

DCM SHRIRAM CONSOLIDATED LIMITED

ANNUAL REPORT 2009-10

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## Corporate Information

### Registered Office

DCM Shriram Consolidated Limited  
6th 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  
*Deputy Managing Director*  
Shri Ajit S. Shriram  
*Director (Sugar)*  
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 S.C. Bhargava  
*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.)*

# 01

## Notice

REGISTERED OFFICE:  
6th Floor, Kanchenjunga Building,  
18, Barakhamba Road, New Delhi.

Notice is hereby given that the Twenty First Annual General Meeting of DCM Shriram Consolidated Limited will be held on Tuesday, 17th August, 2010 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, 2010 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 Ajit S. Shriram, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Pradeep Dinodia, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Dr. N.J. Singh, 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 a Special Resolution:

"Resolved that the approval of the Company be and is hereby accorded pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956, to pay, subject to such other approvals as may be necessary, a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, to all or some or any of the Directors other than the Managing Directors and Whole Time Directors of the Company in such amounts or proportions and in such manner and in all respects as may be determined by the Board of Directors, and such payments to be made in respect of profits of the Company for each year for a period of five years commencing from 1st April, 2010."

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

"Resolved that pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the appointment of Shri Anand A. Shriram to hold and continue to hold an office or place of profit in the Company as Officer on Special Duty on a total remuneration not exceeding Rs.50,000/- per month."

By Order of the Board



(B.L. SACHDEVA)  
Company Secretary

New Delhi  
5<sup>th</sup> May, 2010

## 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 3<sup>rd</sup> August, 2010 to 10<sup>th</sup> August, 2010 (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, 4<sup>th</sup> 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 2002-03 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 31.3.2003 and thereafter may write to the Company immediately.

7. In terms of Section 109A of the Companies Act, 1956, the Member(s) of the Company may nominate a person on whom the Shares held by him/them shall vest in the event of his/their death. Member(s) desirous of availing this facility may submit nomination in Form 2B.
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. 21<sup>st</sup> March, 2000. Members are, therefore, advised to dematerialise their shareholding to avoid inconvenience, in future.
9. Appointment/Re-appointment of Directors

At the ensuing Annual General Meeting Shri Ajit S. Shriram, Shri Pradeep Dinodia and Dr. N.J. Singh, Directors, retire by rotation and being eligible offer themselves for re-appointment. The information, as required under the

Listing Agreement, in relation to the aforesaid Directors is as under:

| Name of the Director                                                                                       | Shri Ajit S. Shriram                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Shri Pradeep Dinodia                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Dr. N.J. Singh                                  |
|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Date of Birth                                                                                              | 3.10.1967                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2.12.1953                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 29.11.1953                                      |
| Nationality                                                                                                | Indian                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Indian                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Indian                                          |
| Date of Appointment on the Board of the Company                                                            | 2.5.2001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 18.7.1994                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 20.11.2007                                      |
| Qualification                                                                                              | B.Com, M.B.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | B.A. (Eco. Hons.), LL.B., F.C.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                            | M.Sc., Ph.D.                                    |
| Expertise in Functional Area                                                                               | Sugar Industry                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Corporate Legal Matters, FEMA, Accounting and Direct Taxes                                                                                                                                                                                                                                                                                                                                                                                                                                  | Environment, Health, Safety and Quality Systems |
| Directorships held in other Indian Companies                                                               | <ul style="list-style-type: none"> <li>- DCM Shriram Credit and Investments Ltd.</li> <li>- DCM Shriram Infrastructure Ltd.</li> <li>- DCM Shriram Energy and Infrastructure Ltd.</li> <li>- DCM Shriram Hydro Energy Ltd.</li> <li>- Hariyali Rural Ventures Ltd.</li> <li>- Hariyali Rural Foundation</li> <li>- Hariyali India Ltd.</li> <li>- Hariyali Insurance Broking Ltd.</li> <li>- Shriram Bioseed Ventures Ltd.</li> <li>- Bioseed Research India Pvt. Ltd.</li> <li>- SBM Yarn Ltd.</li> <li>- Fenesta India Ltd.</li> <li>- Hariyali Kisaan Bazaar Ltd.</li> <li>- Shridhar Shriram Foundation</li> </ul> | <ul style="list-style-type: none"> <li>- Shriram Pistons &amp; Rings Ltd.</li> <li>- Hero Honda Motors Ltd.</li> <li>- Hero Corporate Service Ltd.</li> <li>- DFM Foods Ltd.</li> <li>- Micromatic Grinding Technology Ltd.</li> <li>- SPR International Auto Exports Ltd.</li> <li>- Ultima Finvest Ltd.</li> <li>- J.K. Lakshmi Cement Ltd.</li> </ul>                                                                                                                                    | NIL                                             |
| 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>- Shareholders/Investors Grievance Committee</li> </ul> <b>Member</b> <ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Remuneration Committee</li> </ul>                                                                                                                                                                                                                                                          | NIL                                             |
| Chairman/Member of the Committee(s) of the Board of Directors of other Companies in which he is a Director | <b>Member</b><br><u>Audit Committee</u> <ul style="list-style-type: none"> <li>- DCM Shriram Credit and Investments Ltd.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Chairman</b><br><u>Audit Committee</u> <ul style="list-style-type: none"> <li>- DFM Foods Ltd.</li> <li>- Hero Honda Motors Ltd.</li> <li>- Hero Corporate Service Ltd.</li> </ul> <b>Member</b><br><u>Audit Committee</u> <ul style="list-style-type: none"> <li>- Shriram Pistons &amp; Rings Ltd.</li> </ul> <u>Shareholders/Investors Grievance Committee</u> <ul style="list-style-type: none"> <li>- Hero Honda Motors Ltd.</li> <li>- Shriram Pistons &amp; Rings Ltd.</li> </ul> | NIL                                             |
| Number of shares held in the Company                                                                       | 2,83,580                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 29,270                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 2,850                                           |

**EXPLANATORY STATEMENT**

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

**ITEM NO. 7**

Considering the Company's size, its operations and the fact that Directors other than the Managing and Whole Time Directors are required to make extra exertions from time to time and/or to give special attention to certain areas of business of the Company, the Board of Directors in their meeting held on 5.5.2010 has decided to seek authorisation from shareholders for payment of commission of a sum not exceeding 1% of the net profits of the Company, calculated in accordance with the provisions of Sections 198, 349 & 350 of the Companies Act, 1956, in such amounts or proportions to all or some or any of the Directors other than the Managing and Whole Time Directors and in such manner and in all respects as may be determined by the Board of Directors of the Company for a period of five years commencing from 1st April, 2010.

All the Directors, except Shri Ajay S. Shriram, Shri Vikram S. Shriram, Shri Rajiv Sinha, Shri Ajit S. Shriram and Dr. N.J. Singh, are interested in the Resolution.

**ITEM NO. 8**

The Board of Directors of the Company in their meeting held on 5.5.2010 had approved the appointment of Shri Anand A. Shriram, son of Shri Ajay S. Shriram, Chairman & Senior Managing Director of the Company, as Officer on Special Duty w.e.f. 10.5.2010 on a total remuneration not exceeding Rs.50,000/- per month. However, Shri Anand A. Shriram would be drawing remuneration less than Rs.20,000/- per month upto the time the approval to his appointment is accorded by the general meeting.

Shri Anand A. Shriram has completed his Bachelor of Economics from Southern Methodist University, Dallas, TX, in the United States in the year 2009 and Bachelor of Business Administration from Amity University, Noida. He has also done a course in Business Development and IT Innovation from the prestigious London School of Economics

Prior to his education at the Southern Methodist University, Shri Anand A. Shriram had also undergone industrial training at Fenesta Building Systems and was exposed to the various business processes at Fenesta, including Manufacturing, Commercial, Supply Chain, Sales and Marketing. During the training period, he took an active part in various product launches and sales promotional activities of the business. He also had training in the Mechanical Workshop at Shriram Fertilisers & Chemicals, Kota.

The appointment of Shri Anand A. Shriram requires approval of the Members under Section 314 of the Companies Act, 1956.

None of the Directors, except Shri Ajay S. Shriram being related to Shri Anand A. Shriram, is concerned or interested in the Resolution.



Dear Friends,

We are pleased to report a satisfying performance this year inspite of the challenging business environment faced by some of our businesses. Some of our businesses faced acute margin pressures due to continued low commodity prices, whereas our Agri businesses faced erratic monsoon. However our business model with multiple revenue streams and swing capability enabled us to ride these challenges in a very satisfying manner.

The following timely steps that we had undertaken helped us tremendously during these challenging times:

- Sale of Power from Kota ( by lowering production of Chloro-Vinyl products) was enhanced and stabilized during the year, which has added a new significant revenue stream to our Chloro-Vinyl operations and will be a strong risk mitigant to manage the swings associated with Chloro-Vinyl prices.
- Commissioning of 55 MW coal based power plant at Bharuch replacing furnace oil as feedstock.
- Converting the Urea plant completely from May 09 from Naphtha to Gas had positive effects including higher energy savings and reduction in working capital which resulted in lower borrowings.
- Cash was conserved and balance sheet was strengthened.

Bioseed (Hybrid Seeds) and Agri input businesses witnessed growth during the year and contributed positively to the bottom line inspite of an erratic monsoon.

Fenesta business witnessed growth in revenue and order book during the year, despite the slowdown in the real estate sector, especially in the first half due to the Sub-Prime crisis which had led to liquidity crunch with developers.

Hariyali Kisaan bazaar (Rural retail business) witnessed growth across all its verticals. The business witnessed higher losses during the year as the sales growth was slower partly due to erratic monsoon which led to negative

agriculture growth in the country. The company has undertaken several steps to further strengthen the value proposition of the offerings and make it more relevant to the rural customers. All the processes and systems are being further strengthened to ensure availability of right goods at the right place at the right time and to economize on costs.

In the Fertilizer business, the government is moving towards a positive policy environment which will have a beneficial effect on the business going forward.

The Sugar prices witnessed an upward rising trend till February/ March 2010 when it had one of the sharpest downwards corrections. The business was under pressure due to record high Cane remuneration to farmers, lower margin on byproduct and measures taken by the government (such as increase in levy from 10% to 20% without increase in levy price) to check the rise in the Sugar prices. These measures continue despite the prices having dropped substantially. We partially mitigated the effects of the above through sale of Power and intensive cane development programme which led to higher recoveries. The key to 2010-11 performance of Sugar business will therefore depend on how soon the government recalibrates its policy to improve the viability of the industry.

Going forward, on the consumer facing businesses, i.e. Bioseed (Hybrid seeds), Hariyali Kisaan Bazaar (Rural retail), Agri inputs and Fenesta windows are at various stages of stabilization and growth and we expect them to contribute substantially to the growth of the company.

On the Commodity businesses we will continue to improve the cost competitiveness along with strengthening the swing capabilities and enhance the scale of operations at an appropriate time. One of the steps we are working on is commissioning of a lignite mine in the next two years to meet part of the fuel requirements for our Kota Power plant and improve our cost structures.

We believe our people are our biggest resources and we continue to invest and further improve their competencies. 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.

We have always focused on maintaining high level of corporate governance and steps are constantly being taken to update and adopt the 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 that 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, Calcutta 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**, Deputy 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**, Director (Sugar), 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 has 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 Country Head - India for AEGON N.V.

**Shri Sunil Kant Munjal** is a Non-Executive Director of the Company since 13.5.2003. He is Managing Director of Hero Cycles Limited and Chairman cum Managing Director of Hero Management Service Limited and Chairman of Hero Corporate Service Limited. He is a Commerce Graduate from Delhi University and has 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 S.C. Bhargava**, a nominee of Life Insurance Corporation of India (LIC), is a Non-Executive Director of the Company since 11.8.2004. He retired as Executive Director (Investment) of LIC in July, 2005. He is a Commerce Graduate from University of Mumbai and a Member of The Institute of Chartered Accountants of India.

## Senior Executive Team

The Company is organized into strategic business units managed by professional managers. 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  
Deputy Managing Director  
Shri Ajit S. Shriram  
Director (Sugar)  
Dr. N.J. Singh  
Whole Time Director (EHS)  
Shri S.D. Omchary  
Chief Executive Director (Textiles & Real Estate Development)  
Shri S.K. Agrawal  
Senior Executive Director - Chemicals Business  
Shri K.K. Kaul  
Senior Executive Director & Resident Head - Kota  
Shri S. Radhakrishna  
Executive Director - Sugar Business  
Shri A.K. Awasthi  
Chief Executive - Hydro Power  
Shri Sovan Chakrabarty  
President & Business Head - Shriram Farm Solutions  
Shri Rajesh Gupta  
President & Business Head - "Hariyali"  
Shri J.K. Jain  
President & CFO  
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  
Dr. Gautam Mukhopadhyay  
Senior Vice President & Business Head - Shriram PolyTech  
Shri B.L. Sachdeva  
Company Secretary

### **Subsidiaries**

Dr. Sharad Sharma  
President - Shriram Bioseed Genetics India Ltd.  
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.

### 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 of Power Generating capacity is used to supply power to the above said businesses or sell power in the market depending upon the economic attractiveness.

### 2. Agri-Business:

- i. **Urea:** The Company has the 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. **Agri-Inputs:** This business provides complete basket of agri-inputs to farmer community by offering a range of fertilizers, micro-nutrients, hybrid seeds, pesticides etc. through its wide distribution network.
  - iii. **Bioseed (Hybrid Seeds):** The Company's Bioseed business is present across the value chain, i.e. Research, Production, Processing, extension activities and marketing with established significant presence in India, Philippines and Vietnam. Further we have initiated our operations in Thailand, China and Indonesia.
  - iv. **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.
3. **Hariyali Kisaan Bazaar:** These are 'Rural Business Centres' which are a one stop solution to 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.
4. **The Cement business,** located at Kota of 0.4 Million tone capacity is based on waste generated from the Calcium Carbide production process.
5. **Fenesta Building Systems** manufactures 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.
6. **Other Businesses:**
- **Textiles:** The Company has a small textile operation in the form of 14,544 spindles spinning unit at Tonk in Rajasthan.

## 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                  |              |              |              |               |               |               |               |               |               |
|---------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                       | 2002         | 2003         | 2004         | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          |
| Gross Sales                           | 1053.7       | 1376.0       | 1556.6       | 1977.4        | 2535.8        | 2938.2        | 2770.1        | 3681.4        | 3630.0        |
| Net Sales                             |              |              |              |               |               |               |               |               |               |
| - Own Products                        | 714.7        | 1057.6       | 1175.3       | 1375.7        | 1735.1        | 1945.8        | 2211.0        | 2711.3        | 2487.8        |
| - Traded                              | 280.4        | 237.0        | 288.2        | 493.2         | 656.8         | 821.5         | 363.0         | 789.5         | 1031.4        |
| - Total                               | 995.1        | 1294.7       | 1463.4       | 1868.9        | 2391.9        | 2767.4        | 2573.9        | 3500.8        | 3519.1        |
| PBDIT                                 | 143.7        | 187.2        | 201.3        | 235.3         | 295.1         | 239.6         | 218.0         | 400.3         | 367.6         |
| Interest                              | 65.4         | 61.9         | 42.1         | 34.7          | 49.4          | 79.1          | 87.6          | 150.4         | 88.6          |
| PBDT                                  | 78.3         | 125.3        | 159.2        | 200.6         | 245.7         | 160.5         | 130.4         | 249.9         | 279.0         |
| Depreciation & Misc. exp. w/off       | 47.4         | 54.8         | 55.2         | 57.3          | 73.2          | 93.4          | 123.7         | 148.7         | 163.0         |
| PBT                                   | 30.9         | 70.5         | 104.0        | 114.8         | 172.5         | 67.1          | 6.7           | 101.1         | 116.1         |
| Profit after Current Tax              | 28.5         | 58.7         | 95.7         | 93.6          | 153.2         | 66.8          | 5.8           | 93.1          | 109.8         |
| Profit after Deferred Tax             | 11.2         | 52.7         | 75.6         | 107.7         | 121.0         | 43.4          | -1.3          | 122.6         | 77.8          |
| Cash Profit                           | 44.8         | 104.6        | 150.9        | 162.8         | 226.6         | 160.2         | 126.6         | 241.9         | 267.8         |
| <b>Total Funds Employed/ Utilised</b> | <b>884.7</b> | <b>915.9</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>2887.3</b> |
| Share Capital - Equity                | 16.7         | 16.7         | 16.7         | 16.7          | 33.3          | 33.3          | 33.3          | 33.3          | 33.3          |
| Net Worth                             | 227.3        | 272.5        | 333.0        | 443.2         | 525.5         | 554.1         | 1149.3        | 1268.5        | 1329.6        |
| Minority Interest                     | -            | 10.2         | 12.0         | 14.9          | 17.7          | 17.7          | -             | -             | -             |
| Deferred Tax liability                | 84.6         | 89.5         | 109.5        | 95.4          | 146.7         | 170.1         | 171.2         | 143.9         | 176.3         |
| Long term loans                       | 401.8        | 403.0        | 344.7        | 504.7         | 740.2         | 789.5         | 991.0         | 1234.4        | 1047.9        |
| Short term loans                      | 171.0        | 140.8        | 121.5        | 201.1         | 344.9         | 757.7         | 792.5         | 752.7         | 333.5         |
| Net Fixed Assets                      | 592.5        | 652.1        | 652.8        | 870.0         | 1272.5        | 1780.8        | 2056.6        | 2288.8        | 2183.4        |
| Net Current Assets                    | 276.1        | 256.9        | 260.1        | 356.2         | 490.9         | 498.9         | 1035.3        | 1097.3        | 691.2         |
| Investments                           | 7.1          | 6.4          | 7.7          | 33.0          | 11.7          | 9.1           | 12.0          | 13.4          | 12.8          |
| <b>Earnings per share (Rs.)*</b>      | <b>0.7</b>   | <b>3.2</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>Dividend per share (Rs.)*</b>      | <b>0.9</b>   | <b>0.9</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>    |

| Ratios                              |      |      |      |      |      |      |      |      |      |
|-------------------------------------|------|------|------|------|------|------|------|------|------|
|                                     | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Return on Net Worth **              | 4.1  | 21.1 | 25.0 | 27.7 | 25.0 | 8.0  | -    | 10.1 | 6.0  |
| Return on Capital Employed          | 14.5 | 18.1 | 20.2 | 21.6 | 18.7 | 10.3 | 4.7  | 9.7  | 8.2  |
| Operating Margin                    | 14.4 | 14.5 | 13.8 | 12.6 | 12.3 | 8.7  | 8.5  | 11.4 | 10.4 |
| Capital Employed turnover ratio     | 1.1  | 1.4  | 1.6  | 1.5  | 1.5  | 1.4  | 1.1  | 1.0  | 1.0  |
| Interest to Net Sales %             | 6.6  | 4.8  | 2.9  | 1.9  | 2.1  | 2.9  | 3.4  | 4.3  | 2.5  |
| PAT to Net Sales %                  | 1.1  | 4.1  | 5.2  | 5.8  | 5.1  | 1.6  | -    | 3.5  | 2.2  |
| Long term Debt/PBDIT                | 2.8  | 2.2  | 1.7  | 2.1  | 2.5  | 3.3  | 4.5  | 3.1  | 2.9  |
| Long term Debt/Net Worth            | 1.8  | 1.5  | 1.0  | 1.1  | 1.4  | 1.4  | 0.9  | 1.0  | 0.8  |
| Total Debt/Net Worth                | 2.5  | 2.0  | 1.4  | 1.6  | 2.1  | 2.8  | 1.6  | 1.6  | 1.0  |
| Total Outside Liabilities/Net Worth | 3.2  | 2.5  | 2.3  | 2.5  | 3.2  | 4.4  | 2.0  | 2.1  | 1.6  |
| Interest Cover                      | 2.2  | 3.0  | 4.8  | 6.8  | 6.0  | 3.0  | 2.5  | 2.7  | 4.2  |

## Notes:

- Figures are based on consolidated financials.
- Profits for the year 2002, 2008 and 2010 are before exceptional items.
- Drop in PAT & Net worth related ratios in 2002 due to deferred tax provisioning.
- \* On face value of Rs. 2 per share Post Bonus and Split of shares in 2006
- \*\* Return on Net Worth has been computed using average Net Worth.

## Performance Review

We are pleased to report a satisfying performance by your company during the year. Following are the key highlights for the year 2010:

### 1. Derive more Revenues/Earnings from Assets built over last 5 years.

- o **Fertilizer Business:** The Company had completed conversion of its plant from Naphtha to dual feed (Gas/Naphtha) in 2006-07 and has been operating on gas based on availability. Since May 2009 the company has been allotted gas from KG Basin and is operating on 100% Gas since then, which resulted in reduction in feedstock and consequently subsidy accruals by about Rs.320 crores, higher energy savings which boosted our earnings and reduction in working capital which resulted in lower borrowings in 2009-10.
- o **Capacity and Power expansion at Bharuch:** The Company had a full year of operation post expansion at its Chlor-alkali facility at Bharuch, Gujarat where the capacity was increased from 200TPD to 440 TPD along with the change in feedstock from Furnace oil to Coal for its captive power. Both these measures improved competitiveness of the Chlor-alkali operations and enabled it to face the 2009-10 downturn much better.
- o **Sugar:** The Company had enhanced its capacity from 13,000 TCD to 33,000 TCD by setting up two Greenfield plants and also brown field expansions of its existing facilities. The Company has been continuously working with farmers to enhance the cane availability. This year we did witness progress being made on that front as our production was higher by ~ 32%.
- o **Bioseed:** The investments in research activities in Bioseed have matured and have led to commercial launches of new and improved hybrids over the last two years in all the territories we operate in. These hybrids are gaining wider acceptance resulting in accelerated growth in the Bioseed business. The turnover grew by 29% in 2009-10 despite adverse climatic changes in some territories.

- o **Hariyali Kisaan Bazaar:** This business witnessed an increase in overall turnover by about 50%. The turnover grew in all verticals including core retail as well as fuel, grains and seeds as we continue to focus on increase in footfall in the Hariyali outlets and expand our offerings and revenue streams.
- 2. **Strengthened swing capabilities:** In order to successfully face new business challenges the company took different steps to add different revenue streams which enabled us to face the developments in individual segments.
  - o **Sale of Power:** The sale of power from our Kota facilities started in October-November 2008 was enhanced and stabilized during the year. This has added a significant new revenue stream to our Chloro-Vinyl operations which will be a strong risk mitigant for us to manage the swings associated with the Chloro-Vinyl cycle. We have also started trading in imported PVC from this point of view.
  - o **Fenesta Windows:** Having established significant presence in the builders segment, the company has been expanding retail/ household segment since last 2-3 years. These efforts have been accelerated leading to a dealer network of ~96 dealers spread across 51 cities. The retail/ household segment is growing fast and is providing a hedge against the slowdown in the builders segment.
  - o **Hariyali Kisaan Bazaar:** This business is expanding its reach to wider customer segment in the rural area (Including farmers as well as non farmers) by expanding its offerings in line with the relevant value proposition for different segments. Simultaneously we are expanding output side activity to include milk (besides grain). This will accelerate the revenue growth in the coming years and will also provide a hedge against volatility in the agriculture growth.
- 3. **Strengthening the Balance sheet:** Rationalizing capital employed and reducing borrowings has been key action area this year. The company was successful in reducing its debt by ~ Rs. 600 crores this year which contributed to sharp reduction in financial charges.
- 4. The above said achievements have prepared us

well for the next phase of growth in medium to long term.

5. PBT of the company was higher by ~21.2% at Rs. 122.53 crores.
6. Cash Profit (before exceptional Items) was higher by 13.4% at Rs. 274.25 crores.
7. The Company during the year sold its 100% stake in its 100% subsidiary, DESCO at a valuation of Rs.10.6 crores in an all cash deal.
8. PAT for the year stood at Rs. 84.25 crores. In the previous year the company had taken a credit of Rs.55 crores on account of deferred tax relating to 80 IA operations. Therefore on a comparable basis the PAT was higher by about 25%.
9. EBITDA was lower by 8.2% at Rs. 367.57 crores.
10. EBIT was lower by 18.7% at Rs. 204.61 Crores.

#### EBIT Consolidated

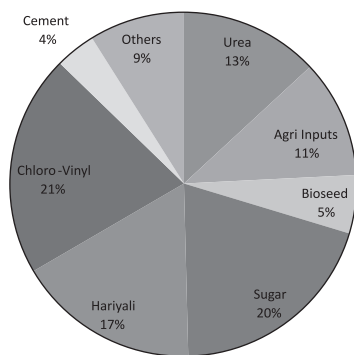
| Particulars             | FY 2010      |              | FY 2009      |              |
|-------------------------|--------------|--------------|--------------|--------------|
|                         | Rs. Crore    | % of Total   | Rs. Crore    | % of Total   |
| <b>Agri Businesses</b>  |              |              |              |              |
| Urea                    | 44.6         | 12.8         | 25.8         | 6.6          |
| Agri inputs             | 20.4         | 5.9          | 22.9         | 5.9          |
| Bioseed                 | 28.4         | 8.2          | 29.5         | 7.6          |
| Sugar                   | 42.5         | 12.2         | 87.9         | 22.6         |
| Sub total               | 136.0        | 39.1         | 166.1        | 42.7         |
| <b>Chloro-Vinyl</b>     | 174.7        | 50.2         | 197.5        | 50.8         |
| <b>Cement</b>           | 37.2         | 10.7         | 25.5         | 6.5          |
| <b>Total</b>            | <b>347.9</b> | <b>100.0</b> | <b>389.1</b> | <b>100.0</b> |
| Hariyali Kisaan Bazaar  | (81.2)       |              | (64.6)       |              |
| Other Businesses        | (4.8)        |              | (3.3)        |              |
| Unallocated Expenditure | (57.3)       |              | (69.6)       |              |
| <b>Grand Total</b>      | <b>204.6</b> |              | <b>251.6</b> |              |

- Increase in Fertiliser business earnings at Rs. 44.6 crores due to better efficiencies achieved by switch to Gas from Naphtha, notification of revised NPS III scheme received and gain on account of additional production done in 2009.
- The Hariyali Kisaan Bazaar business witnessed higher losses at Rs. 81.2 Crores during the year as sales growth was slower partly due to erratic monsoon which led to negative Agri growth in the country.

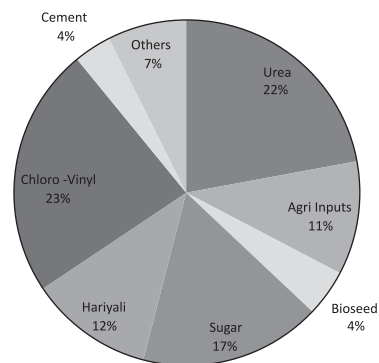
- In the Sugar business our earnings from sale of free sugar and sale of power were higher as compared to last year. However the earnings were lower for the year by about 52% at Rs. 42.5 Crores due to the following reason:
  - o Loss of Rs. 64.6 Crores (LY. Rs. 12.7 Crores) on levy sugar due to the following:
    - Increase in quota from 10% last year to 20%
    - Levy price kept constant at Rs. 1,331/ quintal despite increase in cost of production
  - o Loss on account of drop in byproduct prices from April 2009 onwards
- In the Bioseed business earnings were marginally lower at Rs. 28.4 Crores as a result of lower contribution from our operations in Vietnam and Philippines which were hurt because of unfavorable climatic conditions which led to lower demand.
- Cement earnings were higher by 46% at Rs. 37.2 Crores essentially due to better realizations which were higher by about 11% yoy.
- Earnings from the Chloro-Vinyl business were lower at Rs. 174.72 Crores as Chlor-Alkali realizations were lower by almost 29% yoy. However the impact of lower prices has been partly mitigated through cost savings by shift from Furnace oil to Coal based power at Bharuch along with capacity expansion at Bharuch and by selling more Power at the Kota facility.

## Business – wise performance review and outlook

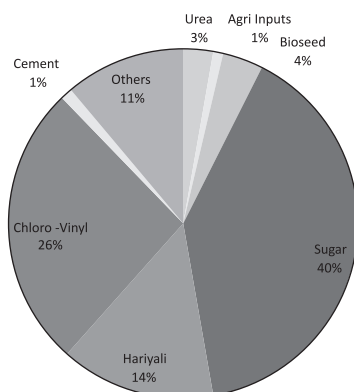
**Segment Revenue 2010**



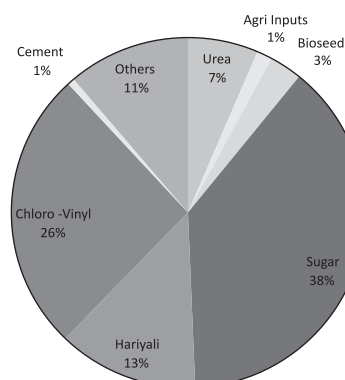
**Segment revenue 2009**



**Capital Employed 2010**



**Capital Employed 2009**



## 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), Plastics (PVC resins, Calcium carbide) and Power. These revenue streams ensure maximization of earnings per unit of power produced and extend stability to Chloro-Vinyl operations where individually each of the products experience cyclical variations.

