1.07
Current service cost	3.44	3.31	3.00	2.73	1.21	1.12
Benefits paid	(4.78)	(2.73)	(3.19)	(2.20)	-	-
Actuarial (gains) / losses on obligation	4.69	2.26	2.34	1.33	(0.57)	(0.61)
Expected return on plan assets	-	-	-	-	-	-
Amalgamations	0.40	-	0.58	-	0.17	-
Past service cost	0.70	-	-	-	-	-
Present value of obligation as at the end of the year	62.36	53.93	25.44	21.61	15.92	14.12
<b>IV. Change in fair value of assets during the year</b>						
Fair value of plan assets at the beginning of the year	0.55	0.39	-	-	-	-
Expected return on plan assets	0.06	0.05	-	-	-	-
Employer Contribution	0.23	0.14	-	-	-	-
Actual benefits paid	(0.07)	(0.03)	-	-	-	-
Fair value of plan assets at the end of the year	0.77	0.55	-	-	-	-
Actual return on plan assets	-	0.05	-	-	-	-

Note: The plan assets are maintained with LIC of India Gratuity Scheme. The details of investment maintained by LIC are not available and have therefore not been disclosed.

\* LIC (1994-96) duly modified

Disclosure relating to present value of defined benefit obligation and fair value of plan assets and net actuarial loss:-

Particulars	2010-11			2009-10			2008-09			2007-08		
	Gratuity (partially funded)	Earned leave	Sick leave									
Present value of obligation as at the end	62.36	25.44	15.92	53.91	21.61	14.12	47.42	18.41	12.68	41.11	15.55	11.27
Fair value of plan assets at the end	0.78	-	-	0.55	-	-	0.40	-	-	0.28	-	-
Net liability recognised in balance sheet	(61.58)	(25.44)	(15.92)	(53.36)	(21.61)	(14.12)	(47.02)	(18.41)	(12.68)	(40.83)	(15.55)	(11.27)
Net actuarial (gain)/loss recognised	4.69	2.34	(0.57)	2.26	1.33	(0.61)	2.14	0.83	(0.57)	2.62	0.23	(0.38)

16. 'Excise duty' on sales has been deducted from gross sales on the face of profit and loss account. 'Increase/ (decrease) in excise duty on finished goods' has been shown under the head 'Manufacturing and other expenses' in schedule 10.

17. Previous year's figures have been recast, wherever necessary.

18. Schedules 1 to 13 form an integral part of the financial statements.

# Subsidiary Companies' Particulars

DCM SHRIRAM  
CONSOLIDATED LIMITED

Particulars regarding subsidiary companies pursuant to General Circular No. 2/2011 dated February 8, 2011 from Ministry of Corporate Affairs, Government of India Year Ended March 31, 2011

Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Rs. Crores
									Proposed Dividend
DCM Shriram Credit and Investments Limited	6.00	0.77	15.53	15.53	0.71	0.08	0.03	0.05	-
Bioseed India Limited	0.05	-	0.05	0.05	-	@	-	@	-
DCM Shriram Infrastructure Limited	0.05	-	27.06	27.06	-	(0.53)	-	(0.53)	-
DCM Shriram Thermal Energy Limited	0.05	-	0.06	0.06	-	@	-	@	-
Shriram Bioseed (Thailand ) Limited	3.35	-	2.49	2.49	1.60	(3.10)	-	(3.10)	-
Bioseeds Limited	11.21	25.02	35.29	35.29	9.31	9.21	0.05	9.16	-
Bioseed Vietnam Limited	5.06	11.50	12.43	12.43	33.33	4.26	0.46	3.80	-
Bioseed Research Philippines, Inc.	5.16	6.11	20.82	20.82	47.98	6.63	1.88	4.75	-
Bioseed Research India Private Limited	0.37	-	31.43	31.43	34.05	14.16	0.04	14.12	-
DCM Shriram Aqua Foods Limited	8.35	-	8.53	8.53	-	(0.05)	-	(0.05)	-
DCM Shriram Energy and Infrastructure Limited	0.20	-	0.20	0.20	-	^	-	^	-
Shriram Bioseed Ventures Limited	4.05	16.00	58.03	58.03	0.17	(0.10)	-	(0.10)	-
Shriram Bioseeds Limited	1.54	58.50	60.89	60.89	0.16	(0.54)	-	(0.54)	-
Hariyali Rural Foundation	0.01	-	0.01	0.01	0.02	\$\$	-	\$\$	-
Hariyali Rural Ventures Limited	1.00	-	33.37	33.37	0.83	(0.72)	0.01	(0.73)	-
Zeus Investments Limited	2.60	0.05	(0.02)	(0.02)	-	(2.98)	-	(2.98)	-
DCM Shriram Hydro Energy Limited	0.15	-	0.15	0.15	-	**	-	**	-
SBM Yarn Limited	0.05	-	0.05	0.05	-	@	-	@	-
Fenesta India Limited	0.05	-	0.05	0.05	-	*	-	*	-
Shri Ganpati Fertilizers Limited	2.15	5.11	14.47	14.47	27.20	0.72	-	0.72	-
Hariyali India Limited	0.05	-	0.05	0.05	-	\$	-	\$	-
Hariyali Insurance Broking Limited	0.50	-	0.50	0.50	0.01	(0.15)	-	(0.15)	-
Bioseeds Holdings PTE Limited	3.30	-	13.32	13.32	0.38	0.05	-	0.05	-
Shridhar Shriram Foundation	0.05	-	0.05	0.05	-	^^	-	^^	-

Exchange Rate as at 31.3.2011

1 USD = INR 44.595

1 Baht = INR 1.4742

@ - (Rs. 19000), \* - (Rs. 20000), ^ - (Rs. 24000), \*\* - (Rs. 45000), \$ - (Rs. 16000), \$\$ - Rs. 7000, ^^ - (Rs. 46,000)

Details of Investments (other than in subsidiaries) are as follows:

DCM Shriram Credit and Investments Limited	Rs. Crores
763,959 US-2002 of Unit Trust of India of Rs.10/- each fully paid up (# Rs.5,000)	#
National Saving Certificate (## Rs.9,000)	##
5,400 Master Gains 92 of Unit Trust of India of Rs.10/- each fully paid up (### Rs.47,000)	###
1,50,000 equity shares of IFCI Ltd. of Rs.10/- each fully paid up	0.06
2,500 equity shares of APW President System Ltd. of Rs.10/- each fully paid up	0.01
66,037 equity shares of Bank of Baroda of Rs.10/- each fully paid up	1.52
45,108 equity shares fo Gujrat State Petronet Ltd of Rs.10/- each fully paid up	0.12
34,150 equity shares of National Thermal Power Corporation Ltd. of Rs.10/- each fully paid up	0.21
3,430 equity shares of Punjab National Bank of Rs.10/- each fully paid up	0.13
37,870 equity shares fo Yes Bank Ltd of Rs.10/- each fully paid up	0.17
1708 equity shares of Future Capital Holdings Ltd. of Rs.10/- each fully paid up allotted	0.13
97,907 equity shares of Power Grid Corporation of India Ltd of Rs.10/- each fully paid up	0.51
8,708 equity shares of Reliance Power Ltd. of Rs.10/- each fully paid up	0.24
6,53,592 equity shares of NICCO Corporation Ltd. of Rs. 6.12/- each fully paid up allotted during the year	0.40
49,950 equity shares of Pacific Land Development Pvt. Ltd. of Rs.10/- each fully paid up	0.05
3,00,000 equity shares of E Commodities Ltd. of Rs.10/- each fully paid up	0.30
2,00,000 equity shares of Ellenbarie Commercial Ltd. of Rs.10/-each fully paid up	1.50
40,000 equity shares of BMD Estates Pvt. Ltd of Rs.10/- each fully paid up	-
5,00,000 equity shares of Forech India Ltd of Rs.10/- each, Rs. 4/- paid up	1.75

Other Subsidiaries

Nil

The Company will make available the annual accounts and related detailed information of the subsidiary companies upon request to the shareholders of the holding and the subsidiary companies. These shall also be kept for inspection at the head office of the Company and the subsidiary companies.