The total Revenue, PBIT and the Capital Employed of the business for FY 2010 is as follows:

**Chloro-Vinyl**



| Particulars      | FY 2010<br>Rs. Crore | FY 2009<br>Rs. Crore |
|------------------|----------------------|----------------------|
| Sales            | 762.4                | 840.7                |
| EBIT             | 174.7                | 197.5                |
| Capital Employed | 748.6                | 813.0                |

The segment revenues were lower due to sharp drop in product prices and lower production volumes as the company shifted to higher power sale by reducing production of PVC and Chlor-Alkali products. This enabled to restrict the drop in profits to  $\approx$  11%.

## Chlor – Alkali

Chlor-Alkali industry has Caustic Soda and Chlorine as the two Co-Products. Caustic soda and Chlorine are produced in the ratio of 1:0.886. Both these products have different or varied demand drivers and wide usage and the demand for these products have a direct correlation with the overall GDP of the economy. These 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

| Year     | Sales (MT) | Realizations<br>(Rs./MT) |
|----------|------------|--------------------------|
| FY2010   | 181,884    | 15,791                   |
| FY2009   | 183,528    | 22,124                   |
| % Change | (0.9)      | (28.6)                   |

This business had full year of operations at its Bharuch facility post expansion wherein it had expanded its capacity from 200 TPD to 440 TPD in the previous year alongwith setting up a 55 MW coal based power as against the previous Furnace oil based power plant.

The Sales Volume were almost at the same level as compared to previous year inspite of the capacity expansion at its Bharuch facility as the company limited the production of Chlor-alkali due to unattractive pricing in this business at its Kota facility.

The Chlor-Alkali business reported weak performance as compared to previous year due to  $\approx$  30% lower

realizations, which was a consequence of drop in a global prices after the economic crisis. Imposition of Safeguard duty by the Government led to some stability in pricing. The prices both globally as well as in Indian markets have seen some improvements in last couple of months.

## Industry Overview and Outlook

The Chlor-Alkali industry in India has about 35 operating units with a combined installed capacity of 3.2 million tonnes of Caustic Soda. The top three players comprise about 1/3<sup>rd</sup> of the total installed capacity. The domestic demand for Caustic Soda and Chlorine is about 2.6 million tonnes and 2.05 million tonnes respectively. The growth in demand for Caustic soda and Chlorine is linked to GDP growth with Chlorine growing slowly vis-à-vis caustic soda.

During the year international prices of Caustic Soda dropped to around \$5 FOB in the US, resulting in a surge of imports at very low prices. This put pressure on the price structure in the domestic market, with prices dropping by almost 50%. On vigorous pursuance, the Government imposed Safeguard duty which provided some recovery in domestic prices. However, international Caustic Soda prices are also recovering now and domestic prices are expected to recover as its consequence. With the economy looking up again, the higher GDP growth is expected to drive the growth of this Industry and should provide support to product prices.

## Our Strategy

The project completion at Bharuch in FY-09 involving doubling of production capacity and setting up of coal based power plant of 55 MW (in replacement of furnace oil based power) has strengthened the cost competitiveness of our Chlor-Alkali operations. The operations at Kota were already very cost competitive. The company will dynamically manage the revenue streams between Chlor-Alkali and Power sale depending on relative profitability. We will also continue to focus on improving Chlorine and hydrogen realizations.

## Plastics

PVC resin is a widely used raw material for applications like Pipes & Fittings for Irrigation and Infrastructure, Films & Sheets, Wires & Cables, Windows & Doors Profiles, Medical tubing and pouches, Footwear, Floor tiles, windows and doors used in the building industry and therefore is a major contributor in infrastructure development.

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.

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. The carbide route provides us complete integration from base raw material to finished resin, in the Vinyl value chain.

DSCL has an annual capacity of ~112000 MT Calcium Carbide, out of which approx 80% is used to produce Acetylene for production of PVC Resin and ~22,000 MT is marketed and sold as packed Carbide.

#### Business Performance

| Year    | PVC Resins |                       | Calcium Carbide |                       |
|---------|------------|-----------------------|-----------------|-----------------------|
|         | Sales (MT) | Realizations (Rs./MT) | Sales (MT)      | Realizations (Rs./MT) |
| FY2010  | 15,235     | 50,273                | 22,598          | 34,187                |
| FY2009  | 46,899     | 51,993                | 22,489          | 35,703                |
| %Change | (67.5)     | (3.3)                 | 0.5             | (4.3)                 |

PVC resin prices were buoyant till October 2008 post which there was sharp drop in the prices. This is when the company took the decision of limiting PVC production and sell Power, as power sale was more profitable for the company. The PVC prices have recovered in 2<sup>nd</sup> half of FY 10 but still below remunerative level. Carbide prices have also recorded marginal reduction. The company continues to have limited PVC production for the time being.

#### Industry Overview and Outlook

The PVC demand has been growing at  $\approx$  9% CAGR over the past few years. The growth had dipped in FY 2009 but has been very strong in FY 2010. PVC prices both globally as well as in India had dropped sharply from Oct. 2008. It started going up since April-May, 2009 and have seen significant improvements since then.

Our country has a current demand of 17.8 Lac MT out of which 59% of the demand is met by the domestic resin suppliers and rest 41% is being imported into the country. The demand is expected to grow by about 8-9% CAGR during the next few years with growth in infrastructure expected to rise in coming years. As no capacity expansion are planned by Indian manufacturers, the share of imports will keep

increasing. This also means that the domestic prices will mirror the global price trend going forward. The global prices will largely depend on overall global growth scenario.

Calcium carbide is expected to remain stable with upward movement if the overall economy growth remains strong.

#### Our Strategy

Our plan for this business will be linked to our overall Chloro-Vinyl plan i.e. to maximize the contribution per unit of power and strengthen various revenue streams to achieve the objective.

#### Power

Power being one of the key inputs, is one of the most critical business activity for Company. The Company currently has a total installed capacity of 283 MW at various locations, of which 188 MW is Coal based and 94.5 MW is Bagasse based. Of this 51.5 MW bagasse based power is dedicated to supply to power distribution companies. The balance 231 MW has multiple uses and revenue streams which also includes sale of power. 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.

We are also aiming at commissioning our Lignite mine in next two years to meet part of fuel requirements for power.

### Agri Businesses

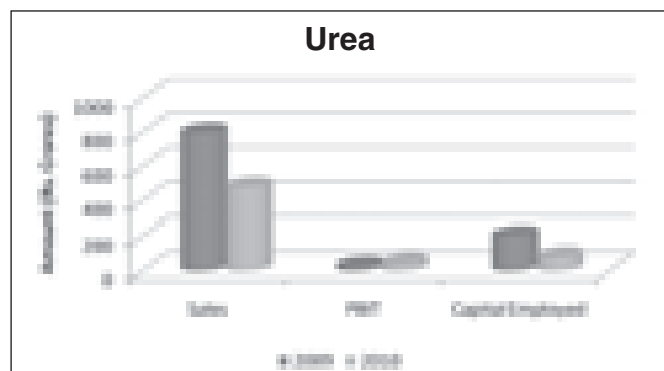
#### Urea

DSCL's Fertiliser Plant has an approved capacity of 379,000 TPA of Urea at its integrated manufacturing complex at Kota Rajasthan. The company is the lowest cost producer of Urea in the Pre -92, Naphtha based group and 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.

In 2006-07, the Fertiliser plant was modified to be capable of having natural gas as its feed stocks besides naphtha. The company had entered into a long term gas supply agreement to procure Natural Gas from KG Basin, meeting its full requirement. With the availability

of Reliance KG D6 gas, plant has been operating on full gas since May'09.

The Revenues, EBIT and Capital Employed of the business are as follows :-



| Particulars      | FY 2010<br>Rs. Crore | FY 2009<br>Rs. Crore |
|------------------|----------------------|----------------------|
| Sales            | 479.5                | 797.5                |
| PBIT             | 44.6                 | 25.8                 |
| Capital Employed | 81.2                 | 203.8                |

#### Business Performance

| Year    | Sales (MT) | Realizations (Rs./MT) |
|---------|------------|-----------------------|
| FY2010  | 3,83,652   | 12,446                |
| FY2009  | 3,94,513   | 20,216                |
| % Shift | (2.8)      | (38.4)                |

The use of Natural Gas (instead of Naphtha) has major positives which include reduction in Feedstock costs and consequently subsidy accruals by ~ Rs.320 Crores, higher energy savings which boosted our earnings and reduction in working capital which resulted in lower borrowings.

The earnings from the Fertilizer business was up by 73% at Rs. 44.6 Crores due to better efficiencies achieved by switch to Gas from Naphtha, notification of revised NPS III scheme received and gain on account of additional production done in FY 2009. The company also was able to produce 4000 tonnes over the base production inspite of undertaking a maintenance turnaround of 25 days during the year.

In line with government policy on fortified fertilisers, 22,014 MT of urea was also converted to Neem Coated Urea.

#### Industry Overview and outlook

India is the second largest producer and consumer of urea in the world. Urea is the most preferred fertiliser and constitutes about 72% of entire fertiliser 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 have been growing and the gap in demand/supply is being met by imports. During 2009-10, the total urea production in the country was 21.1 million MT and India had to import more than 5 million MT of urea to meet its demand.

#### Other Key Developments

- The Nutrient Based scheme announced by the Government is not applicable to Urea.
- The Government seems to have recognized the long outstanding problems of the industry and has taken steps to address some of them.
- The Subsidy payments have been on time.
- Steps have been initiated for finalizing the parameters of NPS IV.
- The Availability of Gas has given hope to the Industry.
- The Industry still continues to be controlled.

#### Our Strategy

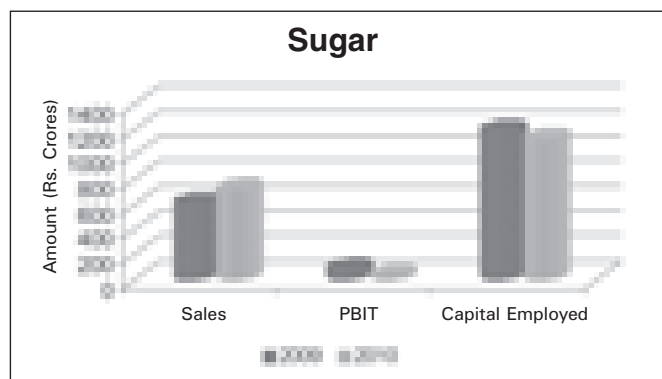
Efforts are continuously being made towards further improving energy efficiency and reduction / containment of fixed expenses. The plants have been modified to use natural gas in 2006 and have been running fully on gas since May'09 with the availability of KG D6 gas. In order to avail benefit of government policy on fortified fertiliser, 22014 MT of urea was converted into Neem Coated Urea. Further, studies are being made to coat urea with Zinc and Boron. In addition to above, efforts are made to produce additional quantities of urea over reassessed capacity to avail benefit of government policy.

#### Sugar

DSCL is a major player in the domestic sugar industry. The company has four sugar units located in Central Uttar Pradesh 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.

The Revenues, EBIT & Capital Employed of the business are as follows :-



| Particulars      | FY 2010<br>Rs. Crore | FY 2009<br>Rs. Crore |
|------------------|----------------------|----------------------|
| Sales            | 733.5                | 611.8                |
| EBIT             | 42.5                 | 87.9                 |
| Capital Employed | 1134.5               | 1207.0               |

### Business performance

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

(Figures in lac quintals)

|                   | Ajrapur |      | Rupapur |      | Hariawan |      | Loni |      | Total |       |
|-------------------|---------|------|---------|------|----------|------|------|------|-------|-------|
| Sugar Season      | 2010    | 2009 | 2010    | 2009 | 2010     | 2009 | 2010 | 2009 | 2010  | 2009  |
| Season (days)     | 118     | 91   | 79      | 71   | 104      | 75   | 83   | 78   | -     | -     |
| Cane Crushed      | 91.0    | 66.3 | 40.2    | 32.3 | 32.9     | 31.9 | 40.5 | 38.7 | 204.5 | 169.3 |
| Recovery Rate (%) | 9.5     | 8.9  | 8.2     | 8.2  | 9.4      | 9.1  | 9.0  | 8.9  | 9.1   | 8.8   |
| Sugar Produced    | 8.7     | 5.9  | 3.3     | 2.6  | 3.1      | 2.9  | 3.6  | 3.4  | 18.7  | 14.9  |
| Financial Year    |         |      |         |      |          |      |      |      |       |       |
| Cane crushed      | 91.0    | 66.3 | 40.2    | 32.3 | 32.9     | 31.9 | 40.5 | 38.7 | 204.5 | 169.3 |
| Sugar Produced    | 8.7     | 6.0  | 3.3     | 2.6  | 3.1      | 2.9  | 3.6  | 3.4  | 18.7  | 14.9  |
| Sugar Sold        | 10.4    | 12.0 | 5.7     | 5.4  | 4.1      | 6.1  | 3.7  | 7.1  | 23.8  | 30.6  |

- Our Operations were better during the Sugar season 2009-10 with Sugar production increasing by about 32% due to higher cane crush and better recovery.
- Revenues increased by 20% at Rs. 733.5 Crores essentially driven by firm sugar realization despite lower volumes.
- The Company's earnings from sale of free sugar

and power was higher for the year. However, the earnings from this business on an overall basis were lower for the year by almost 52% at Rs. 42.5 Crores due to following reasons:-

1. Increase in levy quota from 10% to 20% with no corresponding increase in levy price of Rs. 1331/- quintal. Impact of Rs. 64.6 Crores as compared to Rs. 12.7 Crores last year.
2. Loss on account of drop in by product prices from April, 2009 onwards.

### 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/November and goes on till April-May except in south India where it goes on till July-August.

Sugar is a controlled commodity under the Essential Commodities Act, 1955. The Government of India sets the minimum prices at which sugarcane is supplied to the mills by the farmers. The Central Government introduced FRP (Fair and Remunerative price) w.e.f 2009-10 season onwards which replaced the erstwhile SMP (Statutory Minimum Price) which is binding across the country; however the state governments are also empowered to fix the cane price over and above the FRP which is also called State Advised Price (SAP). The U.P. Government had declared the State Advised Price for the Season 2009-10 at Rs. 165 per quintal as against the FRP of Rs. 129.84 per quintal at 9.5% recovery fixed by the central government. However due to shortage of Cane this season, the actual cane prices moved up to about Rs. 230 per quintal.

This year the Sugar prices had been very volatile with the prices rising as high as Rs.42 per kg in the month of January 2010 and then declining to about Rs.28/ per kg in the month of March/April 2010. Globally also the spot sugar futures were over 30 c in early February 2010 and by Mid March it had collapsed to 17 c the largest fall in the price that the market has seen since 1980. This volatility was caused by the change in the production estimates especially in countries like India and Brazil. At the beginning of this year the production estimates were low which were revised upwards. The Indian sugar production increased from 14.5 Million

tones in 2008-09 to 18-19 million tones as against the initial estimates of below 15 Million tones. This was essentially due to better recovery and yields and also remunerative cane prices paid by the millers leading to lower diversion of cane to alternative users like Gur & Khandsari. India also imported  $\sim$  5 million tones of sugar to meet its domestic consumption requirement. Similar situation was seen in Brazil with revision in the production estimates from initial estimates of about 30 Million tones to 32 million tones. These revision in production estimates caused major reversal in sentiments.

To check the unprecedented rise in the domestic sugar prices the government introduced a number of steps which still continue to be applicable though prices have dropped substantially. Further, to meet the sugar requirements of Public Distribution System in the period of anticipated low production the Govt. increased the Levy quota from earlier 10% to 20%, keeping the levy price constant at Rs.1331/per quintal. This price has now been constant for over 5 years though cost of production has more than doubled. This caused a huge loss for the companies in this sector including ours.

As of now the sugar availability situation both globally and in India look very comfortable and the season 2010-11 looks promising. The key to 2010-11 performance will therefore depend on how soon the government recalibrates its policy responses to the new situation. The Industry does need a sugar price of Rs. 34-35/ kg to recover its costs and ensure that it remains in a position to provide reasonable returns to the famers in the coming season. The present prices at  $\sim$  Rs. 28/- kg are much lower than the desired minimum. It is, therefore, important that the Government re-visits policy parameters at the earliest and also revise the levy parameters to keep the industry in reasonable health.

### Our Strategy

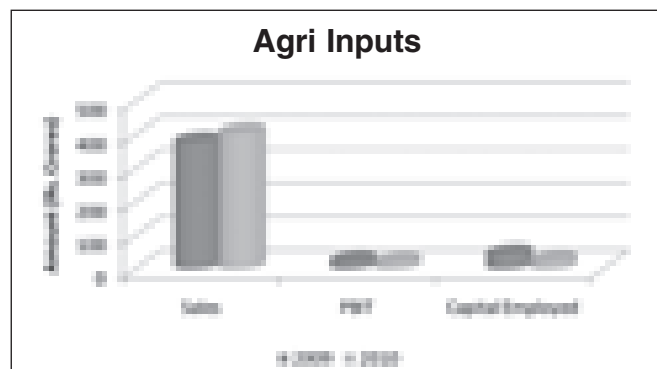
It has been our endeavor to work with farmers and look at ways of improving the cane availability. This year we will be focusing on carrying on the work that we did in improving the cane production further. We will also continue to sell power to mitigate the swings which are associated with the sugar price cycle.

### Agri – Inputs

Our Agri Inputs business provides a wide range of farm inputs such as Fertilizer, Seeds, Micro-Nutrients,

Pesticides etc. to the Indian farmers through our extensive distribution network. “Shriram” brand of Agri-inputs is known for its quality and enjoys a very high brand value in the market. The product basket is continuously expanded to meet the requirements 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 to provide them with the best practices which would improve their living standards.

The sales, EBIT and Capital Employed of the business are as follows :-



| Particulars      | FY 2010<br>Rs. Crore | FY 2009<br>Rs. Crore |
|------------------|----------------------|----------------------|
| Sales            | 406.8                | 378.5                |
| EBIT             | 20.4                 | 22.9                 |
| Capital Employed | 24.9                 | 44.3                 |

### Business Performance

The business witnessed tough business conditions due to erratic monsoons this year which led to lower off take of products. It could still register reasonable growth in turnover in all products except SSP where turnover was lower consequent to reduction in subsidy in line with the reduction of raw material amounting to  $\sim$  Rs. 65 crores.

### Industry Overview and Outlook

We expect the demand for Agri inputs to grow at a healthy rate in line with the increasing demand for food which has been steadily increasing due to increase in population and per capita income. In view of limited land availability for cultivation and expected increase

in Urbanization the higher food requirement can only be met by improving the farm productivity. While the government to counter this problem has introduced programmes such as National Foods security mission, Pulses and Oilseeds Villages programmes, schemes to ensure credit support to farmers etc we believe all stakeholders in the Agri- value chain will have to make a concentrated effort to ensure the country is able to meet its food requirements.

### Our Strategy

The company has always focussed on strengthening its portfolio of products apart from strengthening its distribution network.

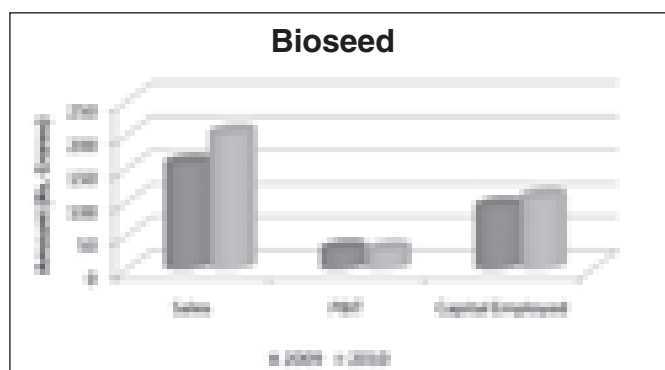
The government's decision to declare the final subsidy parameters for DAP/MOP before the start of the season is a positive step and has enabled us to restart the trading activity in DAP/MOP.

We are continuously working on strengthening our relationship with the farming community as that is the base for this business.

### Bioseed

The Company's Bioseed business is present across the entire value chain i.e. Research, Production, Processing, extension activities and marketing. It has been operating in India, Philippines and Vietnam and has established significant market presence in these markets. It has also started testing/test marketing in Thailand, Indonesia and China. In terms of product portfolio, Bioseed deals with hybrid seeds for Corn, Cotton, Paddy, Millet and vegetables. The Company has Licence from Monsanto for BT technology for cotton in India and GM corn for Philippines.

The turnover, PBIT and Capital Employed of Bioseed are as follows :-



| Particulars      | FY 2010<br>Rs. Crore | FY 2009<br>Rs. Crore |
|------------------|----------------------|----------------------|
| Sales            | 202.5                | 157.4                |
| PBIT             | 28.4                 | 29.5                 |
| Capital Employed | 107.2                | 93.8                 |

### Business performance

Bioseed recorded good growth in India helped by very good response to its Cotton and Vegetable Hybrids though it did face tough situation for some products due to erratic monsoon. This year both Philippines and Vietnam also had unfavorable climatic conditions thereby resulting in lower earnings. We have launched new products in both these countries including GM corn in Philippines under a tie up with Monsanto. We are therefore confident of recording good growth in the coming years in all territories that we operate in.

### Our Strategy

Our investments in Research over last seven years have started yielding results with the Research programme in a position to launch new superior products across all our mandated crops every year. We have also established strong extension and market feedback system so that research programme could be targeted for specific customer needs.

We will continue to invest in Research to develop superior hybrids and build alliances for accessing GM technology. Simultaneously we will extend our marketing reach to newer geographies/market and strengthen our farmers' interface, we are confident of accelerated growth in this business for next few years.

### Hariyali Kisaan Bazaar

This business has evolved as "Rural Business Centers" providing a complete solution to the farmer for his business in terms of input and output and meeting the daily requirements of the rural community. The objective of this business is to provide good quality goods for different needs at best price in a convenient shopping format and gain trust of the rural communities. This need was felt as we believed through our interactions with farmers over four decades, that the rural markets were characterized by limited product range and inadequate service orientation and widespread issues of low quality or spurious products.

We currently have 292 outlets as on 31<sup>st</sup> March 2010 with geographical presence in the states of Uttar

Pradesh, Haryana, Punjab, Rajasthan, Uttaranchal, Madhya Pradesh, Andhra Pradesh and Maharashtra and at each of these locations our stores symbolizes trust, reliability and respect among the rural community.

The business portfolio of Hariyali consists of :-

- o Retail of all inputs/goods required for agriculture, food & grocery, lifestyle products including apparel and house hold products, financial products and fuel.
- o Farm Advisory.
- o Output side activities i.e. grain procurement, milk collection and variety seeds production.

The contribution of the business to Total Revenue, PBIT and Capital Employed for the FY 2010 stands as follows:

| Particulars      | FY 2010<br>Rs. Crore | FY 2009<br>Rs. Crore |
|------------------|----------------------|----------------------|
| Sales            | 630.0                | 419.1                |
| PBIT             | (81.2)               | (64.6)               |
| Capital Employed | 410.0                | 403.5                |

### Business Performance

Hariyali recorded growth across all its verticals. The growth in core retail business was slower than our plan partly because of the effect of negative agriculture growth in the country on the rural spend in general and partly because of slower customer acquisition by Hariyali. The other businesses which include Fuel, commodity trading, Variety seeds production and milk collection have performed better and continue to register robust growth. The losses in this business were higher at Rs. 81.2 Crores as compared to Rs. 64.6 Crores last year primarily because of slower growth in turnover whereas the Revenue grew by about 50% because of traction in our Seeds and Commodity trading business and the impact of new outlets opened in the latter half of the FY 2008-09.

### Our Strategy

We have taken several steps (with the help of outside experts wherever required), to further strengthen our core retail business based on more intensive customer feedback. This includes strengthening our value proposition to make it more relevant to the rural customers and aligning the offerings with the core value proposition. All the processes and systems are being

strengthened to ensure availability of right goods at the right place at the right time and to economize on costs. With the help of TCS the IT systems and analytics are being strengthened to provide support to all aspects of operations of the business. Some of the outlets which did not show good potential are being shutdown to concentrate efforts on the more attractive ones. We remain convinced and committed about the strong and attractive potential of this business and are confident that the steps taken by us should lead to better financial performance going forward.

## Other Businesses

### Fenesta Building Systems

Fenesta provides end to end solutions including design, extrusion, fabrication and installation of windows and internal doors for all kinds of buildings. It caters to :-

- (i) builder segment comprising multi-storeyed residential and commercial buildings and
- (ii) Retail segment which includes new construction as well as replacement market.

The company has marketing and servicing presence in almost 51 cities and through its own marketing offices and a network of ~ 100 dealers. We have 5 fabrication shop in different parts of country to serve the market most efficiently.

The business recorded pick up in business volume consequent to pick-up in builders activity in 2<sup>nd</sup> half of FY 10. For the overall year our order booking grew by 35% and project execution (actual billing) went up 20%. The business started generating operating surpluses.

### Our Strategy

The company since last 2-3 year had started developing the retail segment also. Accordingly, we are expanding our reach to more cities and have launched brand building and sales promotion activities. We will also develop products to meet needs for different segments. We aim at positioning 'Fenesta' as best service providers for windows system in the country.

### Cement

DSCL's Cement plant uses calcium hydroxide sludge generated during acetylene production at its integrated manufacturing plant at Kota and thus converts waste into a useful product like Cement in environmental friendly manner.

The current capacity of 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 contribution of the business to total Revenue, PBIT and Capital Employed for Financial Year 2010 stands as follows:

| Particulars      | FY 2010<br>Rs. Crore | FY 2009<br>Rs. Crore |
|------------------|----------------------|----------------------|
| Sales            | 134.7                | 128.2                |
| EBIT             | 37.2                 | 25.5                 |
| Capital Employed | 31.6                 | 21.7                 |

#### Business Performance

| Year   | Sales (MT) | Realizations<br>(Rs/MT) |
|--------|------------|-------------------------|
| FY2010 | 3,60,918   | 2,907                   |
| FY2009 | 3,80,284   | 2,616                   |
| %Shift | (5.1)      | 11.1                    |

The Cement business witnessed increase in earnings by 46%. The production was  $\simeq$  5% lower due to an extended maintenance shutdown during FY 2010.

#### Our Strategy

Our strategy in the business is to optimize the product mix for higher returns and continuous cost efficiencies.

#### PVC Compounds

DSCL is one of the largest PVC compound manufacturers in the country with a total capacity of 29,700 TPA. Availability of several compounding technologies under one roof gives DSCL competitive advantage to serve diverse application segments with highest level of quality and consistency.

We have a state of the art development centre-Innovative Polymer application centre (i-PAC) to work with our customers in developing newer compounds as per their continuously changing requirements.

DSCL's strength in PVC compound business lies in technical expertise and market knowledge accumulated over several decades backed up by continuing focus on development of new applications and close customer interface.

#### Business Performance

DSCL maintained its market leadership position in this industry. Business experienced turnover growth of about 10% in this year.

We have obtained performance approval for some specialty product applications which is part of our efforts to move away from highly price sensitive applications and customers to focus more on higher value added applications and segments like automotive, colours, medical and specialty cables etc.

#### Textiles

DSCL has a spinning unit at Tonk in Rajasthan with capacity of 14,544 spindles. The Company had implemented in Dec. 2008 an expansion cum modernization project. The total capacity was increased from 6 tonnes to 12.4 tonnes per day and the product mix extended to cover finer counts also.

Going forward, the Company will continue its drive towards cost rationalization and improving efficiencies in this unit.

#### Human Resources and Industrial Relations

The Company has, as always, maintained its focus on development of its human resources and maintaining harmonious industrial and employee relations across the Organization, as part of its people philosophy and commitment towards upholding of its core value and belief. The Organization has always believed that people are fundamental to the company's business growth and prosperity and therefore Organization needs to have robust policies and practices that address the needs of the employees.

#### Human Resources Growth and Optimisation

The management and development of people resources in the Organisation has been, as always, a key area of focus and attention. As part of the belief system of the Organisation, people have always been seen as fundamental to the growth and prosperity of the business and accordingly all through the year there has been a focused attention on effective design and deployment of various people related programs and initiatives.

#### Human Resources Growth and Utilization

The need for human resources in the various businesses of the Organisation has been effectively met as per

the business requirements. There have been hiring at the entry level through the various campuses as part of the cadre building process to meet the futuristic growth needs of the Organisation. Alongside, there has been some recruitment for a few lateral positions depending on the criticality of the requirements. There has been a growing emphasis all through the year on optimum utilization of the human resources, carrying forward from the previous year the need to enhance further the efficiency and productivity levels in line with the best of the industry practices and benchmarks. There has been considerable progress in this direction along with a sustained focus on process improvements, quality up gradation initiatives and waste reduction programs. These are expected to get institutionalized over a period of time and the benefits of the same will accrue for many more years to come.

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

The Organisation has continued to sustain the momentum built during the last year to build employee connect and engagement through various people development initiatives and programs. There has been a considerable progress in the area of Talent and Leadership development through Individual Development Plans, Coaching & Mentoring Programs, CFTs and various self development initiatives. A lot of work has been done and more will continue to happen in the area of leveraging IT in various HR applications and processes through ESS, Work flows, Intranet, Performance Dashboards etc. The Company has also during the year taken forward a structured Senior Management Development Process encompassing Leader as a Coach Program, Multi-rater feedback, One-on-One feedback and Executive Coaching, amongst other steps, with the support of Mercer HR Consulting. The Organisation also carried out during the year an exhaustive Engagement Study with the help of a reputed knowledge company, Corporate Executive Board, to measure and identify the key engagement

drivers for the employees. This would help the Company work on a focused plan to drive employee engagement and consequent business performance during the coming year.

#### **Training & Development**

As part of the overall capability building process and sustaining the learning & development culture, the Organisation has continued to work towards building the overall skill and competence base of the employees through a structured training and development program across all competencies – technical, functional and behavioral – in the various businesses and units. The objective, as always, has been to help people realize their potential and contribute more meaningfully towards meeting the business goals & objectives, along with their professional development. There has been a lot of focus on conducting more and more of in-house programs, along with some external nominations and tie-ups.

#### **Industrial and Employee Relations**

The relationship between the employees and the Organisation has continued to be extremely cordial and harmonious which has had a very positive impact on the overall business performance. The relationship of openness, trust and faith has helped in addressing the needs of the individual employees and the Organisation in a very amicable manner. The caring and inclusive approach of the Organisation has been always well appreciated by all the employees which has helped in the building of a very positive and enabling environment and ethos.

The sincere and authentic approach to people management has been the cornerstone of DSCL's overall value and belief framework. Even during tough times, the Company has continued to invest in people development as part of its professional and progressive outlook.

DCM Shriram Consolidated Limited (DSCL), right from its inception, is committed to society at large beyond its factory gates and office premises. The commitment stems from a sense of responsibility that recognizes the importance of health & happiness of fellow human beings in the long-term sustainability of any human enterprise. This has translated into a mosaic of meaningful contributions to society across long term development issues like education, healthcare, HIV-AIDS prevention, family planning, cultural heritage and sports. This tradition of contribution to society has developed over last 100 years.

### 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. Further it has instituted scholarships in various educational institutions to encourage meritorious students to 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. Further the infrastructure of a number of schools in the plants' vicinity has been strengthened through the introduction of basic facilities which includes safe drinking water.

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 the student turns 18 or until the date of the students' marriage / higher education.

Around the Sugar facilities the education initiative is aimed at strengthening the education delivery system in government primary schools of 25 identified priority villages across its command area. The interventions are in the form of infrastructure support, teaching support through volunteers drawn from employees and their families and facilitating training for the teaching staff. We have started a public school for students in collaboration with Ryan International in our sugar operations area.

### Agriculture Extension activities

DSCL's Shriram Krishi Vikas Kendras (SKVK's) is a long term integrated rural development programme which besides imparting scientific knowledge to farmers also address needs of the local populace by adopting villages and providing:

- Provide help in farming technology, post harvest management, soil and water testing etc.
- 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.
- 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.

### Health Care

The Company endeavours to improve the health of the community living around its manufacturing facilities.

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. Awareness is powerful tool that has the potential to bring about attitudinal and behavioural change in individuals and the society. 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).

DSCL's Sugar division runs a program called 'Khushali Pariyojana' in association with Vinoba Seva Ashram, to provide health advisory services to pregnant women on pre and post natal care, vaccination & food habits during pregnancy, ensure vaccination for children, offer

hygiene directives that lead to mitigation of communicable diseases.

## Water Management

DSCL is countering the dearth of water in arid terrains near Kota, Rajasthan, and has been able to mitigate this by the digging of bore wells, installation of submersible pumps & construction of water storage tanks. Around DSCL Sugar Mills, the company has helped in financing bore wells and has programs in place to improve the irrigation resources available to the farming community. This involves supplementing creation of borewells for the farmers, improvement in drainage systems through desilting of existing farmland drains etc. The company also facilitated supply of drinking water and animal feed to some of the drought hit villages of Rajasthan.

DSCL uses Water Harvesting effectively across its manufacturing locations such as DSCL's reservoir spread over 50 acres at Kota accommodates 4.5lac cubic metres of water which is 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.

## Ecological Balance

DSCL understands 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. Approximately 25% of 47 hectares at Bharuch have been reserved as a green belt for eco-development, marked by increased tree planting. A continued focus helped the company achieve a tree survival rate of 95 per cent – over 4,60,000 in number – in the rocky terrain at Kota.

Additionally, the environment initiatives have been implemented in 35 locations across the Sugar units. It aims to set up plantation clusters called Panchvatis across the command area. Each Panchvati has saplings of Peepul, Bargad, Aonla, Bel and Sita Ashok in it. The Panchavatis are planted in community owned land of selected villages where volunteers take the responsibility of post plantation care.

## Mid-day Meal Scheme for Children in Schools

The Company continues to partner with the Government of Rajasthan to support the state government's Mid Day Meal Scheme for school children at Jhalawar and Kota Districts of Rajasthan. The Scheme benefits more than 17,000 children daily across 400 schools in and around Jhalawar District and around 5000 students daily across 50 schools in Kota District. With the help of this program, the attendance rates in schools have gone up and drop out rate decreased. This programme also provides employment opportunity to local women in the central kitchen and others in the distribution network. This initiative will go a long way towards sustaining the future of the society.

## Infrastructure

DSCL has partnered with the local community to build more than 50 km stretch of roads benefiting the entire region in and around its cane-growing areas. DSCL is also partnering with various factories in Bharuch for building up of Effluent Treatment Plant for treatment and disposal of industrial effluents.

## Sports

DSCL launched the DSCL Open National Tennis Championship to motivate sportspersons and help India carve a niche in the international tennis arena. In appreciation of the company's ability to organize a tournament of such a stature, the game was awarded the National status in 1996. Since then, the DSCL Open National Tennis Championship has emerged as one of India's most prestigious tournament, wherein approx. 1500 people participate every year. The prize money, (the largest in its category) for a National tournament, comprehensively covers the men's, ladies, boys and girls (under 18, 16 and 14 respectively) categories.

Thus, the Company understands the responsibility which it has towards the society-in-general and as in past will take all necessary steps – monetary as well as non-monetary, to meet its social obligation.

## Directors' Report

The Directors have pleasure in presenting the 21st Annual Report of the Company along with Audited Accounts for the year ended 31st March, 2010.

### Financial Highlights

The working results for the year ended 31.3.2010 and 31.3.2009 are as under:

| Particulars                                                        | 31.3.2010<br>(Rs. in crores) | 31.3.2009<br>(Rs. in crores) |
|--------------------------------------------------------------------|------------------------------|------------------------------|
| Gross Sales                                                        | 3512.95                      | 3571.34                      |
| Net Revenues                                                       | 3448.69                      | 3439.21                      |
| Profit before depreciation, interest, tax and exceptional item     | 342.62                       | 369.23                       |
| Depreciation                                                       | 159.68                       | 146.41                       |
| Interest                                                           | 86.03                        | 146.80                       |
| Profit before tax and exceptional item                             | 96.91                        | 76.02                        |
| Exceptional Item                                                   | 6.92                         | -                            |
| Profit before tax                                                  | 103.83                       | 76.02                        |
| Provision for Taxation                                             | 32.55                        | (25.77)                      |
| Profit after tax                                                   | 71.28                        | 101.79                       |
| Net Profit (before exceptional item)                               | 64.36                        | 101.79                       |
| Transfer from Debenture Redemption Reserve                         | -                            | 1.50                         |
| Balance brought forward from previous year                         | 499.29                       | 461.53                       |
| Net Profit available for appropriation                             | 570.57                       | 564.82                       |
| <b>Appropriations</b>                                              |                              |                              |
| - Proposed Dividends on Equity Shares (Including Interim dividend) | 13.28                        | 13.27                        |
| - Corporate Dividend Tax                                           | 2.23                         | 2.26                         |
| - General Reserve                                                  | 50.00                        | 50.00                        |
| - Balance Carried Forward                                          | 505.06                       | 499.29                       |

### Performance

During the year, the Company witnessed a stable performance in a challenging operating environment. The net revenue of the Company stood at Rs.3448.69 crores as compared to Rs.3439.21 crores in the previous year. In Fertilizer, the use of Natural Gas instead of Naptha as feedstock, reduced the turnover by Rs.317 crores in the current year. The Profit before tax stood at Rs.103.83 crores as compared to Rs.76.02 crores in the previous year, an increase of 37%. Net profit of the Company stood at Rs.71.28 crores as against Rs.101.79 crores last year, which included one time tax credit. On consolidated basis, the net revenue of the Company stood at Rs.3570.45 crores as compared to Rs.3558.07 crores in the previous year. The Profit before tax stood at Rs.122.53 crores as compared to Rs.101.13 crores in the previous year. Net profit of the Company stood at Rs.84.25 crores as against Rs.122.61 crores last year.

The Agri Input and Solutions Businesses of the Company comprise of Fertiliser, Agri Inputs and Bioseed. The fertilizer business performed better buoyed by efficiencies arising from change in feedstock from Naptha to Natural Gas, and

notification of NPS III. Agri inputs business witnessed marginal decline primarily due to lower monsoon and drop in subsidy price of SSP. The Bioseed business through 100% subsidiaries witnessed good growth in Revenues. This business continues to be a focus area and a value driver for the Company, going forward.

Sugar Business witnessed a volatile year in terms of input as well as output prices. The higher quota for levy sugar impacted the profits.

Chloro-Vinyl businesses comprise of Chlor-Alkali, Plastics and Power. The integrated operations enable flexible production which in turn enables the Company to optimize returns from this business. The Chemicals and Plastics delivered lower volumes due to lower realizations and enabled higher sale of power on merchant basis giving stability to the segment results.

Hariyali Kisaan Bazaar, the 'Rural Business Centres' witnessed higher losses, resultant to lower than expected sales and the carryover impact of high outlet additions in FY09. The Company is taking focused steps to strengthen the business model and make it a better value proposition for customers to increase sales.

Fenesta with its focus on retail as well as institutional segment is poised for growth and should deliver higher returns going forward.

The earnings were buoyed by substantial reduction in Interest costs, an outcome of lower debt and interest rates.

During the year, the Company sold its Energy Services Company, a 100% subsidiary, at the valuation of Rs.10.6 crores, in all cash deal.

The detailed performance of various businesses has been stated in 'Management Discussion and Analysis' which appears as a separate section in the Annual Report.

### Dividend

Your Directors are pleased to recommend dividend @ Re.0.80 per Equity Share (including interim dividend @ Re.0.40 per Equity Share paid in November, 2009) of Rs.2/- each for the year ended 31st March, 2010.

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

The Directors in their meeting held on 20.1.2010, had approved in principle, the proposal of Merger of Shriram Bioseed Genetics India Limited (100% subsidiary) into the Company w.e.f. 1st April, 2009.

The Scheme of Arrangement in this connection has been approved by the Members, Secured and Unsecured Creditors of the Company in their respective meetings held on 20.4.2010.

This Merger 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 competitive and liberalized market.

### Subsidiary Companies

During the period under review, Shridhar Shriram Foundation became subsidiary of your Company.

During the year DSCL Energy Services Company Limited (DESCO) ceased to be subsidiary of your Company consequent upon sale of the entire shareholding by the Company along with its wholly owned subsidiary DCM Shriram Credit and Investments Limited.

A statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies is attached to the accounts.

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the Audited Statements of Accounts and the Auditors' Reports thereon for the year ended 31<sup>st</sup> March, 2010 along with the Reports of the Board of Directors of the Company's subsidiaries have not been annexed. 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 31<sup>st</sup> March, 2010, 100 deposits aggregating to Rs.36.02 lacs were unclaimed. Since then, 16 deposits amounting to Rs.4.80 lacs have been claimed/renewed.

### Corporate Governance

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

Shri Ajit S. Shriram, Shri Pradeep Dinodia and Dr. N.J. Singh, Directors, retire by rotation and are eligible for re-appointment.

### 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 name 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  
5<sup>th</sup> May, 2010

(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:-

- Periodical energy audits, pressure drop reduction measures and optimization of operating parameters have been done in Ammonia Plant.
- High capacity fire water jockey pump has been replaced by low capacity pump in PVC Plant.
- Timely recovery of broken Carbide has reduced carbide handling losses.
- Carbide furnace raw material charge raking system has been made more effective to save radiant heat loss in Carbide Plant.
- Optimization of operating efficiency of cooling water pumps of 30 MVA Furnace pumps by trimming their impeller in Carbide Plant.
- Installation of 4 no. VFDs and replacement of 5 no. Aluminium fan blades with FRP fan blades in cooling towers in Chlor Alkali Plant.
- Installation of VFD on Fan no. 4 of Clinker cooler and optimisation of Kiln ESP hopper heaters in Cement Plant.
- Installing level sensors to automate the operation of DP tank sump pump in Cement Plant.
- By-pass line arrangement made at centrifugal section pumps to reduce 50% running pumps in Sugar unit.
- Heating return condensate by CBD flash steam to reduce specific steam consumption of turbine in Chemical Plant.
- Optimizing Motor ratings/installing VFDs to reduce auxiliary power consumption of CBPP and Chlor-Alkali Plant.

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

Replacement of kiln burner along with coal conveying and weighing system to improve coal burning in the kiln for saving thermal energy and installation of VFDs on Clinker cooler vent fan, coal mill-booster fan, reclaimers – scraper chain and kiln-slurry pumps in Cement Plant.

#### (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 :

- Reduction in power consumption of 15.23 lacs Kwh (Rs.37 lacs/annum) in Power Plant.
- Saving of approximately Rs.2 lacs/annum in PVC Plant.
- Reduction of energy consumption resulted in savings of approx. Rs.24 lacs in Carbide Plant.
- Saving of power of 228 ThKwh/annum (saving of Rs.6.61 lacs) in Chlor Alkali Plant.
- Reduced power consumption of 1.56 lacs/Kwh (Rs.4.56 lacs/annum) in Cement Plant.
- Saving of 11.5 Kwh by reduction of pump running hours.
- Saving of Rs.87.7 lacs/annum resulting in reduction of production by Rs.61 per MT in Chemical Plant, Bharuch due to the measures taken.

#### (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

- In FY 2009-10, 1139 MT Calcium Carbide has been exported to UAE, Saudi Arabia etc.
- In FY 2009-10, 19 MT ATH has been exported to Oman.

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

|                                 | Rs./Crores |         |
|---------------------------------|------------|---------|
|                                 | 2009-10    | 2008-09 |
| - Total foreign exchange used   | 158.61     | 206.94  |
| - Total foreign exchange earned | 5.38       | 2.27    |

# FORM A

(See Rule 2)

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

|                                                  | This Year<br>2009-10 | Previous Year<br>2008-09 |
|--------------------------------------------------|----------------------|--------------------------|
| <b>A. POWER AND FUEL CONSUMPTION</b>             |                      |                          |
| <b>1. Electricity</b>                            |                      |                          |
| (a) Purchased                                    |                      |                          |
| -- Kwh (in lacs)                                 | 513.2                | 701.0                    |
| -- Total Cost (Rs./lacs)                         | 2249.7               | 3010.4                   |
| -- Rate (Rs./Kwh)                                | 4.4                  | 4.3                      |
| (b) Own Generation                               |                      |                          |
| (i) Through Diesel Generator                     |                      |                          |
| -- Kwh (in lacs)                                 | 60.5                 | 896.6                    |
| -- Kwh generated per ltr. of Diesel/Furnance Oil | 4.1                  | 7.9                      |
| -- Kwh generated per '000 SCM of Natural Gas     | –                    | 3.8                      |
| -- Cost (Rs./Kwh)                                | 14.7                 | 7.3                      |
| (ii) Through Steam Turbine Generator             |                      |                          |
| -- Kwh (in lacs)                                 | 14717.6              | 12313.8                  |
| -- Kwh (in lacs) generated per Kg. of Coal       | 1.2                  | 1.2                      |
| -- Cost (Rs./Kwh)                                | 3.0                  | 3.0                      |
| (iii) Through Steam Turbine Generator (Bagasse)  |                      |                          |
| -- Kwh (in lacs)                                 | 1509.4               | 1264.7                   |
| -- Units generated per M.T. of Bagasse           | 329.1                | 322.4                    |
| -- Bagasse consumed (M.T./lacs)                  | 4.6                  | 3.9                      |
| <b>2. Coal</b>                                   |                      |                          |
| Quantity (M.T.)                                  | 1262091.0            | 1174832.5                |
| Total Cost (Rs./lacs)                            | 39056.2              | 33813.2                  |
| Average Rate (M.T.)                              | 3094.6               | 2878.1                   |
| <b>3. Furnace Oil</b>                            |                      |                          |
| Quantity (M.T.)                                  | 4262.6               | 23874.4                  |
| Total Cost (Rs./lacs)                            | 1062.9               | 7105.1                   |
| Average Cost (M.T.)                              | 24935.8              | 29760.3                  |
| <b>4. Natural Gas</b>                            |                      |                          |
| Quantity (SCM)                                   | –                    | 1478987.0                |
| Total Cost (Rs./lacs)                            | –                    | 184.8                    |
| Average Cost (SCM)                               | –                    | 12.5                     |

|                                                          | This Year<br>2009–10 | Previous Year<br>2008–09 |
|----------------------------------------------------------|----------------------|--------------------------|
| <b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>             |                      |                          |
| <b>1. Electricity</b>                                    |                      |                          |
| — Urea (Kwh/M.T.)                                        | 89.9                 | 135.6                    |
| — PVC Compounds (Kwh/M.T.)                               | 197.0                | 209.0                    |
| — C. Soda, SFC, Kota (Kwh/M.T.)                          | –                    | 18.8                     |
| — C. Soda, SAC, Bharuch (Kwh/M.T.) - Internal Generation | 2561.0               | 2511.9                   |
| — Liquid Chlorine (Kwh/M.T.)                             | 115.0                | 152.9                    |
| — HCL (Kwh/M.T.)                                         | 1.0                  | 2.5                      |
| — Textiles - Yarn (Kwh/Kg.)                              | 2.2                  | 2.4                      |
| — Sugar - Ajbapur (Kwh)                                  | 336.3                | 357.5                    |
| — Sugar - Rupapur (Kwh)                                  | 336.3                | 374.0                    |
| — Sugar - Loni (Kwh)                                     | 395.6                | 392.0                    |
| — Sugar - Hariawan (Kwh)                                 | 429.8                | 397.4                    |
| — Fenesta Building Systems (Kwh/M.T.)                    | 963.5                | 984.6                    |
| <b>2. Coal</b>                                           |                      |                          |
| — Urea (M.T./M.T.)                                       | 0.6                  | 0.6                      |
| — PVC Resin (M.T./M.T.)                                  | 6.0                  | 5.2                      |
| — Carbide Packed (T./Ton)                                | 3.2                  | 3.2                      |
| — C. Soda (M.T./M.T.)                                    | 4.2                  | 4.0                      |
| — Cement (M.T./M.T.)                                     | 0.3                  | 0.3                      |
| — SBP (M.T./M.T.)                                        | 0.2                  | 0.2                      |
| <b>3. Furnace Oil</b>                                    |                      |                          |
| — Urea (Kg./Ton)                                         | 7.1                  | 7.8                      |
| — C. Soda, SFC, Kota (Kg./Ton)                           | 2.9                  | 0.7                      |
| — C. Soda, SAC, Bharuch (Kg./Ton)                        | 10.0                 | 220.9                    |
| — Cement (Kg./Ton)                                       | 0.1                  | 0.1                      |
| <b>4. Others</b>                                         |                      |                          |
| — Steam - C. Soda (M.T./M.T.) - SAC, Bharuch             | 1.0                  | 1.1                      |
| — Steam - PVC Compund (M.T./M.T.)                        | 0.1                  | 0.1                      |
| — Bagasse (M.T.) - Ajbapur                               | 2.1                  | 2.1                      |
| — Bagasse (M.T.) - Rupapur                               | 2.8                  | 2.9                      |
| — Bagasse (M.T.) - Loni                                  | 2.1                  | 2.0                      |
| — Bagasse (M.T.) - Hariawan                              | 2.8                  | 2.9                      |

#### 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**

- Seed Pan Technique for reduction in massecuite production in Sugar Plant.
- Commissioning and operation of A Pan turns around automation system in Ajbapur.
- Use of Boiler Ash in place of Bagacillo in Rotary Vacuum Filter.
- Development of high performance injection moulding grades based on rigid PVC as sustainable alternative to engineering plastics.
- Cost effective and high performance PVC based blends, essentially catering to the needs of consumer industries.
- Highly pigmented heavy metal-free colour concentrates for export markets.

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

- Improvement in sugar colour, lusture and reduction in steam consumption.
- TAAS system reduction in boiling time, consistent brix during pan boiling. Increasing in purity drop, decrease in steam consumption and finally reduction in losses.
- Saving of Bagacillo (0.5% on cane) and reduction in filter cake losses.
- Successful technology transfer for development of highly pigmented colour master batches from lab scale to production scale.
- Implementation of technical know-how for successful pilot-scale commercialization of one PVC injection moulding scale.

**3. Future plan of action**

- Revamp of Benfield System (CO<sub>2</sub> Gas removal) in Ammonia Plant is planned which will result in energy savings.
- Development of simulation model for entire Ammonia Plant to enable evaluation of energy conservation schemes and to further optimize plant performance.
- Sulphur melting by heat generated through sulphur combustion and through electrical energy.
- Induction of bagasse drier to reduce the fuel consumption in boiler.

- Introduction of heavy juice on cake washing and sugar washing through AL molasses.
- Pneumatic conveying and grading of sugar dust and sugar crystals.
- Juice softening R&D with Aduban Sugar Institute, Louisiana, U.S.
- Use of TSP (Tri Sodium Phosphate) in place of branded biocide and second grade condensate as against DM water.
- Development of ZHFR grades and glass-filled PVC based composites.

**4. Expenditure on R & D**

|                                                            | Rs./Lacs |         |
|------------------------------------------------------------|----------|---------|
|                                                            | 2009-10  | 2008-09 |
| a) Capital                                                 | -        | -       |
| b) Revenue                                                 | 99.6     | 213.00  |
| c) Total                                                   | 99.6     | 213.00  |
| 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**

- Option for using 1st/2nd Vapour in continuous vacuum pan in final compartment.
- No use of water in AH, BH, CL molasses conditioners & molasses conditioning by 4th effect vapour.
- Use of SS Screen in place of disposable type Nickle Screens.
- The ongoing collective effort on innovation was primarily driven by the R & D team of SPL. No external technology absorption/adaptation was involved.

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

- Reduction in boiling time and consistent brix during the pan boiling.
- Reduction in steam consumption/fuel consumption
- Production of low ICUMSA Sugar with fine lusture
- Reduction in cost of Nickle Screens

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

**I. Cement Plant**

|                                                                       |                                                                |
|-----------------------------------------------------------------------|----------------------------------------------------------------|
| a) Technology Imported                                                | To modify the kiln internals to enhance the clinker production |
| b) Year of Import                                                     | 2004-05                                                        |
| c) Has the technology been fully absorbed?                            | Yes                                                            |
| d) If not fully absorbed, reasons therefor and future plans of action | N.A.                                                           |

**II. Chemical Plant**

|                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) Technology Imported                                                | <ul style="list-style-type: none"> <li>- 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.</li> <li>- Design &amp; Drawings package to convert existing Mercury Cell Based Caustic Soda Plant to membrane Cell Plant of 200 TPD capacity.</li> </ul> |
| b) Year of Import                                                     | 2004-05 and 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                                                | Bagasse drier, Steam Conservation (Cigar) |
| b) Year of Import                                                     | 2004-05                                   |
| c) Has the technology been fully absorbed?                            | Yes                                       |
| d) If not fully absorbed, reasons therefor and future plans of action | N.A.                                      |

**IV. 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.                                                                                           |

## Corporate Governance Report 2009-10

### (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 31.3.2010, the Board of Directors comprises of an Executive Chairman, four Executive Directors and seven Non-Executive Directors.

During the year, five Board Meetings were held on 3.6.2009, 21.7.2009, 22.10.2009, 7.12.2009 and 20.1.2010.

The composition of Board of Directors, their attendance at Board Meetings during the year 2009-10 and at the last Annual General Meeting held on 11.8.2009 and also the number of other Directorship and Committee Membership/ Chairmanship as on 31.3.2010 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                              | Yes               | 13                          | 1                               | 1        |
| Shri Vikram S. Shriram          | ED                       | 5                              | Yes               | 13                          | 2                               | 2        |
| Shri Rajiv Sinha                | ED                       | 5                              | Yes               | 7                           | 2                               | -        |
| Shri Ajit S. Shriram            | ED                       | 5                              | Yes               | 11                          | 1                               | -        |
| Dr. N.J. Singh                  | ED                       | 5                              | Yes               | -                           | -                               | -        |
| Dr. S.S. Baijal                 | I-NED                    | 2                              | Yes               | 4                           | 4                               | 4        |
| Shri Arun Bharat Ram            | I-NED                    | 3                              | No                | 12                          | 5                               | -        |
| Shri Pradeep Dinodia            | I-NED                    | 4                              | Yes               | 8                           | 5                               | 4        |
| Shri Vimal Bhandari             | I-NED                    | 2                              | Yes               | 7                           | 7                               | 2        |
| Shri Sunil Kant Munjal          | I-NED                    | 2                              | Yes               | 13                          | 3                               | 1        |
| Shri D. Sengupta                | I-NED                    | 5                              | Yes               | 3                           | 3                               | -        |
| Shri S.C.Bhargava (LIC Nominee) | I-NED                    | 4                              | No                | 11                          | 5                               | 1        |

# 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

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 31<sup>st</sup> March, 2010 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 31.3.2010, 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. Baijal      | Chairman | 4                        |
| Shri Arun Bharat Ram | Member   | 4                        |
| Shri Pradeep Dinodia | Member   | 6                        |
| Shri D. Sengupta     | Member   | 5                        |

### (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. Baijal      | Chairman | 2                        |
| 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) Detail of remuneration for the year 2009–10

##### (a) Executive Directors

(Amount/Rs. Lacs)

| Executive Directors     | Salary | P.F. | Superannuation | Perquisites | Commission | Total  |
|-------------------------|--------|------|----------------|-------------|------------|--------|
| Shri Ajay S. Shriram*   | 69.60  | 8.35 | 10.44          | 62.51       | 64.00      | 214.90 |
| Shri Vikram S. Shriram* | 66.00  | 7.92 | 9.90           | 40.45       | 61.00      | 185.27 |
| Shri Rajiv Sinha*       | 50.40  | 6.05 | 7.56           | 30.27       | 55.00      | 149.28 |
| Shri Ajit S. Shriram**  | 48.00  | 5.76 | 7.20           | 49.23       | 42.00      | 152.19 |
| Dr. N.J. Singh***       | 15.60  | 1.87 | 2.34           | 10.71       | 6.00       | 36.52  |

\* Re-appointed w.e.f. 1.11.2008 for a period of 5 years. \*\* Re-appointed w.e.f. 2.5.2006 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 31.3.2010 in the Company are as under:

| Name of the Director            | Amount/Rs. Lac(s) |            | No. of Shares held |
|---------------------------------|-------------------|------------|--------------------|
|                                 | Sitting Fee       | Commission |                    |
| Dr. S.S. Baijal                 | 1.65              | 12.15      | 50,000             |
| Shri Arun Bharat Ram            | 1.05              | 5.30       | -                  |
| Shri Pradeep Dinodia            | 2.03              | 9.30       | 29,270             |
| Shri Vimal Bhandari             | 0.30              | 3.30       | 2,000              |
| Shri Sunil Kant Munjal          | 0.30              | 3.30       | -                  |
| Shri D. Sengupta                | 2.48              | 11.70      | 8,000              |
| Shri S.C.Bhargava (LIC Nominee) | 0.60              | 4.10       | -                  |

#### (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,
- 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 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 four times and the attendance of the Members was as follows:

| Name                   | Status   | No. of meetings attended |
|------------------------|----------|--------------------------|
| Shri Pradeep Dinodia   | Chairman | 4                        |
| Dr. S.S. Baijal        | Member   | 2                        |
| Shri Ajay S. Shriram   | Member   | 3                        |
| Shri Vikram S. Shriram | Member   | 4                        |

During the year, 145 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 31.3.2010.

## **(F) General Body Meetings**

The last three Annual General Meetings were held as under:

| Financial Year | Date      | Time       | Location                                      |
|----------------|-----------|------------|-----------------------------------------------|
| 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 |
| 2006-07        | 24.8.2007 | 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 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.

### **AGM 2007**

- No Special Resolution was passed.

### **POSTAL BALLOT**

- During the year, a special resolution has been passed by Postal Ballot for amending Clause No. B (3) of the Object clause of the Memorandum of Association of the Company.

## **(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 SEBI's website [www.sebidifar.nic.in](http://www.sebidifar.nic.in). 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 17<sup>th</sup> August, 2010 at Air Force Auditorium, Subroto Park, New Delhi.

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

(iii) **Date of book closure:** 3<sup>rd</sup> August, 2010 to 10<sup>th</sup> August, 2010 (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 2009-10

### Equity Share Price on NSE and NIFTY Index

| Month       | Share Price on NSE |       | NIFTY Index |         |
|-------------|--------------------|-------|-------------|---------|
|             | High               | Low   | High        | Low     |
| <b>2009</b> |                    |       |             |         |
| April       | 34.80              | 24.15 | 3517.25     | 2965.70 |
| May         | 53.00              | 29.05 | 4509.40     | 3478.70 |
| June        | 64.80              | 47.25 | 4693.20     | 4143.25 |
| July        | 60.00              | 48.00 | 4669.75     | 3918.75 |
| August      | 70.90              | 54.00 | 4743.75     | 4353.45 |
| September   | 74.20              | 58.70 | 5087.60     | 4576.60 |
| October     | 65.75              | 50.15 | 5181.95     | 4687.50 |
| November    | 61.90              | 48.00 | 5138.00     | 4538.50 |
| December    | 62.25              | 50.50 | 5221.85     | 4943.95 |
| <b>2010</b> |                    |       |             |         |
| January     | 69.90              | 54.50 | 5310.85     | 4766.00 |
| February    | 62.00              | 52.00 | 4992.00     | 4675.40 |
| March       | 57.50              | 50.15 | 5329.55     | 4935.35 |

(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 31.03.2010

| No. of Shares    | Shareholders |                                |
|------------------|--------------|--------------------------------|
|                  | Number       | % to total no. of Shareholders |
| Upto - 500       | 50648        | 86.71                          |
| 501 - 1000       | 3820         | 6.54                           |
| 1001 - 2000      | 1924         | 3.29                           |
| 2001 - 3000      | 668          | 1.14                           |
| 3001 - 4000      | 337          | 0.58                           |
| 4001 - 5000      | 242          | 0.41                           |
| 5001 - 10000     | 379          | 0.65                           |
| 10001 - 50000    | 293          | 0.51                           |
| 50001 - 100000   | 38           | 0.07                           |
| 100001 and above | 57           | 0.10                           |
| <b>TOTAL</b>     | <b>58406</b> | <b>100.00</b>                  |

## (x) Categories of Shareholders as on 31.03.2010

| Category                                                                            | No of fully paid up shares held | % share-holding |
|-------------------------------------------------------------------------------------|---------------------------------|-----------------|
| Promoters, Relatives and Associates                                                 | 92926804                        | 56.01           |
| Financial Institutions, Banks and Insurance Companies                               | 18449151                        | 11.12           |
| Foreign Institutional Investors, Overseas Corporate Bodies and Non-Resident Indians | 18149536                        | 10.94           |
| Mutual Funds                                                                        | 7843379                         | 4.73            |
| Bodies Corporate                                                                    | 4492307                         | 2.71            |
| General Public                                                                      | 24042143                        | 14.49           |
| <b>TOTAL</b>                                                                        | <b>165903320</b>                | <b>100.00</b>   |

## (xi) Dematerialisation of Equity Shares and liquidity

As on 31.3.2010, of the total eligible Equity Shares, 87.24% were in dematerialised form and the balance 12.76% 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 6<sup>th</sup> 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.

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## 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, 2010.

Place : New Delhi  
Date : 5<sup>th</sup> May, 2010

  
(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, 2010, 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 : May 5, 2010

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, 2010, 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, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 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, 2010;
  - (ii) in the case of the Profit and Loss Account, of the profit 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)

Gurgaon  
Date : May 5, 2010

Jaideep Bhargava  
Partner  
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 reasonable intervals except for

## Auditors' Report (Continued)

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. 33.48 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. 97.35 crores and the year end balance of loans so granted was Rs. 68.45 crores. These loans includes interest free loan aggregating to Rs. 60.41 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, service tax 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, sales tax and income-tax dues as at March 31, 2010 are as follows:
- (xvi) 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.
- (xvii) 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.
- (xviii) As the Company has not made any preferential allotment of shares during the year, paragraph 4 (xviii) of the Order is not applicable.
- (xix) According to information and explanations given to us, no security has been created for debentures issued during the year since they are unsecured.
- (xx) 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.
- (xxi) 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. Crores) | Amount paid under protest (Rs. Crores) | Period to which the amount relates                                     |
|-----------------------|--------------------|---------------------------------------------------|----------------------|----------------------------------------|------------------------------------------------------------------------|
| Central Excise Law    | Excise duty        | Appellate authority up to commissioners' level    | 3.50                 | -                                      | 1995-96, 2001-02, 2002-03, 2003-04, 2005-06, 2006-07, 2007-08, 2008-09 |
|                       |                    | Central Excise and Service Tax Appellate Tribunal | 2.78                 | -                                      | 1997-98, 2005-06, 2006-07                                              |
| Sales Tax Laws        | Sales tax          | Appellate authority up to commissioners' level    | 2.58                 | 0.83                                   | 1983-84, 1994-95, 2000-01, 2001-02, 2005-06, 2006-07, 2007-08          |
|                       |                    | Appellate Tribunal                                | 0.21                 | 0.21                                   | 2005-06, 2006-07                                                       |
| Income Tax Act, 1961  | Income tax         | Commissioner (Appeal)                             | 0.56                 | 0.56                                   | 2006-07                                                                |
|                       |                    | Income Tax Appellate Tribunal                     | 0.03                 | 0.03                                   | 2005-06                                                                |

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

- (xi) 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 debentureholders.
- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order is not applicable.
- (xv) 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 5, 2010

Jaideep Bhargava  
Partner  
Membership No.: 90295

# Balance Sheet as at March 31, 2010

DCM SHRIRAM  
CONSOLIDATED LIMITED

|                                                 | Schedule | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|-------------------------------------------------|----------|---------------------------------------|---------------------------------------|
| <b>Sources of Funds</b>                         |          |                                       |                                       |
| <b>Shareholders' funds</b>                      |          |                                       |                                       |
| Share capital                                   | 1        | 33.34                                 | 33.34                                 |
| Reserves and surplus                            | 2        | 1254.02                               | 1198.25                               |
|                                                 |          | 1287.36                               | 1231.59                               |
| <b>Loan funds</b>                               | 3        |                                       |                                       |
| Secured                                         |          | 1140.71                               | 1356.71                               |
| Unsecured                                       |          | 233.37                                | 604.91                                |
|                                                 |          | 1374.08                               | 1961.62                               |
| <b>Deferred tax liabilities (net)</b>           | 4        | 175.89                                | 143.94                                |
| <b>Total</b>                                    |          | 2837.33                               | 3337.15                               |
| <b>Application of Funds</b>                     |          |                                       |                                       |
| <b>Fixed assets</b>                             | 5        |                                       |                                       |
| Gross block                                     |          | 2918.02                               | 2865.21                               |
| Less : Depreciation                             |          | 906.87                                | 753.35                                |
| Net block                                       |          | 2011.15                               | 2111.86                               |
| Capital work in progress                        |          | 26.51                                 | 28.52                                 |
|                                                 |          | 2037.66                               | 2140.38                               |
| <b>Investments</b>                              | 6        | 58.85                                 | 55.63                                 |
| <b>Current assets, loans and advances</b>       | 7        |                                       |                                       |
| Inventories                                     |          | 762.53                                | 745.32                                |
| Sundry debtors                                  |          | 188.42                                | 339.54                                |
| Cash and bank balances                          |          | 49.51                                 | 33.30                                 |
| Loans and advances                              |          | 400.85                                | 402.50                                |
| Other current assets                            |          | -                                     | 175.52                                |
|                                                 |          | 1401.31                               | 1696.18                               |
| <b>Less: Current liabilities and provisions</b> | 8        |                                       |                                       |
| Current liabilities                             |          | 552.70                                | 450.82                                |
| Provisions                                      |          | 107.79                                | 104.22                                |
|                                                 |          | 660.49                                | 555.04                                |
| <b>Net current assets</b>                       |          | 740.82                                | 1141.14                               |
| <b>Total</b>                                    |          | 2837.33                               | 3337.15                               |
| <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  
S.C. BHARGAVA  
Directors

New Delhi  
May 5, 2010

# Profit and Loss Account for the year ended March 31, 2010

DCM SHRIRAM  
CONSOLIDATED LIMITED

|                                                 | Schedule | Year ended<br>March 31, 2010<br>Rs. Crores | Year ended<br>March 31, 2009<br>Rs. Crores |
|-------------------------------------------------|----------|--------------------------------------------|--------------------------------------------|
| <b>Income</b>                                   |          |                                            |                                            |
| Gross sales                                     |          | 3512.95                                    | 3571.34                                    |
| Less : Excise duty                              |          | 110.88                                     | 180.56                                     |
| Net sales                                       |          | 3402.07                                    | 3390.78                                    |
| Other income                                    | 9        | 46.62                                      | 48.43                                      |
| <b>Total Income</b>                             |          | <b>3448.69</b>                             | <b>3439.21</b>                             |
| <b>Expenditure</b>                              |          |                                            |                                            |
| Manufacturing and other expenses                | 10       | 2116.14                                    | 2250.44                                    |
| Purchases for resale                            |          | 989.93                                     | 819.54                                     |
| Interest - On debentures and other fixed loans  |          | 78.58                                      | 122.46                                     |
| - Others                                        |          | 7.45                                       | 24.34                                      |
| Depreciation                                    | 5        | 159.68                                     | 146.41                                     |
| <b>Total expenditure</b>                        |          | <b>3351.78</b>                             | <b>3363.19</b>                             |
| <b>Profit before tax and exceptional item</b>   |          | <b>96.91</b>                               | <b>76.02</b>                               |
| Exceptional item:                               |          |                                            |                                            |
| - Income from sale of subsidiary                |          | 6.92                                       | -                                          |
| <b>Profit before tax</b>                        |          | <b>103.83</b>                              | <b>76.02</b>                               |
| Provision for taxation                          | 11       | 32.55                                      | (25.77)                                    |
| <b>Profit after tax</b>                         |          | <b>71.28</b>                               | <b>101.79</b>                              |
| Transfer from debenture redemption reserve      |          | -                                          | 1.50                                       |
| Balance brought forward from the previous year  |          | 499.29                                     | 461.53                                     |
| <b>Profit available for appropriation</b>       |          | <b>570.57</b>                              | <b>564.82</b>                              |
| <b>Appropriations</b>                           |          |                                            |                                            |
| Proposed dividends (equity shares)              |          |                                            |                                            |
| - Interim                                       |          | 6.64                                       | -                                          |
| - Final                                         |          | 6.64                                       | 13.27                                      |
| Corporate dividend tax                          |          | 2.23                                       | 2.26                                       |
| General reserve                                 |          | 50.00                                      | 50.00                                      |
| <b>Balance carried to balance sheet</b>         |          | <b>505.06</b>                              | <b>499.29</b>                              |
| <b>Earnings per share - basic/diluted (Rs.)</b> |          |                                            |                                            |
| (refer note 5 in schedule 12)                   |          |                                            |                                            |
| -Before exceptional item                        |          | 3.88                                       | 6.14                                       |
| -After exceptional item                         |          | 4.30                                       | 6.14                                       |
| <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  
S.C. BHARGAVA  
Directors

New Delhi  
May 5, 2010

# Cash Flow Statement for the year ended March 31, 2010

DCM SHRIRAM  
CONSOLIDATED LIMITED

|                                                                    | Year ended<br>March 31, 2010<br>Rs. Crores | Year ended<br>March 31, 2009<br>Rs. Crores |
|--------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>A. Cash flow from operating activities</b>                      |                                            |                                            |
| Net profit before tax and exceptional item                         | 96.91                                      | 76.02                                      |
| Adjustments for :                                                  |                                            |                                            |
| Depreciation                                                       | 159.68                                     | 146.41                                     |
| Provision for diminution in the value of non trade investment      | 0.20                                       | -                                          |
| Loss on sale of fixed assets                                       | 0.10                                       | 1.20                                       |
| Finance charges                                                    | 2.08                                       | 1.88                                       |
| Interest expense                                                   | 86.03                                      | 146.80                                     |
| Less: interest and dividend income                                 | (20.66)                                    | (19.66)                                    |
| Operating profit before working capital changes                    | 324.34                                     | 352.65                                     |
| Adjustments for :                                                  |                                            |                                            |
| Trade and other receivables(net)                                   | 352.82                                     | (185.96)                                   |
| Inventories                                                        | (17.21)                                    | 37.74                                      |
| Trade and other payables                                           | 138.61                                     | 82.93                                      |
| <b>Cash generated from operations</b>                              | <b>798.56</b>                              | <b>287.36</b>                              |
| Income taxes paid                                                  | (17.28)                                    | (15.93)                                    |
| <b>Net cash from/used in operating activities</b>                  | <b>781.28</b>                              | <b>271.43</b>                              |
| <b>B. Cash flow from investing activities</b>                      |                                            |                                            |
| Purchase of fixed assets                                           | (84.88)                                    | (355.21)                                   |
| Sale of fixed assets                                               | 2.53                                       | 3.09                                       |
| Purchase of trade long term investment                             | -                                          | (1.55)                                     |
| Purchase of non-trade long term investments                        | (5.15)                                     | (0.27)                                     |
| Sale of non-trade long term investments                            | -                                          | 0.83                                       |
| Purchase of non-trade current investments                          | (1,091.30)                                 | (7077.49)                                  |
| Sale of non-trade current investments                              | 1,091.30                                   | 7077.49                                    |
| Loans and advances to subsidiary companies                         | (3.01)                                     | (1.12)                                     |
| Interest received                                                  | 14.01                                      | 16.80                                      |
| Dividend received                                                  | 1.79                                       | 2.15                                       |
| <b>Cash flow from investing activities before exceptional item</b> | <b>(74.71)</b>                             | <b>(335.28)</b>                            |
| Exceptional items                                                  | 8.65                                       | -                                          |
| <b>Net cash from/used in investing activities</b>                  | <b>(66.06)</b>                             | <b>(335.28)</b>                            |
| <b>C. Cash flow from financing activities</b>                      |                                            |                                            |
| Proceeds from borrowings                                           | 4,689.45                                   | 9688.94                                    |
| Repayment of borrowings                                            | (5,165.13)                                 | (9404.94)                                  |
| Finance charges                                                    | (2.08)                                     | (1.88)                                     |
| Changes in working capital borrowings                              | (111.80)                                   | (79.84)                                    |
| Dividends paid                                                     | (19.91)                                    | (6.64)                                     |
| Corporate dividend tax paid                                        | (3.39)                                     | (1.13)                                     |
| Interest paid                                                      | (86.38)                                    | (145.30)                                   |
| <b>Net cash from/used in financing activities</b>                  | <b>(699.24)</b>                            | <b>49.21</b>                               |
| <b>Net increase/(decrease) in cash and cash equivalents</b>        | <b>15.98</b>                               | <b>(14.64)</b>                             |
| Cash and cash equivalents as at opening                            |                                            |                                            |
| Cash and cheques in hand and balance with banks                    | 31.49                                      | 46.13                                      |
| Cash and cash equivalents as at closing*                           |                                            |                                            |
| Cash and cheques in hand and balance with banks                    | 47.47                                      | 31.49                                      |

\* excludes Rs. 2.04 crores (2008-2009 Rs 1.81 crores) held as margin money and in dividend accounts

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

Jaideep Bhargava  
Partner

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Company Secretary

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SUNIL KANT MUNJAL  
D. SENGUPTA  
S.C. BHARGAVA  
Directors

New Delhi  
May 5, 2010

# Schedules to the Accounts

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 1. SHARE CAPITAL

|                                                                                          | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| <b>Authorised</b>                                                                        |                                       |                                       |
| 24,99,50,000 (2008-2009 - 24,99,50,000) Equity shares of Rs.2 each                       | 49.99                                 | 49.99                                 |
| 65,01,000 (2008-2009 - 65,01,000) Cumulative redeemable preference shares of Rs.100 each | 65.01                                 | 65.01                                 |
|                                                                                          | 115.00                                | 115.00                                |
| <b>Issued</b>                                                                            |                                       |                                       |
| 16,98,03,320 (2008-2009 - 16,98,03,320) Equity shares of Rs.2 each                       | 33.96                                 | 33.96                                 |
| <b>Subscribed and paid up</b>                                                            |                                       |                                       |
| 16,59,03,320 (2008-2009 - 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                                  |
|                                                                                          | 33.34                                 | 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<br>March 31, 2009<br>Rs. Crores | Additions<br>Rs. Crores | Deductions<br>Rs. Crores | As at<br>March 31, 2010<br>Rs. Crores |
|----------------------------|---------------------------------------|-------------------------|--------------------------|---------------------------------------|
| Capital redemption reserve | 8.41                                  | -                       | -                        | 8.41                                  |
| Share premium account      | 62.76                                 | -                       | -                        | 62.76                                 |
| General reserve            | 627.79                                | 50.00                   | -                        | 677.79                                |
| Profit and loss account    | 499.29                                | 5.77                    | -                        | 505.06                                |
|                            | 1,198.25                              | 55.77                   | -                        | 1254.02                               |

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 3. LOAN FUNDS

|                                      | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|--------------------------------------|---------------------------------------|---------------------------------------|
| <b>Secured</b>                       |                                       |                                       |
| Loans from banks                     |                                       |                                       |
| On cash credit account               | 2.41                                  | 114.21                                |
| Others                               | 686.37                                | 751.57                                |
| Other Loans                          | 451.93                                | 490.93                                |
|                                      | <b>1140.71</b>                        | <b>1356.71</b>                        |
| <b>Unsecured</b>                     |                                       |                                       |
| Deposits                             |                                       |                                       |
| Fixed                                | 11.77                                 | 3.31                                  |
| Others                               | 32.32                                 | 30.90                                 |
| Interest accrued and due on deposits | 0.13                                  | 0.19                                  |
| Short term loans and advances        |                                       |                                       |
| Banks                                | 189.15                                | 570.51                                |
|                                      | <b>233.37</b>                         | <b>604.91</b>                         |
|                                      | <b>1374.08</b>                        | <b>1961.62</b>                        |

#### SECURED

1. Short term working capital borrowings from Banks:
  - i) Loans from banks on cash credit account of Rs. 2.41 crores (2008-2009 - Rs. 114.21 crores) are secured by first charge on whole of the current assets of the Company, 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 and Hariawan in Uttar Pradesh.
  - ii) Short Term Loan of Rs. Nil (2008-2009- Rs. 43.49 crores) from a bank is secured by 6.65% Fertiliser Companies GOI Special Bonds 2023, by way of Repo transactions.
  - iii) Short Term Loan of Rs. 135 crores (2008-2009: Rs. Nil) are secured by first charge on whole of the current assets 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 and Hariawan in Uttar Pradesh.
2. Other loans:
  - (i) Term loans of Rs. 136.61 crores (2008-2009- Rs. 142.08 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. 9.00 crores (2008-2009 - Rs. 12.00 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. 112.30 crores (2008-2009 Rs. 126.71 crores) from others is secured by way of first pari passu mortgage/charge created/to be 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. 9.78 crores due within a year; 2008-2009- Rs. 7.95 crores)
  - (ii) Term loans of Rs. 105.64 crores (2008-2009- Rs. 125.85 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. 13.50 crores (2008-2009- Rs. 18.00 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 loans of Rs. 211.12 crores (2008-2009 Rs. 258.48 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. 37.98 crores due within a year; 2008-2009- Rs. 41.39 crores).
- (iii) Term loan of Rs. Nil (2008-2009- Rs. 1.32 crores) from a bank is secured by way of first mortgage, ranking pari passu, on immovable/movable fixed assets, both present and future, pertaining to the Company's Ajbapur Sugar Complex and Rupapur Sugar Complex, Uttar Pradesh, (Rs. Nil due within a year; 2008-2009- Rs. 1.32 crores).
  - (iv) Term loan of Rs. Nil (2008-2009- Rs. 33.33 crores) from a bank is secured by way of first pari passu mortgage/charge created on immovable/movable fixed assets, both present and future, term loans of Rs. 69.60 crores (2008-09: Rs. 94.37 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. 37.23 crores (2008-2009 Rs. 42.29 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. 23.02 crores due within a year; 2008-2009- Rs. 31.47 crores)
  - (v) Term loan of Rs. 89.84 crores (2008-2009- Rs. 101.36 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. 7.32 crores (2008-2009- Rs. 7.50 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. 0.36 crore due within a year; 2008-2009- Rs. 0.18 crore)
  - (vi) Term loan of Rs. 69.60 crores (2008-2009- Rs. 94.37 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. 7.32 crores (2008-09: Rs. 7.50 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. 25.70 crores (2008-2009- Rs. 33.45 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 loans of Rs. 16.41 crores (2008-2009- Rs. Nil ) 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. 24.20 crores due within a year; 2008-2009- Rs. 25.61 crores)
  - (vii) Term loan of Rs. Nil (2008-2009- Rs. 30.25 crores) from a bank is secured by way of first mortgage/charge created on immovable/movable fixed assets, both present and future, and term loans of Rs. 14.24 crores (2008-2009- Rs. Nil ) 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 Rupapur Sugar Complex, Uttar Pradesh. (Rs. Nil due within a year; 2008-2009- Rs. 15.12 crores)
  - (viii) Term loan of Rs. 51.72 crores (2008-2009: Rs. 56.43 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 and Loni Sugar Complex, Uttar Pradesh. (Rs. 28.22 crores due within a year; 2008-2009- Rs. 4.70 Crores )
  - (ix) Term Loan of Rs. 13.72 crores (2008-2009: Rs 13.72 Crores) from a bank secured by way of equitable mortgage of Land/Building, both present and future, of SBM unit of the Company at Tonk, Rajasthan. (Rs. 1.71 crores due within a year; 2008-2009- Rs. Nil)
  - (x) Term loan of Rs. 12.43 crores (2008-2009: Rs. Nil) from others are secured by way of Bank Guarantee which in turn is secured by first charge on whole of the current assets 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 and Hariawan in Uttar Pradesh. (Rs. 3.11 crores due within a year; 2008-2009- Rs. Nil)

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 4. DEFERRED TAX LIABILITIES AND ASSETS

|                                             | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|---------------------------------------------|---------------------------------------|---------------------------------------|
| <b>Deferred tax liabilities</b>             |                                       |                                       |
| Depreciation                                | 239.83                                | 234.35                                |
|                                             | <b>239.83</b>                         | <b>234.35</b>                         |
| <b>Deferred tax assets</b>                  |                                       |                                       |
| Unabsorbed depreciation                     | 20.27                                 | 49.31                                 |
| Provision for gratuity and leave encashment | 29.23                                 | 26.04                                 |
| Provision for doubtful debts and advances   | 3.49                                  | 3.40                                  |
| Others                                      | 10.95                                 | 11.66                                 |
|                                             | <b>63.94</b>                          | <b>90.41</b>                          |
| <b>Deferred tax liabilities (net)</b>       | <b>175.89</b>                         | <b>143.94</b>                         |

### 5. FIXED ASSETS

| Description                | GROSS BLOCK                              |                         |                          |                                          | DEPRECIATION                             |                               |                          |                                          | NET BLOCK                                |                                          |
|----------------------------|------------------------------------------|-------------------------|--------------------------|------------------------------------------|------------------------------------------|-------------------------------|--------------------------|------------------------------------------|------------------------------------------|------------------------------------------|
|                            | As at<br>March 31,<br>2009<br>Rs. Crores | Additions<br>Rs. Crores | Deductions<br>Rs. Crores | As at<br>March 31,<br>2010<br>Rs. Crores | Up to<br>March 31,<br>2009<br>Rs. Crores | For<br>the year<br>Rs. Crores | Deductions<br>Rs. Crores | Up to<br>March 31,<br>2010<br>Rs. Crores | As at<br>March 31,<br>2010<br>Rs. Crores | As at<br>March 31,<br>2009<br>Rs. Crores |
| <b>Tangibles</b>           |                                          |                         |                          |                                          |                                          |                               |                          |                                          |                                          |                                          |
| Land - Freehold            | 106.24                                   | 6.38                    | -                        | 112.62*                                  | -                                        | -                             | -                        | -                                        | 112.62                                   | 106.24                                   |
| - Leasehold                | 14.29                                    | 0.53                    | -                        | 14.82                                    | -                                        | -                             | -                        | -                                        | 14.82                                    | 14.29                                    |
| Buildings                  | 406.43                                   | 7.40                    | 0.29                     | 413.54                                   | 32.90                                    | 10.39                         | 0.09                     | 43.20                                    | 370.34                                   | 373.53                                   |
| Plant and machinery        | 2190.58                                  | 36.68                   | 3.76                     | 2223.50\$                                | 657.15                                   | 129.71                        | 2.85                     | 784.01                                   | 1439.49                                  | 1533.43                                  |
| Furniture and fittings     | 82.09                                    | 5.34                    | 1.26                     | 86.17                                    | 29.54                                    | 10.88                         | 0.81                     | 39.61                                    | 46.56                                    | 52.55                                    |
| Vehicles                   | 26.87                                    | 3.81                    | 3.48                     | 27.20                                    | 12.08                                    | 4.24                          | 2.41                     | 13.91                                    | 13.29                                    | 14.79                                    |
| <b>Intangibles</b>         |                                          |                         |                          |                                          |                                          |                               |                          |                                          |                                          |                                          |
| Technical Know how         | 23.79                                    | -                       | -                        | 23.79                                    | 14.85                                    | 2.38                          | -                        | 17.23                                    | 6.56                                     | 8.94                                     |
| Brand                      | 8.22                                     | -                       | -                        | 8.22                                     | 4.43                                     | 0.69                          | -                        | 5.12                                     | 3.10                                     | 3.79                                     |
| Software                   | 6.70                                     | 1.46                    | -                        | 8.16                                     | 2.40                                     | 1.39                          | -                        | 3.79                                     | 4.37                                     | 4.30                                     |
| <b>This year</b>           | <b>2865.21</b>                           | <b>61.60**</b>          | <b>8.79</b>              | <b>2918.02</b>                           | <b>753.35</b>                            | <b>159.68</b>                 | <b>6.16</b>              | <b>906.87</b>                            | <b>2011.15</b>                           |                                          |
| Previous year              | 2310.84                                  | 568.72                  | 14.35                    | 2865.21                                  | 617.00                                   | 146.41                        | 10.06                    | 753.35                                   |                                          | 2111.86                                  |
| Capital work in progress # |                                          |                         |                          |                                          |                                          |                               |                          |                                          | 26.51                                    | 28.52                                    |
|                            |                                          |                         |                          |                                          |                                          |                               |                          |                                          | <b>2037.66</b>                           | <b>2140.38</b>                           |

\* Includes Rs. 1.89 crores (2008-09 - Rs. 2.30 crores) pertaining to land situated at Hardoi and Hyderabad pending registration in favour of the Company.

\$ Includes Rs. 0.16 crore (2008-09 -Rs. 0.16 crore) in respect of certain plant and machinery retired from active use and held for disposal.

\*\* Includes addition of Rs. 0.34 crores (2008-09 - Rs. 3.89 crores) on account of foreign exchange fluctuation

# Includes capital advances Rs. 4.73 crores (2008-09 - Rs. 5.18 crores)

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 6. INVESTMENTS

|                                                                                                                             | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| <b>Long Term</b><br>(valued at cost unless there is permanent fall in value thereof)                                        |                                       |                                       |
| <b>Trade Investments</b>                                                                                                    |                                       |                                       |
| <b>Unquoted</b>                                                                                                             |                                       |                                       |
| 7,95,009 (2008-2009 - 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 (2008-2009 - 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                                                                                               | 0.07                                  | 0.03                                  |
| <b>Investment in Shares, Units, etc.</b>                                                                                    |                                       |                                       |
| <b>Unquoted</b>                                                                                                             |                                       |                                       |
| 500 (2008-2009 - 500) 5.5% Bonds of Rs. 10,000 each fully paid-up of Rural Electrification Corporation Limited              | 0.50                                  | 0.50                                  |
| <b>Investment in Subsidiaries</b>                                                                                           |                                       |                                       |
| <b>Unquoted</b>                                                                                                             |                                       |                                       |
| 60,01,208 (2008-2009 - 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 (2008-2009 - 83,51,207) Equity shares of Rs.10 each fully paid-up of DCM Shriram Aqua Foods Limited.              | 4.22                                  | 4.22                                  |
| 29,19,065 (2008-2009 - 29,19,058) Equity shares of Rs.10 each fully paid-up of Shriram Bioseed Genetics India Limited.      |                                       |                                       |
| 7 equity shares acquired during the year                                                                                    | 8.78                                  | 8.78                                  |
| 200,000 (2008-2009 - 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)                                | -                                     |
| Nil (2008-2009 - 17,33,207) Equity shares of Rs. 10 each fully paid-up of DSCL Energy Services Company Limited.             | -                                     | 1.73                                  |
| 17,33,207 Equity shares (2008-09 - Nil) sold during the year                                                                |                                       |                                       |
| 11,74,551 (2008-2009 - 11,74,551) Equity shares of US \$ 1 each fully paid-up of Bioseeds Limited.                          | 14.41                                 | 14.41                                 |
| 10,00,000 (2008-2009 - 50,000) Equity shares of Rs. 10 each fully paid up of Hariyali Rural Ventures Limited                |                                       |                                       |
| 9,50,000 equity shares allotted during the year                                                                             | 1.00                                  | 0.05                                  |
| 50,000 (2008-2009 - 50,000) Equity shares of Rs. 10 each fully paid up of SBM Yarn Limited                                  | 0.05                                  | 0.05                                  |

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 6. INVESTMENTS (Continued)

|                                                                                                                                                                     | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| 50,000 (2008-2009 - 50,000) Equity shares of Rs. 10 each fully paid up of Fenesta India Limited (formerly Fenesta Building Systems Limited )                        | 0.05                                  | 0.05                                  |
| 40,50,000 (2008-2009- 40,50,000) Equity shares of Rs. 10 each fully paid up of Shriram Bioseed Ventures Limited                                                     | 20.05                                 | 20.05                                 |
| 37,424 (2008-2009- Nil) Equity shares of Rs. 100 each fully paid up of Bioseed Research India Private Limited purchased during the year                             | 4.06                                  | -                                     |
| 17,50,280 (2008-2009 17,50,280) Equity shares of 10 each fully paid up of Shri Ganpati Fertilizer Limited # (Re. 1)                                                 | #                                     | #                                     |
| 50,000 (2008-2009 - Nil) Equity shares of Rs. 10 each fully paid up of Shridhar Shriram Foundation allotted during the year                                         | 0.05                                  | -                                     |
| 50,007 (2008-2009 - Nil) Equity shares of Rs. 10 each fully paid up of Bioseed India Limited purchased during the year (formerly DCM Shriram International Limited) | 0.05                                  | -                                     |
| <b>TOTAL:</b>                                                                                                                                                       | <b>58.85</b>                          | <b>55.63</b>                          |
| Aggregate book value:<br>- Unquoted<br>Also refer note 14 in schedule 12                                                                                            | <b>58.85</b>                          | <b>55.63</b>                          |

### 7. CURRENT ASSETS, LOANS AND ADVANCES

|                                    | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|------------------------------------|---------------------------------------|---------------------------------------|
| <b>Current Assets</b>              |                                       |                                       |
| <b>Inventories</b>                 |                                       |                                       |
| Stores and spares *                | 132.06                                | 86.06                                 |
| Stock-in-trade **                  |                                       |                                       |
| Raw materials                      | 67.92                                 | 93.71                                 |
| Process stock                      | 12.16                                 | 11.56                                 |
| Finished goods                     | 550.39                                | 553.99                                |
|                                    | <b>762.53</b>                         | <b>745.32</b>                         |
| <b>Sundry debtors</b>              |                                       |                                       |
| Debts over six months              |                                       |                                       |
| Secured - considered good          | 0.01                                  | 0.11                                  |
| Unsecured - considered good        | 34.88                                 | 82.30                                 |
| - considered doubtful              | 7.84                                  | 8.81                                  |
| Other debts                        |                                       |                                       |
| Secured - considered good          | 1.48                                  | 18.51                                 |
| Unsecured - considered good        | 152.05                                | 238.62                                |
|                                    | <b>196.26</b>                         | <b>348.35</b>                         |
| Less: Provision for doubtful debts | <b>7.84</b>                           | <b>8.81</b>                           |
|                                    | <b>188.42</b>                         | <b>339.54</b>                         |

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

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

|                                                                                                                                                           | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| <b>Cash and bank balances</b>                                                                                                                             |                                       |                                       |
| Cash on hand                                                                                                                                              | 1.54                                  | 1.11                                  |
| Cheques in hand                                                                                                                                           | 5.70                                  | 2.13                                  |
| With scheduled banks on                                                                                                                                   |                                       |                                       |
| Current account                                                                                                                                           | 38.60                                 | 28.46                                 |
| Deposit account #                                                                                                                                         | 3.65                                  | 1.46                                  |
| With Bank of China, China on                                                                                                                              |                                       |                                       |
| Current account # #                                                                                                                                       | 0.02                                  | 0.14                                  |
|                                                                                                                                                           | <b>49.51</b>                          | <b>33.30</b>                          |
| <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                                                                                                                                           | 139.97                                | 148.00                                |
| Considered doubtful                                                                                                                                       | 2.67                                  | 1.18                                  |
| Less : Provision for doubtful advances                                                                                                                    | 2.67                                  | 1.18                                  |
|                                                                                                                                                           | <b>139.97</b>                         | <b>148.00</b>                         |
| Loans and advances to subsidiary companies \$                                                                                                             | 103.63                                | 89.70                                 |
| Deposits \$                                                                                                                                               | 54.04                                 | 53.09                                 |
| Balances with customs, excise etc.                                                                                                                        | 23.91                                 | 53.95                                 |
| Tax payments (net of provision for current tax and Fringe benefit tax)                                                                                    | 46.55                                 | 46.72                                 |
| MAT credit entitlement                                                                                                                                    | 24.85                                 | 8.00                                  |
| Interest accrued on investments, deposits etc.                                                                                                            | 7.90                                  | 3.04                                  |
|                                                                                                                                                           | <b>400.85</b>                         | <b>402.50</b>                         |
| <b>Other current assets (trade) **</b>                                                                                                                    |                                       |                                       |
| Nil (2008-2009 - 16,400) 8.3% Fertiliser companies GOI special bond 2023 of Rs. 10,000 each fully paid-up, 16,400 (2008-09 - 13,600) sold during the year | -                                     | 16.40                                 |
| Nil (2008-2009 - 62,400) 7.95% Fertiliser companies GOI special bond 2026 of Rs.10,000 each fully paid-up 62,400 (2008-09 - 60,600) sold during the year  | -                                     | 62.40                                 |
| Nil (2008-2009 - 56,000) 7% Fertiliser companies GOI special bond 2022 of Rs.10,000 each fully paid-up 56,000 (2008-09 - Nil) sold during the year        | -                                     | 56.00                                 |
| Nil (2008-2009 - 50,470) 6.65% Fertiliser companies GOI special bond 2023 of Rs.10,000 each fully paid-up 50,470 (2008-09 - Nil) sold during the year ### | -                                     | 50.47                                 |
|                                                                                                                                                           | -                                     | 185.27                                |
| Less : Provision for diminution in the value of fertiliser bonds                                                                                          | -                                     | 9.75                                  |
|                                                                                                                                                           | -                                     | 175.52                                |
|                                                                                                                                                           | <b>1401.31</b>                        | <b>1696.18</b>                        |

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

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

# Includes Rs. 0.31 crore (2008-2009 Rs. 0.29 crore) provided as margin for bank guarantees and letter of credit

## Maximum balance outstanding Rs. 0.20 crore (2008-2009 - Rs. 0.24 crore)

\$ Refer note 7 of Schedule 12.

### also refer note 1 (ii) of schedule 3

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 8. CURRENT LIABILITIES AND PROVISIONS

|                                                                           | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|---------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| <b>Current Liabilities</b>                                                |                                       |                                       |
| Sundry creditors #                                                        |                                       |                                       |
| Total outstanding dues of micro and small enterprise *                    | 0.74                                  | 0.99                                  |
| Total outstanding dues of creditors other than micro and small enterprise | 539.07                                | 436.48                                |
| Ex-gratia payable under voluntary retirement schemes **                   | 1.04                                  | 1.21                                  |
| Interest accrued but not due on loans                                     | 11.85                                 | 12.14                                 |
|                                                                           | <b>552.70</b>                         | <b>450.82</b>                         |
| <b>Provisions</b>                                                         |                                       |                                       |
| Gratuity                                                                  | 53.28                                 | 46.70                                 |
| Compensated absences                                                      | 34.68                                 | 29.90                                 |
| Provision for contingencies                                               | 12.09                                 | 12.09                                 |
| Proposed dividends                                                        | 6.64                                  | 13.27                                 |
| Corporate dividend tax                                                    | 1.10                                  | 2.26                                  |
|                                                                           | <b>107.79</b>                         | <b>104.22</b>                         |
|                                                                           | <b>660.49</b>                         | <b>555.04</b>                         |

# Sundry creditors do not include any amounts outstanding as on March 31, 2010 which are required to be credited to Investor Education and Protection Fund.

\* Refer note 6 of schedule 12

\*\* Rs. 0.20 crore (2008-2009 - Rs.0.18 crore) due within a year.

### 9. OTHER INCOME

|                                                        | Year ended<br>March 31, 2010<br>Rs. Crores | Year ended<br>March 31, 2009<br>Rs. Crores |
|--------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Dividend income (gross) from:                          |                                            |                                            |
| - non trade, long term investments                     | 1.52                                       | -                                          |
| - non trade, current investments                       | 0.27                                       | 2.15                                       |
| Profit on sale of fertiliser bonds                     | 0.89                                       | 0.06                                       |
| Interest income #                                      | 18.87                                      | 17.51                                      |
| Rent                                                   | 4.27                                       | 4.42                                       |
| Liabilities/provisions no longer required written back | 5.07                                       | 2.34                                       |
| Miscellaneous                                          | 15.73                                      | 21.95                                      |
|                                                        | <b>46.62</b>                               | <b>48.43</b>                               |

# Income-tax deducted at source - Rs. 0.38 crore (2008-2009 - Rs.0.56 crore)

# Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 10. MANUFACTURING AND OTHER EXPENSES

|                                                                               | Year ended<br>March 31, 2010<br>Rs. Crores | Year ended<br>March 31, 2009<br>Rs. Crores |
|-------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Raw materials consumed                                                        | 1044.29                                    | 1096.91                                    |
| Stores, spares and components                                                 | 121.66                                     | 136.00                                     |
| Power, fuel, etc.                                                             | 434.52                                     | 444.97                                     |
| Repairs                                                                       |                                            |                                            |
| Buildings                                                                     | 4.68                                       | 3.98                                       |
| Plant and machinery                                                           | 20.64                                      | 18.42                                      |
| Salaries, wages, bonus, gratuity, commission, etc.                            | 233.48                                     | 209.15                                     |
| Provident and other funds                                                     | 13.87                                      | 16.39                                      |
| Welfare                                                                       | 12.39                                      | 11.06                                      |
| Rent                                                                          | 21.60                                      | 16.21                                      |
| Insurance                                                                     | 9.15                                       | 7.76                                       |
| Donation                                                                      | 0.03                                       | 0.28                                       |
| Rates and taxes                                                               | 1.62                                       | 1.33                                       |
| Auditors' remuneration                                                        |                                            |                                            |
| Audit fee                                                                     | 0.55                                       | 0.55                                       |
| Tax audit                                                                     | 0.07                                       | 0.07                                       |
| Other services                                                                | 0.63                                       | 0.53                                       |
| Out-of-pocket expenses                                                        | 0.06                                       | 0.01                                       |
| Directors' fees                                                               | 0.08                                       | 0.09                                       |
| Bad debts and advances written off                                            | 0.24                                       | 1.25                                       |
| Provision for doubtful debts and advances                                     | 1.55                                       | 1.10                                       |
| Freight and transport                                                         | 45.35                                      | 59.54                                      |
| Commission to selling agents                                                  | 3.40                                       | 3.05                                       |
| Brokerage, discounts (other than trade discounts), etc.                       | 2.75                                       | 2.08                                       |
| Selling expenses                                                              | 31.84                                      | 27.32                                      |
| Exchange fluctuation                                                          | 25.09                                      | 36.74                                      |
| Loss on sale/write off of fixed assets                                        | 0.10                                       | 1.20                                       |
| Increase/(decrease) in excise duty on finished goods                          | (5.75)                                     | (14.71)                                    |
| Provision for diminution in the value of long term investment in a subsidiary | 0.20                                       | -                                          |
| Provision for diminution in the value of fertiliser bonds                     | -                                          | 7.21                                       |
| Miscellaneous expenses                                                        | 89.17                                      | 86.71                                      |
|                                                                               | 2113.26                                    | 2175.20                                    |
| Less:- Cost of own manufactured goods capitalised                             | (0.12)                                     | (1.00)                                     |
|                                                                               | 2113.14                                    | 2174.20                                    |
| (Increase)/decrease in stock of finished goods and process stock              |                                            |                                            |
| Closing stock                                                                 | 562.55                                     | 565.55                                     |
| Less : Opening stock                                                          | 565.55                                     | 641.79                                     |
|                                                                               | 3.00                                       | 76.24                                      |
|                                                                               | 2116.14                                    | 2250.44                                    |

## 11. CURRENT/DEFERRED TAX

|                                      | Year ended<br>March 31, 2010<br>Rs. Crores | Year ended<br>March 31, 2009<br>Rs. Crores |
|--------------------------------------|--------------------------------------------|--------------------------------------------|
| - Current tax                        | 17.45                                      | 8.00                                       |
| Less: MAT credit entitlement         | (16.85)                                    | 0.60                                       |
|                                      |                                            | 8.00                                       |
| - Deferred tax                       | 31.95                                      | (3.03)                                     |
| - Fringe benefit tax                 | -                                          | 3.65                                       |
| - Adjustment related to earlier year |                                            |                                            |
| current tax                          | -                                          | (2.16)                                     |
| deferred tax                         | -                                          | (24.23)                                    |
|                                      | 32.55                                      | (25.77)                                    |

## 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 applicable mandatory 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:

|                                           | 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.

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

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time 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.

## (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.

## (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)

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|                                                                                                                                                                                                                                                                            | This Year<br>(Rs. Crores) | Previous Year<br>(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                      | 0.31                          |
| Sales tax matters                                                                                                                                                                                                                                                          | 1.36                      | 1.33                          |
| Excise matters                                                                                                                                                                                                                                                             | 2.23                      | 2.22                          |
| Additional premium on land                                                                                                                                                                                                                                                 | 8.11                      | 8.11                          |
| Others                                                                                                                                                                                                                                                                     | 5.84                      | 6.10                          |
| <b>Total</b>                                                                                                                                                                                                                                                               | <b>18.07</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)                                                                                                                                                                                                                                 | 2.83                      | 9.90                          |
| (iii) Guarantees given to financial institutions, banks and other parties in respect of loans availed by subsidiaries and other parties:                                                                                                                                   |                           |                               |
| Amount guaranteed                                                                                                                                                                                                                                                          | 4.73                      | 2.44                          |
| Amount of loans outstanding                                                                                                                                                                                                                                                | 1.15                      | 0.65                          |

3. In accordance with past practice, the Company has taken revenue credits aggregating Rs. Nil (2008-09 - Rs. 46.81 crores) 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. Similarly, revenue credits aggregating Rs. Nil (2008-09- Rs. 17.38 crores) for subsidy claims relating to Di-Ammonium Phosphate, Murite of Potash and Single Super Phosphate have been taken which are pending notification of final rates of concession/subsidy by the Government of India, Ministry of Chemicals and Fertilisers. Necessary adjustment to revenue credits so accrued will be made on issuance of notification by FICC/Government of India, Ministry of Chemicals and Fertilisers or final settlement thereof.

#### 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), Agri inputs (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), 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)

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### 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:

| PARTICULARS                                    | Rs. Crores    |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               |                |                |
|------------------------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|------------------------|----------------|---------------|----------------|---------------|---------------|---------------|---------------|--------------|---------------|----------------|----------------|
|                                                | Fertiliser    |               | Agri Inputs   |               | 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  |
| <b>1. REVENUE</b>                              |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               |                |                |
| External sales (Gross)                         | 476.10        | 795.44        | 400.78        | 419.66        | 759.00         | 642.89         | 616.52                 | 406.97         | 785.41        | 876.53         | 146.11        | 146.44        | 329.03        | 283.41        |              |               | 3512.95        | 3571.34        |
| Other Operating Income                         | 3.36          | 2.10          | 0.02          | 0.61          | 3.53           | 5.74           | 5.39                   | 7.59           | 3.94          | 7.72           | 3.14          | 0.63          | 2.09          | 0.99          |              |               | 21.47          | 25.38          |
| Inter segment sales                            |               |               | 5.95          | 8.22          | 3.17           |                | 8.11                   | 4.57           | 17.22         | 54.78          |               |               |               | -             | 34.45        | 67.57         |                |                |
| <b>Total revenue</b>                           | <b>479.46</b> | <b>797.54</b> | <b>406.75</b> | <b>428.49</b> | <b>765.70</b>  | <b>648.63</b>  | <b>630.02</b>          | <b>419.13</b>  | <b>806.57</b> | <b>939.03</b>  | <b>149.25</b> | <b>147.07</b> | <b>331.12</b> | <b>284.40</b> | <b>34.45</b> | <b>67.57</b>  | <b>3534.42</b> | <b>3596.72</b> |
| <b>2. RESULTS</b>                              |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               |                |                |
| Segment results                                | 44.63         | 25.82         | 20.43         | 23.05         | 42.49          | 87.86          | (81.17)                | (64.57)        | 174.72        | 197.50         | 37.22         | 25.47         | (0.19)        | (3.49)        |              |               | 238.13         | 291.64         |
| Unallocated expenses (net of income)           |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               | 55.19          | 68.82          |
| <b>Operating profit</b>                        | <b>44.63</b>  | <b>25.82</b>  | <b>20.43</b>  | <b>23.05</b>  | <b>42.49</b>   | <b>87.86</b>   | <b>(81.17)</b>         | <b>(64.57)</b> | <b>174.72</b> | <b>197.50</b>  | <b>37.22</b>  | <b>25.47</b>  | <b>(0.19)</b> | <b>(3.49)</b> |              |               | <b>182.94</b>  | <b>222.82</b>  |
| Interest expense                               |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               | 86.03          | 146.80         |
| <b>Profit before tax and exceptional items</b> |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               | <b>96.91</b>   | <b>76.02</b>   |
| Income from sale of subsidiary                 |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               | 6.92           |                |
| <b>Profit before tax</b>                       |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               | <b>103.83</b>  | <b>76.02</b>   |
| Provision for taxation                         |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               | 32.55          | (25.77)        |
| <b>Net profit</b>                              |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               | <b>71.28</b>   | <b>101.79</b>  |
| <b>3. OTHER INFORMATION</b>                    |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               |                |                |
| <b>A. ASSETS</b>                               |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               |                |                |
| Segment assets                                 | 163.34        | 281.46        | 149.79        | 136.72        | 1222.56        | 1276.54        | 484.24                 | 476.66         | 933.42        | 1009.25        | 44.85         | 35.49         | 243.68        | 228.97        |              |               | 3241.88        | 3445.09        |
| Unallocated assets                             |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               | 255.94         | 447.10         |
| <b>Total assets</b>                            | <b>163.34</b> | <b>281.46</b> | <b>149.79</b> | <b>136.72</b> | <b>1222.56</b> | <b>1276.54</b> | <b>484.24</b>          | <b>476.66</b>  | <b>933.42</b> | <b>1009.25</b> | <b>44.85</b>  | <b>35.49</b>  | <b>243.68</b> | <b>228.97</b> |              |               | <b>3497.82</b> | <b>3892.19</b> |
| <b>B. LIABILITIES</b>                          |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               |                |                |
| Segment liabilities                            | 82.10         | 77.69         | 96.06         | 68.02         | 88.09          | 69.52          | 41.18                  | 39.81          | 184.84        | 196.23         | 13.21         | 13.84         | 51.30         | 27.84         |              |               | 556.78         | 492.95         |
| Share capital and reserves                     |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               | 1287.36        | 1231.59        |
| Secured and unsecured loans                    |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               | 1374.08        | 1961.62        |
| Unallocated liabilities                        |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               | 279.60         | 206.03         |
| <b>Total liabilities</b>                       | <b>82.10</b>  | <b>77.69</b>  | <b>96.06</b>  | <b>68.02</b>  | <b>88.09</b>   | <b>69.52</b>   | <b>41.18</b>           | <b>39.81</b>   | <b>184.84</b> | <b>196.23</b>  | <b>13.21</b>  | <b>13.84</b>  | <b>51.30</b>  | <b>27.84</b>  |              |               | <b>3497.82</b> | <b>3892.19</b> |
| <b>C. OTHERS</b>                               |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |              |               |                |                |
| Capital expenditure                            | 13.75         | 5.39          | -             | -             | 2.52           | 64.53          | 7.68                   | 113.95         | 18.52         | 99.00          | 3.01          | 1.95          | 8.98          | 39.32         |              |               |                |                |
| Depreciation                                   | 12.53         | 12.24         | 0.03          | 0.04          | 45.76          | 43.28          | 15.26                  | 11.55          | 69.22         | 63.92          | 2.09          | 1.97          | 12.70         | 11.36         |              |               |                |                |
| Non cash expenses other than depreciation      | -             | 0.02          | -             | 1.43          | 1.00           | 0.55           | -                      | -              | -             | 0.27           | -             | -             | 0.58          | 0.07          |              |               |                |                |

## Schedules to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 5. Earnings per share:

|                                                                                   | This year    | Previous year |
|-----------------------------------------------------------------------------------|--------------|---------------|
| Profit after tax and exceptional item (Rs. Crores)                                | 71.28        | 101.79        |
| Exceptional item (Rs. Crores)                                                     | 6.92         | -             |
| Profit after tax but before exceptional item (Rs. Crores)                         | 64.36        | 101.79        |
| Weighted average number of equity shares outstanding                              | 16,59,03,320 | 16,59,03,320  |
| Basic and diluted earnings per share in rupees<br>(face value - Rs.2 per share) : |              |               |
| - Before exceptional item                                                         | 3.88         | 6.14          |
| - After exceptional item                                                          | 4.30         | 6.14          |

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. 0.74 crore (2008-2009 - Rs. 0.92 Crore) and Rs. Nil (2008-2009 - Rs. 0.07 crore) respectively.

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

| Name of the party                                | Amount outstanding<br>as at year end |                               | Maximum amount<br>outstanding during<br>the year |                               |
|--------------------------------------------------|--------------------------------------|-------------------------------|--------------------------------------------------|-------------------------------|
|                                                  | This year<br>(Rs. Crores)            | Previous year<br>(Rs. Crores) | This year<br>(Rs. Crores)                        | Previous year<br>(Rs. Crores) |
| 1. DCM Shriram Credit and Investments Limited    | 6.27                                 | 6.25                          | 34.87                                            | 41.91                         |
| 2. Shriram Bioseed Genetics India Limited        | 15.37                                | 6.98                          | 49.68                                            | 12.71                         |
| 3. DCM Shriram Aqua Foods Limited                | 0.13                                 | 0.09                          | 0.13                                             | 0.09                          |
| 4. DSCL Energy Services Company Limited #        | -                                    | 0.01                          | -                                                | 0.37                          |
| 5. DCM Shriram Infrastructure Limited            | 25.89                                | 24.54                         | 25.89                                            | 24.54                         |
| 6. Shriram Bioseed Ventures Limited              | 36.18                                | 34.57                         | 36.18                                            | 34.57                         |
| 7. Shri Ganpati Fertilizers Limited              | 19.76                                | 17.01                         | 21.58                                            | 19.24                         |
| 8. Hariyali Rural Ventures Limited               | 33.05                                | 33.31                         | 34.58                                            | 33.31                         |
| 9. Hariyali Rural Foundation                     | 0.03                                 | 0.04                          | 0.07                                             | 0.12                          |
| 10 DCM Shriram Energy and infrastructure Limited | -                                    | 0.21                          | 0.21                                             | 0.40                          |
| <b>Total</b>                                     | <b>136.68</b>                        | <b>123.01</b>                 |                                                  |                               |

# ceased to be a subsidiary w.e.f. December 14, 2009

8. The Company has filed a Scheme of Arrangement with the Hon'ble High Court of Delhi for Merger of Shriram Bioseed Genetics India Limited (a 100% subsidiary) with the Company w.e.f. April 1, 2009. Pending approval from the Hon'ble High Court, the effect of the Scheme has not been considered in the accounts.

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

| Particulars                                       | This Year<br>(Rs. Crores) | Previous Year<br>(Rs. Crores) |
|---------------------------------------------------|---------------------------|-------------------------------|
| Raw materials consumed                            | -                         | 0.06                          |
| Stores, spares and components                     | -                         | 0.01                          |
| Salaries, wages, bonus, gratuity, commission etc. | 0.30                      | 1.72                          |
| Provident and other funds                         | 0.02                      | 0.07                          |
| Welfare                                           | -                         | 0.02                          |
| Rent                                              | 0.01                      | -                             |
| Insurance                                         | -                         | 0.08                          |
| Freight and transport                             | 0.02                      | 0.08                          |
| Exchange fluctuation                              | 0.31                      | (4.53)                        |
| Miscellaneous expenses                            | 0.48                      | 2.84                          |
| Interest and finance charges                      | -                         | 12.19                         |
|                                                   | 1.14                      | 12.54                         |
| Add: Brought forward from the previous year       | 4.26                      | 21.80                         |
| Less: Capitalised/decapitalised during the year   | 3.07                      | 30.08                         |
| <b>Transferred to capital work-in-progress</b>    | <b>2.33</b>               | <b>4.26</b>                   |

# Schedules to the Accounts (Continued)

DCM SHRIRAM  
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## 10. 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 (formerly DCM Shriram International Limited), DCM Shriram Infrastructure Limited, DCM Shriram Thermal Energy Limited, Hariyali India Limited, DCM Shriram Aqua Foods Limited, Hariyali Rural Foundation, DSCL Energy Services Company Limited\*, Hariyali Rural Ventures Limited, Hariyali Insurance Broking Limited, DCM Shriram Energy and Infrastructure Ltd., DCM Shriram Hydro Energy Limited, SBM Yarn Limited, Fenesta India Limited (Formerly Fenesta Building Systems Limited), Shri Ganpati Fertilizers Limited, Shriram Bioseed Genetics India 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\*\*

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

\*\*subsidiary from current year

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), 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 related parties referred to in note 10 A above.

| Rs. Crores                                       |                                         |                                   |                                     |                             |                                 |                               |                              |                               |                                            |                           |                    |               |                  |                                 |                                |                             | Total             |
|--------------------------------------------------|-----------------------------------------|-----------------------------------|-------------------------------------|-----------------------------|---------------------------------|-------------------------------|------------------------------|-------------------------------|--------------------------------------------|---------------------------|--------------------|---------------|------------------|---------------------------------|--------------------------------|-----------------------------|-------------------|
| TYPE OF TRANSACTIONS                             | DCM Shriram Credit and Investments Ltd. | DSCL Energy Services Company Ltd. | Shriram Bioseed Genetics India 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 | Fenesta India Ltd. | SBM Yarn Ltd. | Bioseeds limited | Hariyali Insurance Broking Ltd. | Bioseed Research India Pvt Ltd | Shridhar shriram Foundation |                   |
| Sale of finished and other goods                 |                                         |                                   |                                     | -                           |                                 |                               |                              | 0.01<br>(7.83)                |                                            |                           |                    |               |                  |                                 |                                |                             | 0.01<br>(7.83)    |
| Interest recovered                               | 1.02<br>(0.66)                          | -                                 | 0.06<br>(0.10)                      | -                           |                                 | 0.06                          |                              | 0.45                          |                                            |                           |                    |               |                  |                                 |                                |                             | 1.59<br>(0.76)    |
| Expenses recovered                               |                                         | 1.98<br>(2.03)                    | 12.22<br>(3.30)                     | -                           | -                               |                               | 0.02<br>#                    | 0.39                          |                                            |                           |                    |               |                  |                                 |                                |                             | 14.61<br>(5.33)   |
| Purchases of finished goods                      |                                         |                                   | 83.73<br>(37.65)                    | -                           | -                               |                               |                              | 13.51<br>(4.55)               |                                            |                           |                    |               |                  |                                 |                                |                             | 97.24<br>(42.20)  |
| Rent paid                                        |                                         |                                   |                                     | -                           |                                 |                               | 0.01<br>##                   |                               |                                            |                           |                    |               |                  |                                 |                                |                             | 2.84<br>(2.43)    |
| Rent received                                    |                                         |                                   |                                     | -                           |                                 |                               |                              |                               |                                            |                           |                    |               |                  | 0.01                            |                                |                             | 2.85<br>(2.43)    |
| Security deposits given                          |                                         |                                   |                                     | -                           |                                 |                               | 0.28<br>(33.31)              |                               |                                            |                           |                    |               |                  |                                 |                                |                             | 0.61<br>(33.31)   |
| Fixed deposit taken                              |                                         |                                   |                                     | -                           |                                 |                               |                              |                               |                                            |                           |                    |               |                  |                                 |                                |                             | 0.02<br>(0.02)    |
| Security deposits received back                  |                                         |                                   |                                     | -                           |                                 |                               |                              |                               |                                            |                           |                    |               |                  |                                 |                                |                             | 0.13<br>(0.02)    |
| Compensation paid                                |                                         |                                   |                                     |                             |                                 |                               | 0.55<br>(-)                  |                               |                                            |                           |                    |               |                  |                                 |                                |                             | 0.55<br>(-)       |
| Remuneration                                     |                                         |                                   |                                     |                             |                                 |                               |                              |                               |                                            |                           |                    |               |                  |                                 |                                | 0.30<br>(0.05)              | 0.30<br>(0.05)    |
| Collection charges received                      |                                         |                                   |                                     | -                           |                                 |                               |                              |                               |                                            | 0.02<br>(0.02)            |                    |               |                  |                                 |                                |                             | 0.02<br>(0.02)    |
| Loans and advances given (net)                   |                                         |                                   | 8.39<br>(-)                         | 0.04<br>(0.05)              | 1.35<br>(1.94)                  | 1.61<br>(0.01)                |                              | 2.75<br>(10.38)               | -<br>(0.21)                                | (0.02)                    |                    |               |                  |                                 |                                |                             | 14.14<br>(12.61)  |
| Loans and advances received back (net)           | 0.90<br>(1.61)                          | -<br>(2.03)                       | -<br>(5.06)                         | -                           | -                               | -                             |                              |                               |                                            | 0.03<br>(-)               |                    |               |                  |                                 |                                |                             | 0.93<br>(8.70)    |
| Consultancy paid                                 |                                         | 0.17<br>(0.08)                    |                                     | -                           | -                               | -                             |                              |                               |                                            |                           |                    |               |                  |                                 |                                |                             | 0.17<br>(0.08)    |
| Shares acquired                                  | 0.05<br>(-)                             |                                   |                                     |                             |                                 |                               |                              |                               |                                            |                           |                    |               | 4.06<br>(-)      |                                 |                                |                             | 4.11<br>(-)       |
| Investment made                                  |                                         | -                                 |                                     |                             |                                 |                               | 0.95<br>(-)                  |                               | -<br>(0.15)                                |                           | -<br>(0.05)        | -<br>(0.05)   |                  |                                 |                                | 0.05                        | 1.00<br>(0.25)    |
| Unsecured loan written off                       |                                         |                                   |                                     |                             |                                 |                               |                              | 0.21<br>(-)                   |                                            |                           |                    |               |                  |                                 |                                |                             | 0.21<br>(-)       |
| Provision for diminution in value of investments |                                         |                                   |                                     |                             |                                 |                               |                              | 0.20<br>(-)                   |                                            |                           |                    |               |                  |                                 |                                |                             | 0.20<br>(-)       |
| Asset sold                                       |                                         |                                   | -<br>(0.01)                         |                             |                                 |                               |                              |                               |                                            |                           |                    |               |                  |                                 |                                |                             | -<br>(0.01)       |
| Dividend received                                |                                         | 1.52<br>(-)                       |                                     | -                           |                                 |                               |                              |                               |                                            |                           |                    |               |                  |                                 |                                |                             | 1.52<br>(-)       |
| Balance outstanding as at the year end           |                                         |                                   |                                     | -                           |                                 |                               |                              |                               |                                            |                           |                    |               |                  |                                 |                                |                             | -                 |
| Security deposits/receivable                     |                                         |                                   |                                     | -                           |                                 |                               | 33.05<br>(33.31)             |                               |                                            |                           |                    |               |                  |                                 |                                |                             | 8.95<br>(8.75)    |
| Fixed deposits                                   |                                         |                                   |                                     | -                           |                                 |                               |                              |                               |                                            |                           |                    |               |                  |                                 |                                |                             | 0.11<br>(0.09)    |
| Loans and advances                               | 6.27<br>(6.25)                          | -<br>(0.01)                       | 15.37<br>(6.98)                     | 0.13<br>(0.09)              | 25.89<br>(24.54)                | 36.18<br>(34.57)              | -                            | 19.76<br>(17.01)              | -<br>(0.21)                                | 0.03<br>(0.04)            |                    |               |                  | -                               |                                |                             | 103.63<br>(89.70) |
| Commission Payable                               |                                         |                                   |                                     |                             |                                 |                               |                              |                               |                                            |                           |                    |               |                  |                                 |                                | 2.28<br>(2.07)              | 2.28<br>(2.07)    |
| Loans outstanding in respect of guarantee given  |                                         |                                   |                                     |                             |                                 |                               |                              |                               |                                            |                           |                    |               |                  |                                 | 0.75<br>(0.18)                 |                             | 0.75<br>(0.18)    |

Figures in bracket denotes previous year figures

# Rs. 34,211

## Rs. 44,452

\* Rs. 10,241

Note: Details of remuneration to whole time directors are given in note 13 below.

## Schedules to the Accounts (Continued)

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### 11. 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                         | 11.92        | 10.22         |
| - Employers' contribution to superannuation fund                    | 1.95         | 6.19          |
| - Employers' contribution to employees' state insurance corporation | 0.22         | 0.26          |

#### 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 :-

|                                                                       | Gratuity<br>(Unfunded) |                | Compensated absences       |                |                          |                |
|-----------------------------------------------------------------------|------------------------|----------------|----------------------------|----------------|--------------------------|----------------|
|                                                                       |                        |                | Earned leave<br>(Unfunded) |                | Sick leave<br>(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%             |
| In service mortality                                                  | *                      | *              | *                          | *              | *                        | *              |
| Retirement age                                                        | 58/60<br>years         | 58/60<br>years | 58/60<br>years             | 58/60<br>years | 58/60<br>years           | 58/60<br>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                                                  | 3.22                   | 2.99           | 2.57                       | 2.12           | 1.12                     | 0.99           |
| Interest cost                                                         | 3.89                   | 3.40           | 1.53                       | 1.30           | 1.07                     | 0.96           |
| Net actuarial( gain) / loss recognised in the year                    | 2.17                   | 2.08           | 1.12                       | 0.80           | (0.65)                   | (0.65)         |
| <b>Total expense</b>                                                  | <b>9.28</b>            | <b>8.47</b>    | <b>5.22</b>                | <b>4.22</b>    | <b>1.54</b>              | <b>1.30</b>    |
| <b>II. Net asset/(liability) recognised in the balance sheet</b>      |                        |                |                            |                |                          |                |
| Present value of Defined benefit obligation                           | 53.28                  | 46.70          | 20.81                      | 17.57          | 13.87                    | 12.33          |
| Funded status [(deficit)]                                             | (53.28)                | (46.70)        | (20.81)                    | (17.57)        | (13.87)                  | (12.33)        |
| <b>Net asset/(liability)</b>                                          | <b>(53.28)</b>         | <b>(46.70)</b> | <b>(20.81)</b>             | <b>(17.57)</b> | <b>(13.87)</b>           | <b>(12.33)</b> |
| <b>III. Change in the present value of obligation during the year</b> |                        |                |                            |                |                          |                |
| Present value of obligation as at the beginning of the year           | 46.70                  | 40.54          | 17.57                      | 14.83          | 12.33                    | 11.03          |
| Interest cost                                                         | 3.89                   | 3.40           | 1.53                       | 1.30           | 1.07                     | 0.96           |
| Current service cost                                                  | 3.22                   | 2.99           | 2.57                       | 2.12           | 1.12                     | 0.99           |
| Benefits paid                                                         | (2.70)                 | (2.31)         | (1.98)                     | (1.48)         | --                       | --             |
| Actuarial (gains) / losses on obligation                              | 2.17                   | 2.08           | 1.12                       | 0.80           | (0.65)                   | (0.65)         |
| <b>Present value of obligation as at the end of the year</b>          | <b>53.28</b>           | <b>46.70</b>   | <b>20.81</b>               | <b>17.57</b>   | <b>13.87</b>             | <b>12.33</b>   |

\* LIC (1994-96) duly modified

## Schedules to the Accounts (Continued)

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12. '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.

### 13. Managerial remuneration

Managerial remuneration of Rs. 7.87 crores (2008-2009 - Rs. 6.93 crores) includes commission payable to managing directors Rs. 2.28 crores (2008-2009 - Rs. 2.07 crores) and non-working directors Rs. 0.49 crores (2008-2009 -Rs. 0.42 crores ).

|                                           | This year<br>(Rs. Crores) | Previous year<br>(Rs. Crores) |
|-------------------------------------------|---------------------------|-------------------------------|
| Salaries and allowances                   | 3.10                      | 2.26                          |
| Contribution to provident and other funds | 0.67                      | 0.61                          |
| Perquisites                               | 1.33                      | 1.57                          |
| Commission                                | 2.77                      | 2.49                          |
| Total                                     | 7.87                      | 6.93                          |

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 198/349 of the Companies Act, 1956 and commission payable to directors.

|                                                                          | This Year<br>(Rs. Crores) | Previous year<br>(Rs. Crores) |
|--------------------------------------------------------------------------|---------------------------|-------------------------------|
| Profit for the year before tax, per profit and loss account              | 103.83                    | 76.02                         |
| Add: Managerial remuneration including commission                        | 7.87                      | 6.93                          |
| Directors' sitting fees                                                  | 0.08                      | 0.09                          |
|                                                                          | 111.78                    | 83.04                         |
| 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                    | 83.04                         |
| Maximum remuneration to managing directors @ 10% of the net profit       | 10.49                     | 8.30                          |
| Restricted to                                                            | 7.38                      | 6.51                          |
| Maximum remuneration @ 1% of net profit to non-working directors         | 1.05                      | 0.83                          |
| Restricted to                                                            | 0.49                      | 0.42                          |

## Schedules to the Accounts (Continued)

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

Current investment (Mutual Funds units) purchased and sold during the year 2009-10:

| S. No. | Name of the Fund                                                                  | Face value<br>(Rs.) | Purchased Units*       |                  | Sold units*      |
|--------|-----------------------------------------------------------------------------------|---------------------|------------------------|------------------|------------------|
|        |                                                                                   |                     | Amount<br>(Rs. Crores) | Nos.<br>(Crores) | Nos.<br>(Crores) |
| 1      | LIC MF Liquid Fund- Dividend plan                                                 | 10                  | 194.17                 | 17.68            | 17.68            |
| 2      | Birla Sun Life Cash Manager Daily Dividend Reinvest                               | 10                  | 101.42                 | 10.13            | 10.13            |
| 3      | DWS Insta Cash Fund Super Institutional Plan Daily Dividend                       | 10                  | 85.77                  | 8.55             | 8.55             |
| 4      | DWS Ultra Short Term Fund Institutional Plan Daily Dividend                       | 10                  | 27.34                  | 27.26            | 27.26            |
| 5      | DSP Blackrock Floating Rate Fund- Institutional Plan - Daily Dividend             | 1000                | 5.00                   | 0.01             | 0.01             |
| 6      | Kotak Liquid ( Institutional Premium) Daily Dividend                              | 10                  | 69.32                  | 5.67             | 5.67             |
| 7      | Tempelton India Treasury Management Account Daily Reinvest                        | 1000                | 157.84                 | 0.16             | 0.16             |
| 8      | SBI Premier Liquid Fund - Super Institutional - Daily Dividend                    | 10                  | 29.26                  | 2.92             | 2.92             |
| 9      | Reliance Liquid Fund- Treasury Plan- Institutional Option - Daily Dividend Option | 10                  | 13.05                  | 0.85             | 0.85             |
| 10     | Reliance Money Manager Fund- Institutional Option - Daily Dividend Plan           | 1000                | 18.29                  | 0.02             | 0.02             |
| 11     | Reliance Liquidity Fund- - Daily Dividend Reinvestment Option                     | 10                  | 67.71                  | 6.77             | 6.77             |
| 12     | HDFC Cash Management Fund - Treasury Advantage Plan Wholesale Growth              | 10                  | 1.35                   | 0.13             | 0.13             |
| 13     | HDFC Liquid Fund Premium Plan - Daily Dividend Reinvest                           | 10                  | 34.60                  | 2.82             | 2.82             |
| 14     | UTI Liquid Cash Plan institutional - Daily Income Option- Reinvestment            | 1000                | 27.20                  | 0.03             | 0.03             |
| 15     | UTI Money Market Fund - Daily Dividend Option- Reinvestment                       | 10                  | 37.16                  | 2.03             | 2.03             |
| 16     | UTI Money Market Fund -Institutional Daily Dividend - Reinvestment                | 1000                | 32.51                  | 0.03             | 0.03             |
| 17     | UTI Treasury Advantage Fund - Institutional Plan Daily Dividend Option            | 1000                | 35.02                  | 0.04             | 0.04             |
| 18     | TATA Liquid Super High Invetsment Fund - Daily Dividend                           | 1000                | 11.50                  | 0.01             | 0.01             |
| 19     | ICICI Prudential Liquid Super Institutional Plan - Daily Dividend                 | 100                 | 20.40                  | 0.20             | 0.20             |
| 20     | ICICI Prudential Liquid Institutional Plan - Daily Dividend                       | 10                  | 35.56                  | 3.56             | 3.56             |
| 21     | Canara Robeco Liquid Super Instt - Daily Dividend Reinvest Fund                   | 10                  | 37.12                  | 3.70             | 3.70             |
| 22     | IDFC SSIF ST PLAN C - Fortnightly Dividend                                        | 10                  | 49.71                  | 4.97             | 4.97             |
| Total  |                                                                                   |                     | 1,091.30               | 97.54            | 97.54            |

\* include dividend units

### 15. Amount of borrowing costs capitalised to fixed assets during the year Rs. Nil (2008-2009 - Rs. 12.19 crores)

### 16. There are no disputed dues of wealth tax, customs duty and cess matters. The details of disputed Excise duty, Sales-tax and Income- tax dues as on March 31, 2010 are as follows:

| Nature of the statute | Nature of the dues | Forum where pending                               | Amount*<br>(Rs. Crores) | Amount paid under protest<br>(Rs. Crores) | Period to which the amount relates                                     |
|-----------------------|--------------------|---------------------------------------------------|-------------------------|-------------------------------------------|------------------------------------------------------------------------|
| Central Excise Law    | Excise duty        | Appellate authority up to commissioners' level    | 3.50                    | -                                         | 1995-96, 2001-02, 2002-03, 2003-04, 2005-06, 2006-07, 2007-08, 2008-09 |
|                       |                    | Central Excise and Service Tax Appellate Tribunal | 2.78                    | -                                         | 1997-98, 2005-06, 2006-07                                              |
| Sales Tax Laws        | Sales tax          | Appellate authority up to commissioners' level    | 2.58                    | 0.83                                      | 1983-84, 1994-95, 2000-01, 2001-02, 2005-06, 2006-07, 2007-08          |
|                       |                    | Appellate Tribunal                                | 0.21                    | 0.21                                      | 2005-06, 2006-07                                                       |
| Income Tax Act, 1961  | Income tax         | Commissioner (Appeal)                             | 0.56                    | 0.56                                      | 2006-07                                                                |
|                       |                    | Income Tax Appellate Tribunal                     | 0.03                    | 0.03                                      | 2005-06                                                                |

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

### 17. Provision for contingencies aggregating to Rs. 12.09 crores (2008-2009 - Rs. 12.09 crores) in Schedule 8 represents the maximum possible exposure on ultimate settlement of issues relating to reconstruction arrangement of the companies.

## Schedules to the Accounts (Continued)

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18. Research and development expenses included under relevant heads in the profit and loss account Rs. 2.50 crores (2008-2009 - Rs. 2.13 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 | 10              | 3             | Hedging                                                         | Hedging                                                         | USD 8.47                               | USD 1.70      | 336.90               | 86.16         |
| Currency swap                | 2               | 2             | Hedging                                                         | Hedging                                                         | USD 0.79                               | USD 1.00      | 35.94                | 50.68         |
| Currency swap                | 3               | 3             | Hedging                                                         | Hedging                                                         | JPY 213.50                             | JPY 251.25    | 103.27               | 128.17        |
| 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      | 22.46                | 25.34         |
| Options                      | 1               | 1             | Hedging                                                         | Hedging                                                         | JPY 45.69                              | JPY 58.75     | 22.10                | 29.97         |
| Commodity Futures            | 11              | 9             | Hedging                                                         | Hedging                                                         | -                                      | -             | 21.84                | 10.86         |
| Commodity Futures            | 6               | -             | Sale/Purchase                                                   | Sale/Purchase                                                   | -                                      | -             | 2.72                 | 2.26          |

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 0.12                               | 5.55                 | -                                      | -                    |
|                     | JPY 45.69                              | 22.11                | -                                      | -                    |
| Current liabilities | USD 1.04                               | 46.49                | USD 0.07                               | 3.42                 |
|                     | JPY 0.02                               | 0.01                 | JPY 0.05                               | 0.03                 |
| Current Assets      | USD 0.01                               | 0.57                 | USD 0.01                               | 0.54                 |
|                     | -                                      | -                    | GBP 0.00037                            | 0.03                 |
|                     | EURO 0.14                              | 8.29                 | EURO 0.15                              | 9.77                 |
|                     | -                                      | -                    | JPY 0.04                               | 0.02                 |

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. Disclosure in respect of assets taken on lease under Accounting Standards AS-19 "leases":

(i) General description of the lease :

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.

(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

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

| This Year | Previous Year |
|-----------|---------------|
| 5.24      | 13.19         |
| 4.02      | 7.97          |
| 1.21      | 5.07          |
| 0.01      | 0.15          |
| 21.60     | 16.21         |

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

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

# Schedules to the Accounts (Continued)

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## Statement of Additional Information

### 1. Particulars of capacity and production

| Description             | Unit            | Capacity  |         |           |         | Unit | Production |         |
|-------------------------|-----------------|-----------|---------|-----------|---------|------|------------|---------|
|                         |                 | Licensed* |         | Installed |         |      | 2009-10    | 2008-09 |
|                         |                 | 2009-10   | 2008-09 | 2009-10   | 2008-09 |      |            |         |
| Ammonia                 | M.T. per year   |           |         | 198000    | 198000  | M.T. | -          | -       |
| Urea                    | M.T. per year   |           |         | 330000    | 330000  | M.T. | 383652     | 394533  |
| Calcium carbide         | M.T. per year   |           |         | 112000    | 112000  | M.T. | 22505**    | 21600** |
| PVC resins              | M.T. per year   |           |         | 70000     | 70000   | M.T. | 15207      | 46897   |
| Caustic soda            | M.T. per year   |           |         | 274670    | 274670  | M.T. | 181725     | 185805  |
| Chlorine                | M.T. per year   |           |         | 203986    | 203986  | M.T. | 137243     | 130875  |
| Hydrochloric acid(100%) | M.T. per year   |           |         | 73850     | 73850   | M.T. | 23017      | 40030   |
| Compressed Hydrogen     | M.T. per year   |           |         | 1657      | 1657    | M.T. | 1044       | 892     |
| Stable Bleaching Powder | M.T. per year   |           |         | 13200     | 13200   | M.T. | 10610      | 9262    |
| Cement                  | M.T. per year   |           |         | 400000    | 400000  | M.T. | 367500     | 380185  |
| Yarn                    | Spindles Nos.   |           |         | 14544     | 14544   | M.T. | 3717       | 3345    |
| Sugar                   | M.T. per day*** |           |         | 33000     | 33000   | M.T. | 197146     | 149205  |
| UPVC Windows            | Nos. per year   |           |         | 406098    | 406098  | Nos. | 151225     | 138484  |
| PVC Compounds           | M.T. per year   |           |         | 29700     | 29700   | M.T. | 24819      | 21788   |

\* Delicensed/Not applicable

\*\* Production of Marketable Calcium carbide only

\*\*\* Crushing of sugarcane

### 2. Particulars of stocks and sales

| Description                | Unit         | Stocks  |         |         |         | Sales   |         |
|----------------------------|--------------|---------|---------|---------|---------|---------|---------|
|                            |              | Opening |         | Closing |         | 2009-10 | 2008-09 |
|                            |              | 2009-10 | 2008-09 | 2009-10 | 2008-09 |         |         |
| Urea                       | M.T.         | -       | -       | -       | -       | 383643  | 394513  |
|                            | Rs. Crores   | -       | -       | -       | -       | 476.10  | 795.38  |
| PVC resins                 | M.T.         | 100     | 100     | 178     | 100     | 13729   | 35810   |
|                            | Rs. Crores   | 0.47    | 0.41    | 0.84    | 0.47    | 76.42   | 219.22  |
| Caustic soda               | M.T.         | 1513    | 485     | 618     | 1513    | 181802  | 180547  |
|                            | Rs. Crores   | 2.46    | 0.75    | 0.82    | 2.46    | 292.54  | 430.71  |
| Chlorine                   | M.T.         | 1376    | 98      | 197     | 1376    | 132661  | 116616  |
|                            | Rs. Crores   | 0.02    | 0.02    | 0.06    | 0.02    | 31.12   | 26.43   |
| Hydrochloric acid(100%)    | M.T.         | 100     | 134     | 185     | 100     | 16547   | 15293   |
|                            | * Rs. Crores | ....    | 0.07    | 0.04    | ....    | 2.83    | 1.73    |
| Sodium Hypochlorite(10%)   | M.T.         | 2       | 14      | 18      | 2       | 15538   | 11993   |
|                            | * Rs. Crores | ....    | ....    | ....    | ....    | 3.08    | 3.25    |
| Compressed Hydrogen        | M.T.         | -       | -       | -       | -       | 1044    | 892     |
|                            | Rs. Crores   | -       | -       | -       | -       | 12.27   | 11.25   |
| Stable Bleaching Powder    | M.T.         | 107     | 14      | 23      | 107     | 10694   | 9169    |
|                            | Rs. Crores   | 0.06    | 0.01    | 0.02    | 0.06    | 9.78    | 8.54    |
| Marketable Calcium carbide | M.T.         | -       | -       | -       | -       | 22505   | 21600   |
|                            | Rs. Crores   | -       | -       | -       | -       | 83.98   | 87.65   |
| D.A.P.                     | M.T.         | 3668    | 4825    | 2160    | 3668    | 30957   | 32025   |
|                            | Rs. Crores   | 3.43    | 4.32    | 2.00    | 3.43    | 26.56   | 28.70   |
| M.O.P.                     | M.T.         | 3683    | 485     | 1764    | 3683    | 8779    | 7105    |
|                            | Rs. Crores   | 1.60    | 0.21    | 0.77    | 1.60    | 3.86    | 2.94    |
| Super Phosphate            | M.T.         | 4486    | 2913    | 6627    | 4486    | 273354  | 252960  |
|                            | Rs. Crores   | 1.51    | 0.97    | 3.60    | 1.51    | 156.01  | 231.38  |
| Zinc Sulphate              | M.T.         | 440     | 290     | 325     | 440     | 7266    | 5325    |
|                            | Rs. Crores   | 1.42    | 0.71    | 0.89    | 1.42    | 18.49   | 15.46   |
| Traded Urea                | M.T.         | 6935    | 10014   | 6114    | 6935    | 53403   | 55022   |
|                            | Rs. Crores   | 3.27    | 4.73    | 2.90    | 3.27    | 25.86   | 24.92   |
| P.O.P                      | M.T.         | -       | 34      | 1       | -       | 39287   | 30676   |
|                            | * Rs. Crores | -       | ....    | ....    | -       | 17.72   | 12.89   |
| Cement                     | M.T.         | 2745    | 3339    | 9034    | 2745    | 360918  | 380284  |
|                            | Rs. Crores   | 0.66    | 0.81    | 2.26    | 0.66    | 139.96  | 144.05  |
| Yarn                       | M.T.         | 116     | 114     | 54      | 116     | 3779    | 3343    |
|                            | Rs. Crores   | 0.99    | 0.91    | 0.60    | 0.99    | 39.68   | 31.38   |

# Schedules to the Accounts (Continued)

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

| Description                        | Unit       | Stocks  |         |         |         | Sales   |         |
|------------------------------------|------------|---------|---------|---------|---------|---------|---------|
|                                    |            | Opening |         | Closing |         |         |         |
|                                    |            | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Sugar                              | M.T.       | 172599  | 330024  | 131559  | 172599  | 238185  | 306630  |
|                                    | Rs. Crores | 361.86  | 488.17  | 365.21  | 361.86  | 663.51  | 546.57  |
| Molasses                           | M.T.       | 88339   | 87622   | 77846   | 88339   | 124697  | 100837  |
|                                    | Rs. Crores | 49.92   | 31.72   | 21.79   | 49.92   | 55.01   | 50.94   |
| UPVC Windows                       | Nos.       | 6375    | 9958    | 5063    | 6375    | 151140  | 140625  |
|                                    | Rs. Crores | 2.20    | 3.37    | 2.30    | 2.20    | 108.81  | 94.39   |
| PVC Compounds                      | M.T.       | 196     | 303     | 197     | 196     | 24821   | 21859   |
|                                    | Rs. Crores | 0.96    | 1.82    | 1.28    | 0.96    | 150.58  | 143.50  |
| Power Sale                         | Lac/Kwh    | -       | -       | -       | -       | 5234.40 | 2342.05 |
|                                    | Rs. Crores | -       | -       | -       | -       | 319.44  | 114.07  |
| Other sales/stocks and adjustments | Rs. Crores | 123.16  | 92.45   | 145.01  | 123.16  | 799.34  | 545.99  |
| Total                              | Rs. Crores | 553.99  | 631.45  | 550.39  | 553.99  | 3512.95 | 3571.34 |

\* Amount in Rs. Lacs for above products

|                          |          |      |      |      |      |  |
|--------------------------|----------|------|------|------|------|--|
| Hydrochloric acid(100%)  | Rs. Lacs | 0.36 | 7.08 | 3.82 | 0.36 |  |
| Sodium Hypochlorite(10%) | Rs. Lacs | 0.03 | 0.15 | 0.22 | 0.03 |  |
| P.O.P                    | Rs. Lacs | -    | 0.57 | 0.02 | -    |  |

## 3A. Particulars of raw materials consumed

| Description                                    | 2009-10    |                | 2008-09   |                |
|------------------------------------------------|------------|----------------|-----------|----------------|
|                                                | Quantity   | Value          | Quantity  | Value          |
|                                                | M.T.       | Rs. Crores     | M.T.      | Rs. Crores     |
| Naphtha                                        | 3738       | 9.18           | 132138    | 462.56         |
| Liquidated natural gas                         | 197627715* | 239.42         | 47830376* | 108.69         |
| Lime and lime stone                            | 49399      | 13.54          | 98234     | 29.45          |
| Hard coke/SLV/Pearl/Nut coke/Met coke/Pet coke | 15788      | 18.39          | 25963     | 25.27          |
| Charcoal                                       | 15650      | 14.32          | 45431     | 41.01          |
| Salt                                           | 292822     | 32.52          | 293892    | 35.26          |
| Electrode paste                                | 708        | 1.83           | 1484      | 4.41           |
| Hydrated Lime                                  | 7754       | 2.45           | 6784      | 2.23           |
| Gypsum                                         | 23544      | 3.08           | 28017     | 3.22           |
| Lime stone                                     | 349011     | 11.35          | 372805    | 10.36          |
| Kapas, cotton, synthetic yarn etc.             | 4313       | 28.06          | 3876      | 22.98          |
| Sugarcane                                      | 2045190    | 503.05         | 1690851   | 260.50         |
| Raw Sugar                                      | 10460      | 28.68          | -         | -              |
| PVC Resin                                      | 10054      | 48.03          | 1332      | 5.30           |
| Plasticizers                                   | 5203       | 30.74          | 4482      | 28.59          |
| Other miscellaneous raw materials              |            | 59.65          |           | 57.08          |
| <b>Total</b>                                   |            | <b>1044.29</b> |           | <b>1096.91</b> |

\* In standard cubic metres

## 3B. Particulars of goods purchased for resale

| Description     | Unit | 2009-10  |               | 2008-09  |               |
|-----------------|------|----------|---------------|----------|---------------|
|                 |      | Quantity | Value         | Quantity | Value         |
|                 |      |          | Rs. Crores    |          | Rs. Crores    |
| D.A.P.          | M.T. | 29448    | 28.11         | 30868    | 27.82         |
| M.O.P.          | M.T. | 6861     | 2.96          | 10303    | 4.33          |
| Zinc Sulphate   | M.T. | 7152     | 16.17         | 5974     | 17.20         |
| Super Phosphate | M.T. | 275495   | 154.25        | 254533   | 222.37        |
| Traded Urea     | M.T. | 52583    | 24.85         | 51943    | 23.46         |
| P.O.P.          | M.T. | 39288    | 8.47          | 30642    | 6.15          |
| PVC Resin       | M.T. | 2001     | 9.57          | -        | -             |
| Others          |      |          | 745.55        |          | 518.21        |
| <b>Total</b>    |      |          | <b>989.93</b> |          | <b>819.54</b> |

# Schedules to the Accounts (Continued)

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## 4. Other Additional Information

| Description                                                                                       | 2009-10<br>Rs. Crores | 2008-09<br>Rs. Crores |
|---------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| (a) Value of imports on CIF basis                                                                 |                       |                       |
| Raw materials                                                                                     | 110.91                | 114.55                |
| Components and spare parts                                                                        | 9.39                  | 27.94                 |
| Capital goods                                                                                     | 7.36                  | 31.90                 |
| Others                                                                                            | 6.93                  | 1.66                  |
| (b) Expenditure in foreign currency on cash basis                                                 |                       |                       |
| Travelling                                                                                        | 1.37                  | 1.46                  |
| Royalty                                                                                           | -                     | 1.76                  |
| Interest                                                                                          | 17.61                 | 20.41                 |
| Consultation fees                                                                                 | 0.85                  | 2.45                  |
| Others                                                                                            | 4.19                  | 4.81                  |
| (c) Earnings in foreign exchange on cash basis                                                    |                       |                       |
| Direct export of goods on FOB basis/as per contracts where<br>FOB value not readily ascertainable | 5.38                  | 2.27                  |

|                                                                                                | 2009-10    |        | 2008-09    |        |
|------------------------------------------------------------------------------------------------|------------|--------|------------|--------|
|                                                                                                | Rs. Crores | %      | Rs. Crores | %      |
| (d) Value of imported/indigenous raw materials, spare parts,<br>components and stores consumed |            |        |            |        |
| (i) Raw materials                                                                              |            |        |            |        |
| Imported                                                                                       | 64.21      | 6.15   | 28.63      | 2.61   |
| Indigenous                                                                                     | 980.08     | 93.85  | 1068.28    | 97.39  |
|                                                                                                | 1044.29    | 100.00 | 1096.91    | 100.00 |
| (ii) Spare parts, components and stores                                                        |            |        |            |        |
| Imported                                                                                       | 11.57      | 9.51   | 14.23      | 10.46  |
| Indigenous                                                                                     | 110.09     | 90.49  | 121.77     | 89.54  |
|                                                                                                | 121.66     | 100.00 | 136.00     | 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.

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  
S.C. BHARGAVA  
Directors

New Delhi  
May 5, 2010

# 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 | 0 |
|---|---|---|---|---|---|---|---|

## 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

|  |  |   |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|---|
|  |  | 2 | 8 | 3 | 7 | 3 | 3 | 4 | 6 |
|--|--|---|---|---|---|---|---|---|---|

Total Assets

|  |  |   |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|---|
|  |  | 2 | 8 | 3 | 7 | 3 | 3 | 4 | 6 |
|--|--|---|---|---|---|---|---|---|---|

Sources of Funds

Paid-up Capital

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

Reserves and Surplus

|  |  |   |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|---|
|  |  | 1 | 2 | 5 | 4 | 0 | 1 | 9 | 7 |
|--|--|---|---|---|---|---|---|---|---|

Secured Loans

|  |  |   |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|---|
|  |  | 1 | 1 | 4 | 0 | 7 | 1 | 4 | 0 |
|--|--|---|---|---|---|---|---|---|---|

Unsecured Loans

|  |  |  |   |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|---|
|  |  |  | 2 | 3 | 3 | 3 | 7 | 3 | 7 |
|--|--|--|---|---|---|---|---|---|---|

Deferred Tax Liabilities (net)

|  |  |  |   |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|---|
|  |  |  | 1 | 7 | 5 | 8 | 9 | 0 | 5 |
|--|--|--|---|---|---|---|---|---|---|

Application of Funds

Net Fixed Assets

|  |  |   |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|---|
|  |  | 2 | 0 | 3 | 7 | 6 | 6 | 2 | 1 |
|--|--|---|---|---|---|---|---|---|---|

Investments

|  |  |  |  |   |   |   |   |   |   |
|--|--|--|--|---|---|---|---|---|---|
|  |  |  |  | 5 | 8 | 8 | 4 | 8 | 6 |
|--|--|--|--|---|---|---|---|---|---|

Net Current Assets

|  |  |  |   |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|---|
|  |  |  | 7 | 4 | 0 | 8 | 2 | 3 | 9 |
|--|--|--|---|---|---|---|---|---|---|

Misc. Expenditure

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

Accumulated Losses

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

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

Turnover

|  |  |   |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|---|
|  |  | 3 | 4 | 5 | 5 | 6 | 1 | 0 | 4 |
|--|--|---|---|---|---|---|---|---|---|

Total Expenditure

|  |  |   |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|---|
|  |  | 3 | 3 | 5 | 1 | 7 | 8 | 4 | 8 |
|--|--|---|---|---|---|---|---|---|---|

+ - Profit/Loss Before Tax

|   |  |  |   |   |   |   |   |   |   |
|---|--|--|---|---|---|---|---|---|---|
| + |  |  | 1 | 0 | 3 | 8 | 2 | 5 | 6 |
|---|--|--|---|---|---|---|---|---|---|

+ - Profit/Loss After Tax

|   |  |  |   |   |   |   |   |   |  |
|---|--|--|---|---|---|---|---|---|--|
| + |  |  | 7 | 1 | 2 | 7 | 5 | 7 |  |
|---|--|--|---|---|---|---|---|---|--|

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

Earning Per Share in Rs.

|  |  |  |  |  |   |   |   |   |  |
|--|--|--|--|--|---|---|---|---|--|
|  |  |  |  |  | 4 | . | 3 | 0 |  |
|--|--|--|--|--|---|---|---|---|--|

Dividend rate %

|  |   |   |
|--|---|---|
|  | 4 | 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

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

New Delhi  
May 5, 2010

## Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

|                                                                                                                                                                         | 1                                                                                                                                 | 2                                                                                                                                 | 3                                                                                                                           | 4                                                                                                                                                                                                                                                                                                       | 5                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Name of the Subsidiary                                                                                                                                               | DCM SHRIRAM CREDIT AND INVESTMENTS LIMITED                                                                                        | DCM SHRIRAM AQUA FOODS LIMITED                                                                                                    | BIOSEED INDIA LIMITED (formerly known as DCM Shriram International Limited)                                                 | DSCL ENERGY SERVICES COMPANY LIMITED                                                                                                                                                                                                                                                                    | DCM SHRIRAM INFRASTRUCTURE LIMITED                                                                                                                                                                           |
| 2. Financial year of the Subsidiary                                                                                                                                     | 31st March, 2010                                                                                                                  | 31st March, 2010                                                                                                                  | 31st March, 2010                                                                                                            | 31st March, 2010                                                                                                                                                                                                                                                                                        | 31st March, 2010                                                                                                                                                                                             |
| 3. Holding Company's interest as on 31.3.2010                                                                                                                           | Holder(s) of 60,01,208 Equity Shares of Rs.10/- each out of total issued and subscribed Equity Share Capital of 60,01,208 shares. | Holder(s) of 83,51,207 Equity Shares of Rs.10/- each out of total issued and subscribed Equity Share Capital of 83,51,207 shares. | Holder(s) of 50,007 Equity Shares of Rs.10/- each out of total issued and subscribed Equity Share Capital of 50,007 shares. | (upto 13.12.2009)<br>Holder(s) of 17,33,207 Equity Shares of Rs.10/- each in its name and Holding of 48,993 Equity Shares of Rs.10/- each by DCM Shriram Credit and Investments Limited, another subsidiary of the Company out of total issued and subscribed Equity Share Capital of 17,82,200 shares. | Holder(s) of 50,007 Equity Shares of Rs.10/- each by DCM Shriram Credit and Investments Limited, another subsidiary of the Company out of total issued and subscribed Equity Share Capital of 50,007 shares. |
| 4. Net aggregate amount of the Subsidiary's profits/(losses) so far as it concerns the members of Holding Company and not dealt with in the Holding Company's accounts: |                                                                                                                                   |                                                                                                                                   |                                                                                                                             |                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                              |
| i) For Subsidiary's financial year ended 31 <sup>st</sup> March, 2010                                                                                                   | Rs. 0.1853 crore                                                                                                                  | (Rs. 0.0487 crore)                                                                                                                | (Rs. 0.0023 crore)                                                                                                          | Rs. 0.3585 crores (upto 13.12.2009)                                                                                                                                                                                                                                                                     | (Rs. 0.0215 crore)                                                                                                                                                                                           |
| ii) For Subsidiary's previous financial years since it became Subsidiary.                                                                                               | (Rs. 3.4977 crores)                                                                                                               | (Rs. 4.9107 crores)                                                                                                               | (Rs. 0.024 crore)                                                                                                           | Rs.2.1302 crores                                                                                                                                                                                                                                                                                        | (Rs. 0.2242 crore)                                                                                                                                                                                           |
| 5. Net aggregate amount of the Subsidiary's profits/(losses) so far as it concerns the members of Holding Company and dealt with in the Holding Company's accounts:     |                                                                                                                                   |                                                                                                                                   |                                                                                                                             |                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                              |
| i) For Subsidiary's financial year ended 31 <sup>st</sup> March, 2010                                                                                                   | Nil                                                                                                                               | Nil                                                                                                                               | Nil                                                                                                                         | Nil                                                                                                                                                                                                                                                                                                     | Nil                                                                                                                                                                                                          |
| ii) For Subsidiary's previous financial years since it became Subsidiary.                                                                                               | Nil                                                                                                                               | Nil                                                                                                                               | Nil                                                                                                                         | Nil                                                                                                                                                                                                                                                                                                     | Nil                                                                                                                                                                                                          |

|                                                                                                                                                                         | 6                                                                                                                                                                                                            | 7                                                                                                                               | 8                                                                                                                                                                                                                    | 9                                                                                                                                  | 10                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Name of the Subsidiary                                                                                                                                               | DCM SHRIRAM THERMAL ENERGY LIMITED                                                                                                                                                                           | DCM SHRIRAM ENERGY AND INFRASTRUCTURE LIMITED                                                                                   | DCM SHRIRAM HYDRO ENERGY LIMITED                                                                                                                                                                                     | HARIYALI RURAL VENTURES LIMITED                                                                                                    | HARIYALI RURAL FOUNDATION                                                                                                                                                                                    |
| 2. Financial year of the Subsidiary                                                                                                                                     | 31st March, 2010                                                                                                                                                                                             | 31st March, 2010                                                                                                                | 31st March, 2010                                                                                                                                                                                                     | 31st March, 2010                                                                                                                   | 31st March, 2010                                                                                                                                                                                             |
| 3. Holding Company's interest as on 31.3.2010                                                                                                                           | Holder(s) of 50,000 Equity Shares of Rs.10/- each by DCM Shriram Credit and Investments Limited, another subsidiary of the Company out of total issued and subscribed Equity Share Capital of 50,000 shares. | Holder(s) of 2,00,000 Equity Shares of Rs.10/- each out of total issued and subscribed Equity Share Capital of 2,00,000 shares. | Holder(s) of 1,50,000 Equity Shares of Rs. 10/- each by DCM Shriram Energy and Infrastructure Limited, another subsidiary of the Company out of total issued and subscribed Equity Share Capital of 1,50,000 shares. | Holder(s) of 10,00,000 Equity Shares of Rs. 10/- each out of total issued and subscribed Equity Share Capital of 10,00,000 shares. | Holder(s) of 10,000 Equity Shares of Rs.10/- each by DCM Shriram Credit and Investments Limited, another subsidiary of the Company out of total issued and subscribed Equity Share Capital of 10,000 shares. |
| 4. Net aggregate amount of the Subsidiary's profits/(losses) so far as it concerns the members of Holding Company and not dealt with in the Holding Company's accounts: |                                                                                                                                                                                                              |                                                                                                                                 |                                                                                                                                                                                                                      |                                                                                                                                    |                                                                                                                                                                                                              |
| i) For Subsidiary's financial year ended 31 <sup>st</sup> March, 2010.                                                                                                  | (Rs. 0.0015 crore)                                                                                                                                                                                           | (Rs. .0.1646 crore)                                                                                                             | (Rs. 0.0212 crore)                                                                                                                                                                                                   | (Rs. 0.8203 crore)                                                                                                                 | Rs. 0.0006 crore                                                                                                                                                                                             |
| ii) For Subsidiary's previous financial years since it became Subsidiary.                                                                                               | (Rs. 0.0589 crore)                                                                                                                                                                                           | (Rs. 0.0344 crore)                                                                                                              | (Rs. 0.1251 crore)                                                                                                                                                                                                   | (Rs. 0.2559 crore)                                                                                                                 | (Rs. 0.0031 crore)                                                                                                                                                                                           |
| 5. Net aggregate amount of the Subsidiary's profits/(losses) so far as it concerns the members of Holding Company and dealt with in the Holding Company's accounts:     |                                                                                                                                                                                                              |                                                                                                                                 |                                                                                                                                                                                                                      |                                                                                                                                    |                                                                                                                                                                                                              |
| i) For Subsidiary's financial year ended 31 <sup>st</sup> March, 2010                                                                                                   | Nil                                                                                                                                                                                                          | Nil                                                                                                                             | Nil                                                                                                                                                                                                                  | Nil                                                                                                                                | Nil                                                                                                                                                                                                          |
| ii) For Subsidiary's previous financial years since it became Subsidiary.                                                                                               | Nil                                                                                                                                                                                                          | Nil                                                                                                                             | Nil                                                                                                                                                                                                                  | Nil                                                                                                                                | Nil                                                                                                                                                                                                          |

## Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

|                                                                                                                                                                         | 11                                                                                                                                                                                                            | 12                                                                                                                                                                                                                         | 13                                                                                                                                                                                                                                                                                          | 14                                                                                                                                                                                                                                           | 15                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Name of the Subsidiary                                                                                                                                               | HARIYALI INDIA LIMITED                                                                                                                                                                                        | HARIYALI INSURANCE BROKING LIMITED                                                                                                                                                                                         | SHRIRAM BIOSEED (THAILAND) LIMITED                                                                                                                                                                                                                                                          | BIOSEEDS LIMITED                                                                                                                                                                                                                             | SHRIRAM BIOSEEDS LIMITED                                                                                                                                                                  |
| 2. Financial year of the Subsidiary                                                                                                                                     | 31st March, 2010                                                                                                                                                                                              | 31st March, 2010                                                                                                                                                                                                           | 31st March, 2010                                                                                                                                                                                                                                                                            | 31st March, 2010                                                                                                                                                                                                                             | 31st March, 2010                                                                                                                                                                          |
| 3. Holding Company's interest as on 31.3.2010                                                                                                                           | Holder(s) of 50,000 Equity Shares of Rs. 10/- each by DCM Shriram Credit and Investments Limited, another subsidiary of the Company out of total issued and subscribed Equity Share Capital of 50,000 shares. | Holder(s) of 5,00,000 Equity Shares of Rs. 10/- each by Hariyali Rural Ventures Limited, another subsidiary of the Company out of total issued and subscribed Equity Share Capital of 5,00,000 shares.                     | Holder(s) of 9,99,993 Shares of 100 Thai Baht each (includes 9,60,000 shares of paid-up amount of 25 Thai Baht each) of 100 Thai Bhat each by Bioseeds Holding Pte. Limited, another subsidiary of the Company out of total issued and subscribed Equity Share Capital of 10,00,000 shares. | Holder(s) of 11,74,551 Ordinary Shares of USD 1 each in its name and 11,28,490 Ordinary Shares of USD 1 each by Shriram Bioseeds Limited, another subsidiary of the Company, out of total issued Ordinary Share Capital of 23,03,041 shares. | Holder(s) of 2,50,000 Ordinary Shares of USD 1 each by Shriram Bioseed Ventures Limited, another subsidiary of the Company out of total issued Ordinary Share Capital of 2,50,000 shares. |
| 4. Net aggregate amount of the Subsidiary's profits/(losses) so far as it concerns the members of Holding Company and not dealt with in the Holding Company's accounts: |                                                                                                                                                                                                               |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                              |                                                                                                                                                                                           |
| i) For Subsidiary's financial year ended 31 <sup>st</sup> March, 2010                                                                                                   | (Rs. 0.0014 crore)                                                                                                                                                                                            | (Rs. 0.1766 crore)                                                                                                                                                                                                         | (Rs. 3.17 crores)                                                                                                                                                                                                                                                                           | Rs. 16 crores                                                                                                                                                                                                                                | (Rs. 0.050 crore)                                                                                                                                                                         |
| ii) For Subsidiary's previous financial years since it became Subsidiary.                                                                                               | (Rs. 0.0054 crore)                                                                                                                                                                                            | (Rs. 0.0216 crore)                                                                                                                                                                                                         | Rs. 0.3438 crore                                                                                                                                                                                                                                                                            | Rs. 0.6911 crore                                                                                                                                                                                                                             | (Rs. 0.925 crore)                                                                                                                                                                         |
| 5. Net aggregate amount of the Subsidiary's profits/(losses) so far as it concerns the members of Holding Company and dealt with in the Holding Company's accounts:     |                                                                                                                                                                                                               |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                              |                                                                                                                                                                                           |
| i) For Subsidiary's financial year ended 31 <sup>st</sup> March, 2010.                                                                                                  | Nil                                                                                                                                                                                                           | Nil                                                                                                                                                                                                                        | Nil                                                                                                                                                                                                                                                                                         | Nil                                                                                                                                                                                                                                          | Nil                                                                                                                                                                                       |
| ii) For Subsidiary's previous financial years since it became Subsidiary.                                                                                               | Nil                                                                                                                                                                                                           | Nil                                                                                                                                                                                                                        | Nil                                                                                                                                                                                                                                                                                         | Nil                                                                                                                                                                                                                                          | Nil                                                                                                                                                                                       |
|                                                                                                                                                                         | 16                                                                                                                                                                                                            | 17                                                                                                                                                                                                                         | 18                                                                                                                                                                                                                                                                                          | 19                                                                                                                                                                                                                                           | 20                                                                                                                                                                                        |
| 1. Name of the Subsidiary                                                                                                                                               | ZEUS INVESTMENTS LIMITED                                                                                                                                                                                      | BIOSEEDS HOLDINGS PTE. LIMITED                                                                                                                                                                                             | BIOSEED RESEARCH PHILIPPINES INC.                                                                                                                                                                                                                                                           | BIOSEED VIETNAM LIMITED                                                                                                                                                                                                                      | SHRI GANPATI FERTILIZERS LIMITED                                                                                                                                                          |
| 2. Financial year of the Subsidiary                                                                                                                                     | 31st March, 2010                                                                                                                                                                                              | 31st March, 2010                                                                                                                                                                                                           | 31st March, 2010                                                                                                                                                                                                                                                                            | 31st March, 2010                                                                                                                                                                                                                             | 31st March, 2010                                                                                                                                                                          |
| 3. Holding Company's interest as on 31.3.2010                                                                                                                           | Holder(s) of 6,49,870 Ordinary Shares of USD 1 each held by Shriram Bioseeds Limited, another subsidiary of the Company out of total issued Ordinary Share Capital of 649,870 shares.                         | Holder(s) of 7,34,365 Ordinary Shares of USD 1 each and 200 Ordinary Shares of Singapore Dollar 1 each by Bioseeds Limited another subsidiary of the Company out of total issued Ordinary Share Capital of 734,565 shares. | Holder(s) of 3,58,523 Equity Shares of PHP 100 each by Bioseeds Limited, another subsidiary of the Company out of total Subscribed and Paid-up Equity Share Capital of 3,58,523 shares.                                                                                                     | Holder(s) of 1,31,25,080 thousand VND stock by Bioseeds Limited, another subsidiary of the Company out of total issued capital of 1,31,25,080 thousand VND stock.                                                                            | Holders of 17,50,280 Equity Shares of Rs.10/- each out of total issued and subscribed Equity Share Capital of 21,50,000 shares.                                                           |
| 4. Net aggregate amount of the Subsidiary's profits/(losses) so far as it concerns the members of Holding Company and not dealt with in the Holding Company's accounts: |                                                                                                                                                                                                               |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                              |                                                                                                                                                                                           |
| i) For Subsidiary's financial year ended 31 <sup>st</sup> March, 2010                                                                                                   | (Rs. 0.0258 crore)                                                                                                                                                                                            | (Rs. 0.04 crore)                                                                                                                                                                                                           | Rs. 1.13 crores                                                                                                                                                                                                                                                                             | Rs. 6.55 crores                                                                                                                                                                                                                              | (Rs. 3.449 crores)                                                                                                                                                                        |
| ii) For Subsidiary's previous financial years since it became Subsidiary.                                                                                               | Rs. 0.0325 crore                                                                                                                                                                                              | (Rs. 0.0113 crore)                                                                                                                                                                                                         | Rs. 2.276 crores                                                                                                                                                                                                                                                                            | Rs. 19.797 crores                                                                                                                                                                                                                            | (Rs. 1.913 crores)                                                                                                                                                                        |
| 5. Net aggregate amount of the Subsidiary's profits/(losses) so far as it concerns the members of Holding Company and dealt with in the Holding Company's accounts:     |                                                                                                                                                                                                               |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                              |                                                                                                                                                                                           |
| i) For Subsidiary's financial year ended 31 <sup>st</sup> March, 2010.                                                                                                  | Nil                                                                                                                                                                                                           | Nil                                                                                                                                                                                                                        | Nil                                                                                                                                                                                                                                                                                         | Nil                                                                                                                                                                                                                                          | Nil                                                                                                                                                                                       |
| ii) For Subsidiary's previous financial years since it became Subsidiary.                                                                                               | Nil                                                                                                                                                                                                           | Nil                                                                                                                                                                                                                        | Nil                                                                                                                                                                                                                                                                                         | Nil                                                                                                                                                                                                                                          | Nil                                                                                                                                                                                       |

**Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies**

|                                                                                                                                                                         | 21                                                                                                                                                                                                                                                                                                                | 22                                                                                                                           | 23                                                                                                                                 | 24                                                                                                                        | 25                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| 1. Name of the Subsidiary                                                                                                                                               | <b>SHRIRAM BIOSEED GENETICS INDIA LIMITED</b>                                                                                                                                                                                                                                                                     | <b>BIOSEED RESEARCH INDIA PRIVATE LIMITED</b>                                                                                | <b>SHRIRAM BIOSEED VENTURES LIMITED</b>                                                                                            | <b>SBM YARN LIMITED</b>                                                                                                   | <b>FENESTA INDIA LIMITED</b>                                                                                              |
| 2. Financial year of the Subsidiary                                                                                                                                     | 31st March, 2010                                                                                                                                                                                                                                                                                                  | 31st March, 2010                                                                                                             | 31st March, 2010                                                                                                                   | 31st March, 2010                                                                                                          | 31st March, 2010                                                                                                          |
| 3. Holding Company's interest as on 31.3.2010                                                                                                                           | Holder(s) of 29,19,065 Equity Shares of Rs.10/- each in its name, and 25,84,624 shares of Rs. 10/- each by Zeus Investments Limited, 2,19,968 shares of Rs. 10/- each by Shriram Bioseeds Limited, other subsidiaries of the Company out of total issued and subscribed Equity Share Capital of 57,23,657 shares. | Holder(s) of 37,424 Equity Shares of Rs.100/- each out of total issued and subscribed Equity Share Capital of 37,424 shares. | Holder(s) of 40,50,000 Equity Shares of Rs. 10/- each out of total issued and subscribed Equity Share Capital of 40,50,000 shares. | Holders of 50,000 Equity Shares of Rs.10/- each out of total issued and subscribed equity share capital of 50,000 shares. | Holders of 50,000 Equity Shares of Rs.10/- each out of total issued and subscribed equity share capital of 50,000 shares. |
| 4. Net aggregate amount of the Subsidiary's profits/(losses) so far as it concerns the members of Holding Company and not dealt with in the Holding Company's accounts: |                                                                                                                                                                                                                                                                                                                   |                                                                                                                              |                                                                                                                                    |                                                                                                                           |                                                                                                                           |
| i) For Subsidiary's financial year ended 31 <sup>st</sup> March, 2010                                                                                                   | Rs.4.099 crores                                                                                                                                                                                                                                                                                                   | Rs.12.634 crores                                                                                                             | (Rs.0.123 crore)                                                                                                                   | (Rs. 0.0014 crore)                                                                                                        | (Rs.0.0014 crore)                                                                                                         |
| ii) For Subsidiary's previous financial years since it became Subsidiary.                                                                                               | Rs.7.94 crores                                                                                                                                                                                                                                                                                                    | Rs.3.3715 crores                                                                                                             | (Rs.0.102 crore)                                                                                                                   | (Rs. 0.0034 crore)                                                                                                        | (Rs. 0.0034 crore)                                                                                                        |
| 5. Net aggregate amount of the Subsidiary's profits/(losses) so far as it concerns the members of Holding Company and dealt with in the Holding Company's accounts:     |                                                                                                                                                                                                                                                                                                                   |                                                                                                                              |                                                                                                                                    |                                                                                                                           |                                                                                                                           |
| i) For Subsidiary's financial year ended 31 <sup>st</sup> March, 2010                                                                                                   | Nil                                                                                                                                                                                                                                                                                                               | Nil                                                                                                                          | Nil                                                                                                                                | Nil                                                                                                                       | Nil                                                                                                                       |
| ii) For Subsidiary's previous financial years since it became Subsidiary.                                                                                               | Nil                                                                                                                                                                                                                                                                                                               | Nil                                                                                                                          | Nil                                                                                                                                | Nil                                                                                                                       | Nil                                                                                                                       |

**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**  
**S.C. BHARGAVA**  
*Directors*

New Delhi  
5th May, 2010

# Subsidiary Companies' Particulars

DCM SHRIRAM  
CONSOLIDATED LIMITED

Particulars regarding subsidiary companies pursuant to letter no. 47/65/2010- CL- III dated April 19, 2010 from Ministry of Corporate Affairs, Government of India Year Ended March 31, 2010

| 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    | 0.76     | 13.03        | 13.03             | 1.26     | 0.20                   | (0.01)                 | 0.19                  | -                 |
| Bioseed India Limited                         | 0.05    | -        | 0.05         | 0.05              | -        | **                     | -                      | **                    | -                 |
| (Formerly DCM Shriram International Limited)  |         |          |              |                   |          |                        |                        |                       |                   |
| DCM Shriram Infrastructure Limited            | 0.05    | -        | 25.94        | 25.94             | -        | (0.02)                 | -                      | (0.02)                | -                 |
| DCM Shriram Thermal Energy Limited            | 0.05    | -        | 0.06         | 0.06              | -        | @                      | -                      | @                     | -                 |
| Shriram Bioseed Genetics India Limited        | 5.72    | 16.88    | 26.65        | 26.65             | 160.66   | 8.31                   | (4.21)                 | 4.10                  | -                 |
| Shriram Bioseed (Thailand) Limited            | 3.35    | -        | 5.78         | 5.78              | (1.73)   | (3.17)                 | -                      | (3.17)                | -                 |
| Bioseeds Limited                              | 11.21   | 16.17    | 27.28        | 27.28             | 16.10    | 16.00                  | -                      | 16.00                 | -                 |
| Bioseed Vietnam Limited                       | 5.06    | 7.89     | 10.17        | 10.17             | 29.01    | 7.32                   | (0.77)                 | 6.55                  | -                 |
| Bioseed Research Philippines, Inc.            | 5.16    | 1.47     | 9.24         | 9.24              | 23.92    | 1.45                   | (0.33)                 | 1.13                  | -                 |
| Bioseed Research India Private Limited        | 0.37    | -        | 16.62        | 16.62             | 25.14    | 12.66                  | (0.03)                 | 12.63                 | -                 |
| DCM Shriram Aqua Foods Limited                | 8.35    | -        | 8.48         | 8.48              | -        | (0.05)                 | -                      | (0.05)                | -                 |
| DCM Shriram Energy and Infrastructure Limited | 0.20    | -        | 0.20         | 0.20              | 0.21     | (0.16)                 | -                      | (0.16)                | -                 |
| Shriram Bioseed Ventures Limited              | 4.05    | 16.00    | 56.18        | 56.18             | 0.05     | (0.12)                 | -                      | (0.12)                | -                 |
| Shriram Bioseeds Limited                      | 1.54    | 57.98    | 61.13        | 61.13             | 0.04     | (0.05)                 | -                      | (0.05)                | -                 |
| Hariyali Rural Foundation                     | 0.01    | -        | 0.01         | 0.01              | 0.04     | @@                     | -                      | @@                    | -                 |
| Hariyali Rural Ventures Limited               | 1.00    | -        | 34.11        | 34.11             | 0.56     | (0.82)                 | -                      | (0.82)                | -                 |
| Zeus Investments Limited                      | 2.60    | 0.05     | 2.92         | 2.92              | -        | (0.03)                 | -                      | (0.03)                | -                 |
| Shri Ganpati Fertilizers Limited              | 2.15    | 5.11     | 14.52        | 14.52             | 13.54    | (4.24)                 | -                      | (4.24)                | -                 |
| Fenesta India Limited                         | 0.05    | -        | 0.05         | 0.05              | -        | \$                     | -                      | \$                    | -                 |
| (Formerly Fenesta Building Systems Limited)   |         |          |              |                   |          |                        |                        |                       |                   |
| SBM Yarn Limited                              | 0.05    | -        | 0.05         | 0.05              | -        | \$                     | -                      | \$                    | -                 |
| DCM Shriram Hydro Energy Limited              | 0.15    | -        | 0.15         | 0.15              | 0.10     | (0.02)                 | -                      | (0.02)                | -                 |
| Hariyali India Limited                        | 0.05    | -        | 0.05         | 0.05              | -        | \$                     | -                      | \$                    | -                 |
| Hariyali Insurance Broking Limited            | 0.50    | -        | 0.50         | 0.50              | -        | (0.18)                 | -                      | (0.18)                | -                 |
| Bioseeds Holdings PTE. Limited                | 3.30    | -        | 3.26         | 3.26              | -        | (0.04)                 | -                      | (0.04)                | -                 |
| DSC Energy Services Company Limited *         | -       | -        | -            | -                 | 4.21     | 0.56                   | (0.20)                 | 0.36                  | -                 |

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

\*\* - (Rs. 23,000), @ - (Rs. 15, 000), @@ - Rs. 6,000, \$ - (Rs. 14,000)

## Exchange Rate as at 31.3.2010

1 USD = INR 44.92

1 Baht = INR 1.3321

## 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 Certificates (## 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 of Gujarat 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 of Yes Bank Ltd. of Rs. 10/- each fully paid up                                                     | 0.17       |
| 6,934 equity shares of HSBC InvestDirect (India) Ltd. (Formerly IL & FS Investsmart Ltd.) of Rs. 10/- each fully paid up | 0.09       |
| 1,708 equity shares of Future Capital Holdings Ltd. of Rs.10/- each fully paid up                                        | 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 of Rs.10/- each fully paid-up                                                      | 0.24       |
| 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 fully paid up, Rs. 4 paid up                                | 1.75       |
| <b>Other Subsidiaries</b>                                                                                                | <b>Nil</b> |

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.

## 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, 2010, 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, DSCL Energy Services Company Limited, Bioseed India Limited (Formerly known as DCM Shriram International 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., Bioseed Research India Private Limited, Shriram Bioseed Genetics India Limited, 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. 339.55 crores as at March 31, 2010, total revenues of Rs. 121.76 crores and net cash flows amounting to Rs. 12.59 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 15 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, 2010;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit 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 5, 2010

# Consolidated Balance Sheet

DCM SHRIRAM  
CONSOLIDATED LIMITED

of DCM Shriram Consolidated Limited and its Subsidiary Companies as at March 31, 2010

|                                                 | Schedule | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|-------------------------------------------------|----------|---------------------------------------|---------------------------------------|
| <b>Sources of Funds</b>                         |          |                                       |                                       |
| <b>Shareholders' funds</b>                      |          |                                       |                                       |
| Share capital                                   | 1        | 33.34                                 | 33.34                                 |
| Reserves and surplus                            | 2        | 1296.27                               | 1235.19                               |
|                                                 |          | 1329.61                               | 1268.53                               |
| <b>Loan Funds</b>                               | 3        |                                       |                                       |
| Secured                                         |          | 1141.37                               | 1375.96                               |
| Unsecured                                       |          | 239.97                                | 611.18                                |
|                                                 |          | 1381.34                               | 1987.14                               |
| <b>Deferred tax liabilities (net)</b>           | 4        | 176.33                                | 143.91                                |
| <b>Total</b>                                    |          | <b>2887.28</b>                        | <b>3399.58</b>                        |
| <b>Application of Funds</b>                     |          |                                       |                                       |
| <b>Fixed assets</b>                             | 5        |                                       |                                       |
| Gross block                                     |          | 3053.90                               | 3001.55                               |
| Less : Depreciation                             |          | 929.83                                | 774.94                                |
| Net block                                       |          | 2124.07                               | 2226.61                               |
| Capital work in progress                        |          | 59.30                                 | 62.23                                 |
|                                                 |          | 2183.37                               | 2288.84                               |
| <b>Investments</b>                              | 6        | 12.76                                 | 13.44                                 |
| <b>Current assets, loans and advances</b>       | 7        |                                       |                                       |
| Inventories                                     |          | 854.87                                | 807.60                                |
| Sundry debtors                                  |          | 257.81                                | 409.42                                |
| Cash and bank balances                          |          | 56.88                                 | 53.66                                 |
| Loans and advances                              |          | 288.55                                | 294.17                                |
| Other current assets                            |          | -                                     | 175.52                                |
|                                                 |          | 1458.11                               | 1740.37                               |
| <b>Less: Current liabilities and provisions</b> | 8        |                                       |                                       |
| Current liabilities                             |          | 654.04                                | 533.34                                |
| Provisions                                      |          | 112.92                                | 109.73                                |
|                                                 |          | 766.96                                | 643.07                                |
| <b>Net current assets</b>                       |          | <b>691.15</b>                         | <b>1097.30</b>                        |
| <b>Total</b>                                    |          | <b>2887.28</b>                        | <b>3399.58</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

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

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PRADEEP DINODIA  
VIMAL BHANDARI  
SUNIL KANT MUNJAL  
D. SENGUPTA  
S.C. BHARGAVA  
Directors

New Delhi  
May 5, 2010

# Consolidated Profit and Loss Account

DCM SHRIRAM  
CONSOLIDATED LIMITED

of DCM Shriram Consolidated Limited and its Subsidiary Companies for the year ended March 31, 2010

|                                                      | Schedule | Year ended<br>March 31, 2010<br>Rs. Crores | Year ended<br>March 31, 2009<br>Rs. Crores |
|------------------------------------------------------|----------|--------------------------------------------|--------------------------------------------|
| <b>Income</b>                                        |          |                                            |                                            |
| Gross Sales                                          |          | 3629.99                                    | 3681.35                                    |
| Less : Excise duty                                   |          | 110.88                                     | 180.56                                     |
| Net Sales                                            |          | 3519.11                                    | 3500.79                                    |
| Income from services and other income                | 9        | 51.34                                      | 57.28                                      |
| <b>Total income</b>                                  |          | <b>3570.45</b>                             | <b>3558.07</b>                             |
| <b>Expenditure</b>                                   |          |                                            |                                            |
| Manufacturing and other expenses                     | 10       | 2310.19                                    | 2380.08                                    |
| Purchases for resale                                 |          | 892.69                                     | 777.70                                     |
| Interest - On debentures and other fixed loan        |          | 78.58                                      | 122.46                                     |
| - Others                                             |          | 9.98                                       | 27.97                                      |
| Depreciation                                         | 11       | 162.96                                     | 148.73                                     |
| <b>Total Expenditure</b>                             |          | <b>3454.40</b>                             | <b>3456.94</b>                             |
| <b>Profit before tax and exceptional item</b>        |          | <b>116.05</b>                              | <b>101.13</b>                              |
| Exceptional item                                     |          |                                            |                                            |
| - Income from sale of subsidiary                     |          | 6.48                                       | -                                          |
| <b>Profit before tax</b>                             |          | <b>122.53</b>                              | <b>101.13</b>                              |
| Provision for taxation                               | 12       | 38.28                                      | (21.48)                                    |
| <b>Profit after tax</b>                              |          | <b>84.25</b>                               | <b>122.61</b>                              |
| Transfer from debenture redemption reserve           |          | -                                          | 1.51                                       |
| Balance brought forward from the previous year       |          | 498.74                                     | 440.16                                     |
| <b>Profit available for appropriation</b>            |          | <b>582.99</b>                              | <b>564.28</b>                              |
| <b>Appropriations</b>                                |          |                                            |                                            |
| Proposed dividends (equity shares)                   |          |                                            |                                            |
| - Interim                                            |          | 6.64                                       | -                                          |
| - Final                                              |          | 6.64                                       | 13.27                                      |
| Corporate dividend tax                               |          | 2.50                                       | 2.26                                       |
| Statutory reserve                                    |          | 0.04                                       | 0.01                                       |
| General reserve                                      |          | 50.00                                      | 50.00                                      |
| <b>Balance carried to consolidated balance sheet</b> |          | <b>517.17</b>                              | <b>498.74</b>                              |
| <b>Earnings per share - basic/diluted (Rs.)</b>      |          |                                            |                                            |
| (Refer note 8 in schedule 13)                        |          |                                            |                                            |
| - Before exceptional item                            |          | 4.69                                       | 7.39                                       |
| - After exceptional item                             |          | 5.08                                       | 7.39                                       |
| <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  
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SUNIL KANT MUNJAL  
D. SENGUPTA  
S.C. BHARGAVA  
Directors

New Delhi  
May 5, 2010

# Consolidated Cash Flow Statement

DCM SHRIRAM  
CONSOLIDATED LIMITED

of DCM Shriram Consolidated Limited and its Subsidiary Companies for the year ended March 31, 2010

|                                                                                                  | Year ended<br>March 31, 2010<br>Rs. Crores | Year ended<br>March 31, 2009<br>Rs. Crores |
|--------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>A. Cash flow from operating activities</b>                                                    |                                            |                                            |
| Net profit before tax and exceptional items                                                      | 116.05                                     | 101.13                                     |
| Adjustments for :                                                                                |                                            |                                            |
| Depreciation                                                                                     | 162.96                                     | 148.73                                     |
| Loss on sale/write off of fixed assets                                                           | 1.11                                       | 1.21                                       |
| (Profit) on sale of non trade current investments                                                | (0.01)                                     | -                                          |
| Exchange differences on conversion                                                               | 1.83                                       | 5.27                                       |
| Finance Charges                                                                                  | 2.08                                       | 1.88                                       |
| Interest expense                                                                                 | 88.56                                      | 150.43                                     |
| Less: interest and dividend income                                                               | (19.63)                                    | (21.03)                                    |
| <b>Operating profit before working capital changes</b>                                           | <b>352.95</b>                              | <b>387.62</b>                              |
| Adjustments for :                                                                                |                                            |                                            |
| Trade and other receivables(net)                                                                 | 378.18                                     | (146.08)                                   |
| Inventories                                                                                      | (49.45)                                    | 2.11                                       |
| Trade and other payables                                                                         | 129.27                                     | 105.40                                     |
| <b>Cash generated from operations</b>                                                            | <b>810.95</b>                              | <b>349.05</b>                              |
| Income taxes paid                                                                                | (22.93)                                    | (22.24)                                    |
| <b>Net cash from operating activities</b>                                                        | <b>788.02</b>                              | <b>326.81</b>                              |
| <b>B. Cash flow from investing activities</b>                                                    |                                            |                                            |
| Purchase of fixed assets                                                                         | (95.15)                                    | (400.81)                                   |
| Sale of fixed assets                                                                             | 7.19                                       | 3.15                                       |
| Purchase of non trade current investments                                                        | (1,092.50)                                 | (7,080.17)                                 |
| Purchase of non trade long term investments                                                      | (0.05)                                     | -                                          |
| Purchase of trade long term investments                                                          | -                                          | (1.55)                                     |
| Sale of non trade current investments                                                            | 1,093.05                                   | 7,079.39                                   |
| Sale of non-trade Long term Investment                                                           | -                                          | 0.95                                       |
| Interest received                                                                                | 13.89                                      | 18.05                                      |
| Dividend received                                                                                | 0.42                                       | 2.27                                       |
| <b>Net cash used in investing activities before exceptional item</b>                             | <b>(73.15)</b>                             | <b>(378.72)</b>                            |
| Exceptional item                                                                                 | 8.81                                       | -                                          |
| <b>Net cash used in investing activities after exceptional item</b>                              | <b>(64.34)</b>                             | <b>(378.72)</b>                            |
| <b>C. Cash flow from financing activities</b>                                                    |                                            |                                            |
| Proceeds from borrowings                                                                         | 4,690.81                                   | 9,691.84                                   |
| Repayment of borrowings                                                                          | (5,166.20)                                 | (9,404.96)                                 |
| Inter Corporate Deposits received back                                                           | 0.14                                       | 1.30                                       |
| Finance Charges                                                                                  | (2.08)                                     | (1.88)                                     |
| Changes in working capital borrowings                                                            | (130.30)                                   | (83.08)                                    |
| Dividends paid                                                                                   | (19.91)                                    | (6.64)                                     |
| Corporate dividend tax paid                                                                      | (3.66)                                     | (1.13)                                     |
| Interest paid                                                                                    | (89.09)                                    | (148.73)                                   |
| <b>Net cash (used)/ from financing activities</b>                                                | <b>(720.29)</b>                            | <b>46.72</b>                               |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                      | <b>3.39</b>                                | <b>(5.19)</b>                              |
| Cash and cash equivalents as at opening                                                          |                                            |                                            |
| Cash and cheques in hand and balances with banks                                                 | 51.69                                      | 56.88                                      |
| 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                                                 | 54.67                                      | 51.69                                      |
| * excludes Rs. 2.21 crores (2008-09 - 1.97 crores) held as margin money and in dividend accounts |                                            |                                            |

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  
S.C. BHARGAVA  
Directors

New Delhi  
May 5, 2010

# Consolidated Financial Statements

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 1. SHARE CAPITAL

|                                                                                          | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| <b>Authorised</b>                                                                        |                                       |                                       |
| 24,99,50,000 (2008-2009 - 24,99,50,000) Equity shares of Rs.2 each                       | 49.99                                 | 49.99                                 |
| 65,01,000 (2008-2009 - 65,01,000) Cumulative redeemable preference shares of Rs.100 each | 65.01                                 | 65.01                                 |
|                                                                                          | <b>115.00</b>                         | <b>115.00</b>                         |
| <b>Issued</b>                                                                            |                                       |                                       |
| 16,98,03,320 (2008-2009 - 16,98,03,320) Equity shares of Rs.2 each                       | 33.96                                 | 33.96                                 |
| <b>Subscribed and paid up</b>                                                            |                                       |                                       |
| 16,59,03,320 (2008-2009 - 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<br>March 31, 2009<br>Rs. Crores | Additions<br>Rs. Crores | Deductions<br>Rs. Crores | As at<br>March 31, 2010<br>Rs. Crores |
|--------------------------------------|---------------------------------------|-------------------------|--------------------------|---------------------------------------|
| Revaluation reserve                  | 0.28                                  | -                       | 0.03                     | 0.25                                  |
| Share premium account                | 65.07                                 | -                       | -                        | 65.07                                 |
| Capital redemption reserve           | 8.41                                  | -                       | -                        | 8.41                                  |
| Capital reserve                      | 22.61                                 | -                       | -                        | 22.61                                 |
| General reserve                      | 627.79                                | 50.00                   | -                        | 677.79                                |
| Statutory reserve*                   | 0.72                                  | 0.04                    | -                        | 0.76                                  |
| Foreign currency translation reserve | 11.57                                 | -                       | 7.36                     | 4.21                                  |
| Profit and loss account              | 498.74                                | 18.43                   | -                        | 517.17                                |
|                                      | <b>1,235.19</b>                       | <b>68.47</b>            | <b>7.39</b>              | <b>1,296.27</b>                       |

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

## 3. LOAN FUNDS

|                                      | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|--------------------------------------|---------------------------------------|---------------------------------------|
| <b>Secured</b>                       |                                       |                                       |
| Loans from banks                     |                                       |                                       |
| On cash credit account               | 2.87                                  | 133.17                                |
| Others                               | 686.53                                | 751.82                                |
| Other loans                          | 451.97                                | 490.97                                |
|                                      | <b>1,141.37</b>                       | <b>1,375.96</b>                       |
| <b>Unsecured</b>                     |                                       |                                       |
| Deposits                             |                                       |                                       |
| Fixed                                | 11.77                                 | 3.31                                  |
| Others                               | 32.40                                 | 31.16                                 |
| Interest accrued and due on deposits | 0.13                                  | 0.24                                  |
| Short term loans and advances        |                                       |                                       |
| Banks                                | 191.13                                | 572.40                                |
| Others                               | 4.33                                  | 3.68                                  |
| Finance lease liability*             | 0.21                                  | 0.39                                  |
|                                      | <b>239.97</b>                         | <b>611.18</b>                         |
|                                      | <b>1,381.34</b>                       | <b>1,987.14</b>                       |

\* Represents present value of minimum lease payments. Also refer note 7 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. 2.41 crores (2008-09 – Rs. 114.21 crores) are secured by first charge on whole of the current assets of the Company, 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 and Hariawan in Uttar Pradesh.
- ii) Short Term Loan of Rs. Nil (2008-09 – Rs. 43.49 crores) from a bank is secured by 50,000, 6.65% Fertiliser Companies GOI Special Bonds 2023), by way of Repo transactions.
- iii) Short Term Loan of Rs. 135 crores (2008-09 – Rs. Nil) are secured by first charge on whole of the current assets 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 and Hariawan in Uttar Pradesh.

##### (b) Shriram Bioseed Genetics India Limited (SBGI), a subsidiary

Short term loans and advances from banks of SBGI of Rs. 0.46 crores (2008-09 – Rs. 18.96 crores) are secured by hypothecation of stocks and other receivables and book debts both present and future and mortgage and charge in favour of banks of all immovable properties both present and future including movable machinery, machinery spares, tools and accessories both present and future.

#### 2. Other loans:

##### (a) Company

- (i) Term loans of Rs. 136.61 crores (2008-09 – Rs. 142.08 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. 9.00 crores (2008-09 – Rs. 12.00 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. 112.30 crores (2008-09 – Rs. 126.71 crores) from others is secured by way of first pari passu mortgage/charge created/to be 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. 9.78 crores due within a year; 2008-09 – Rs. 7.95 crores)
- (ii) Term loans of Rs. 105.64 crores (2008-09 – Rs. 125.85 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. 13.50 crores (2008-09 – Rs. 18.00 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 loans of Rs. 211.12 crores (2008-09 – Rs. 258.48 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. 37.98 crores due within a year; 2008-09 – Rs. 41.39 crores).
- (iii) Term loan of Rs. Nil (2008-09 – Rs. 1.32 crores) from a bank is secured by way of first mortgage, ranking pari passu, on immovable/movable fixed assets, both present and future, pertaining to the Company's Ajbapur Sugar Complex and Rupapur Sugar Complex, Uttar Pradesh, (Rs. Nil due within a year; 2008-09 – Rs. 1.32 crores).
- (iv) Term loan of Rs. Nil (2008-09 – Rs. 33.33 crores) from a bank is secured by way of first pari passu mortgage/charge created on immovable/movable fixed assets, both present and future, term loans of Rs. 69.60 crores (2008-09 – Rs. 94.37 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. 37.23 crores (2008-09 – Rs. 42.29 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. 23.02 crores due within a year; 2008-09 – Rs. 31.47 crores)
- (v) Term loan of Rs. 89.84 crores (2008-09 – Rs. 101.36 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. 7.32 crores (2008-09 – Rs. 7.50 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. 0.36 Crores due within a year; 2008-09 – Rs. 0.18 Crores)
- (vi) Term loan of Rs. 69.60 crores (2008-09 – Rs. 94.37 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. 7.32 crores (2008-09: Rs. 7.50 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. 25.70 crores (2008-09 – Rs. 33.45 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 loans of Rs. 16.41 crores (2008-09 – Rs. Nil ) 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. 24.20 crores due within a year; 2008-09– Rs. 25.61 crores)
- (vii) Term loan of Rs. Nil (2008-09 – Rs. 30.25 crores) from a bank is secured by way of first mortgage/charge created on immovable/movable fixed assets, both present and future, and term loans of Rs. 14.24 crores (2008-09 – Rs. Nil ) from

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 3. LOAN FUNDS (Continued)

- 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 Rupapur Sugar Complex, Uttar Pradesh. (Rs. Nil due within a year; 2008-09 – Rs. 15.12 crores)
- (viii) Term loan of Rs. 51.72 crores (2008-09 – Rs. 56.43 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 and Loni Sugar Complex, Uttar Pradesh. (Rs. 28.22 crores due within a year; 2008-09 – Rs. 4.70 Crores)
- (ix) Term Loan of Rs. 13.72 crores (2008-09 – Rs. 13.72 crores) from a bank secured by way of equitable mortgage of Land/ Building, both present and future, of SBM unit of the Company at Tonk, Rajasthan. (Rs. 1.71 crores due within a year; 2008-09 – Rs. Nil)
- (x) Term loan of Rs. 12.43 crores (2008-09 – Rs. Nil) from others are secured by way of Bank Guarantee which in turn is secured by first charge on whole of the current assets 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 and Hariawan in Uttar Pradesh (Rs. 3.11 crores due within a year; 2008-09 – Rs. Nil)
- (b) **Shri Ganpati Fertilizers Limited, a subsidiary**
- (i) Rs. 0.16 crore (2008-09 – Rs. 0.25 crore) from a bank and Rs. 0.04 crore (2008-09 – Rs. 0.04 crore) from others are secured by hypothecation of assets purchased. (Rs. 0.15 crore due within a year; 2008-09 – Rs. 0.10 crore)

## 4. DEFERRED TAX LIABILITIES AND ASSETS

|                                             | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|---------------------------------------------|---------------------------------------|---------------------------------------|
| <b>Deferred tax liabilities</b>             |                                       |                                       |
| Depreciation                                | 240.93                                | 235.35                                |
| Others                                      | 0.07                                  | -                                     |
|                                             | <b>241.00</b>                         | <b>235.35</b>                         |
| <b>Deferred tax assets</b>                  |                                       |                                       |
| Unabsorbed depreciation and business loss   | 20.27                                 | 49.32                                 |
| Provision for gratuity and leave encashment | 29.67                                 | 26.61                                 |
| Provision for doubtful debts and advances   | 3.49                                  | 3.55                                  |
| Others                                      | 11.24                                 | 11.96                                 |
|                                             | <b>64.67</b>                          | <b>91.44</b>                          |
| <b>Deferred tax liabilities (net)</b>       | <b>176.33</b>                         | <b>143.91</b>                         |

## 5. FIXED ASSETS

| Description                | GROSS BLOCK                              |                         |                          |                                                           |                                          | DEPRECIATION                             |                               |                                         |                                                           |                                          | NET BLOCK                                |                                          |
|----------------------------|------------------------------------------|-------------------------|--------------------------|-----------------------------------------------------------|------------------------------------------|------------------------------------------|-------------------------------|-----------------------------------------|-----------------------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|
|                            | As at<br>March 31,<br>2009<br>Rs. Crores | Additions<br>Rs. Crores | Deductions<br>Rs. Crores | Additions/<br>(Disposal) of<br>subsidiaries<br>Rs. Crores | As at<br>March 31,<br>2010<br>Rs. Crores | Up to<br>March 31,<br>2009<br>Rs. Crores | For<br>the year<br>Rs. Crores | Deductions/<br>Adjustment<br>Rs. Crores | Additions/<br>(Disposal) of<br>subsidiaries<br>Rs. Crores | Up to<br>March 31,<br>2009<br>Rs. Crores | As at<br>March 31,<br>2009<br>Rs. Crores | As at<br>March 31,<br>2008<br>Rs. Crores |
| <b>Tangibles</b>           |                                          |                         |                          |                                                           |                                          |                                          |                               |                                         |                                                           |                                          |                                          |                                          |
| Land - Freehold            | 123.95                                   | 8.88                    | -                        | -                                                         | 132.83 *                                 | -                                        | -                             | -                                       | -                                                         | -                                        | 132.83                                   | 123.95                                   |
| - Leasehold                | 14.29                                    | 0.53                    | -                        | -                                                         | 14.82                                    | -                                        | -                             | -                                       | -                                                         | -                                        | 14.82                                    | 14.29                                    |
| Buildings                  | 432.36                                   | 8.74                    | 0.91                     | -                                                         | 440.19                                   | 35.09                                    | 11.52                         | 0.23                                    | -                                                         | 46.38                                    | 393.81                                   | 397.27                                   |
| Plant and machinery        | 2,210.71                                 | 39.08                   | 4.21                     | (0.46)                                                    | 2,245.12 \$                              | 663.55                                   | 131.05                        | 3.59                                    | (0.35)                                                    | 790.66 \$                                | 1,454.46                                 | 1,547.16                                 |
| Furniture and fittings     | 84.40                                    | 5.48                    | 1.27                     | (0.51)                                                    | 88.10                                    | 30.94                                    | 11.12                         | 0.84                                    | (0.38)                                                    | 40.84                                    | 47.26                                    | 53.46                                    |
| Vehicles                   | 29.84                                    | 4.08                    | 3.49                     | (0.22)                                                    | 30.21                                    | 13.51                                    | 4.54                          | 2.55                                    | (0.14)                                                    | 15.36                                    | 14.85                                    | 16.33                                    |
| <b>Intangibles</b>         |                                          |                         |                          |                                                           |                                          |                                          |                               |                                         |                                                           |                                          |                                          |                                          |
| Goodwill                   | 65.35                                    | -                       | 5.61                     | -                                                         | 59.74                                    | 9.15                                     | -                             | -                                       | -                                                         | 9.15                                     | 50.59                                    | 56.20                                    |
| Technical Know How         | 23.79                                    | -                       | -                        | -                                                         | 23.79                                    | 14.85                                    | 2.38                          | -                                       | -                                                         | 17.23                                    | 6.56                                     | 8.94                                     |
| Brand                      | 8.22                                     | -                       | -                        | -                                                         | 8.22                                     | 4.44                                     | 0.69                          | -                                       | -                                                         | 5.13                                     | 3.09                                     | 3.78                                     |
| Software                   | 7.56                                     | 2.33                    | -                        | (0.03)                                                    | 9.86                                     | 2.71                                     | 1.57                          | -                                       | (0.01)                                                    | 4.27                                     | 5.59                                     | 4.85                                     |
| <b>Assets on lease</b>     |                                          |                         |                          |                                                           |                                          |                                          |                               |                                         |                                                           |                                          |                                          |                                          |
| Vehicles                   | 1.08                                     | -                       | 0.06                     | -                                                         | 1.02 \$\$                                | 0.70                                     | 0.15                          | 0.04                                    | -                                                         | 0.81                                     | 0.21                                     | 0.38                                     |
| <b>This year</b>           | <b>3,001.55</b>                          | <b>69.12 **</b>         | <b>15.55</b>             | <b>(1.22)</b>                                             | <b>3,053.90</b>                          | <b>774.94</b>                            | <b>163.02 #</b>               | <b>7.25</b>                             | <b>(0.88)</b>                                             | <b>929.83</b>                            | <b>2,124.07</b>                          |                                          |
| Previous year              | 2,390.76                                 | 619.26                  | 15.11                    | 6.64                                                      | 3,001.55                                 | 634.14                                   | 148.79                        | 10.09                                   | 2.10                                                      | 774.94                                   |                                          | 2,226.61                                 |
| Capital work in progress## |                                          |                         |                          |                                                           |                                          |                                          |                               |                                         |                                                           |                                          | <b>59.30</b>                             | 62.23                                    |
|                            |                                          |                         |                          |                                                           |                                          |                                          |                               |                                         |                                                           |                                          | <b>2,183.37</b>                          | 2,288.84                                 |

\* - Includes Rs.1.89 crores (2008-09 – Rs. 2.30 crores) pertaining to land situated at Hardoi and Hyderabad pending registration in favour of the Company.

\*\* Includes addition of Rs. 0.34 crores (2008-09 – Rs. 3.89 crore) on account of foreign exchange fluctuation.

\$ Includes Rs. 0.16 crore (2008-09 – Rs. 0.16 crore) in respect of certain plant and machinery retired from active use and held for disposal.

\$\$ Refer note 7 in schedule 13

# Includes Rs. 0.03 crore (2008-09 – Rs. 0.03 crore) included in additions to fixed assets/capital work in progress

## includes capital advances Rs. 5.01 crores (2008-09 – Rs. 5.26 crores)

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 6. INVESTMENTS

|                                                                                                                       | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| <b>Long Term</b><br>(valued at cost unless there is permanent fall in value thereof)                                  |                                       |                                       |
| <b>Trade Investments</b>                                                                                              |                                       |                                       |
| <b>Unquoted</b>                                                                                                       |                                       |                                       |
| 7,95,009 (2008-09 - 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 (2008-09 - 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 (2008-09 - 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 *                                                                                       | 0.07                                  | 0.03                                  |
| <b>Investment in Shares, Units, etc.</b>                                                                              |                                       |                                       |
| <b>Quoted</b>                                                                                                         |                                       |                                       |
| 1,50,000 (2008-09 - 150,000 ) Equity shares of IFCI Limited of Rs.10/- each fully paid up                             | 0.06                                  | 0.06                                  |
| 5,400 (2008-09 - 5,400) Master Gains 92 of Unit Trust of India of Rs. 10/- each fully paid up (@ Rs. 47,000)          | @                                     | @                                     |
| 2,500 (2008-09 - 2,500) Equity shares of APW President System Limited of Rs.10/- each fully paid up                   | 0.01                                  | 0.01                                  |
| 66,037 (2008-09 - 66,037) Equity shares of Bank of Baroda of Rs. 10/- each fully paid up.                             | 1.52                                  | 1.52                                  |
| 8,708 (2008-09 - 8,708) Equity shares of Reliance Power Limited of Rs. 10/- each fully paid up                        | 0.24                                  | 0.24                                  |
| 45,128 (2008-09 - 45,128) Equity shares of Gujrat State Petronet Limited of Rs. 10/- each fully paid up               | 0.12                                  | 0.12                                  |
| 1,708 (2008-09 - 1,708) Equity shares of Future Capital Holdings Ltd. Rs. 10/- each fully paid up                     | 0.13                                  | 0.13                                  |
| 34,150 (2008-09 - 34,150) Equity shares of National Thermal Power Corporation Limited of Rs.10/- each fully paid up   | 0.21                                  | 0.21                                  |
| 3,430 (2008-09 - 3,430) Equity shares of Punjab National Bank of Rs.10/- each fully paid up                           | 0.13                                  | 0.13                                  |
| 97,907 (2008-09 - 97,907) Equity shares of Power Grid Corporation Ltd. of Rs. 10/- each fully paid up                 | 0.51                                  | 0.51                                  |

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 6. INVESTMENTS (Continued)

|                                                                                                                                              | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| 37,870 (2008-09 - 37,870) Equity shares of Yes Bank Ltd. of Rs. 10/- each fully paid up                                                      | 0.17                                  | 0.17                                  |
| 6,934 (2008-09 - 6,934) Equity shares of HSBC InvestDirect (India) Ltd. (Formerly IL & FS Investsmart Limited) of Rs. 10/-each fully paid up | 0.09                                  | 0.09                                  |
| <b>Unquoted</b>                                                                                                                              |                                       |                                       |
| 500 (2008-09 -500) 5.5% bonds of Rs. 10,000/- each fully paid up of Rural Electrification Corporation Limited                                | 0.50                                  | 0.50                                  |
| 49,950 (2008-09 - 49,950) Equity shares of Pacific Land Development Private Limited of Rs.10/- each fully paid up                            | 0.05                                  | 0.05                                  |
| 5,00,000 (2008-09- 5,00,000) Equity shares of Forech India Ltd. of Rs. 10/- each fully paid up                                               | 1.75                                  | 1.75                                  |
| 3,00,000 (2008-09 - 3,00,000) Equity shares of E Commodities Limited of Rs.10/- each fully paid up                                           | 0.30                                  | 0.30                                  |
| 2,00,000 (2008-09 - 2,00,000) Equity shares of Ellenbarie Commercial Limited of Rs.10/- each fully paid up                                   | 1.50                                  | 1.50                                  |
| 40,000 (2008-09 - 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 (2008-09 - Nil) Equity shares of Hariyali Rural Foundation of Rs. 10/- each fully paid up                                             | 0.01                                  | -                                     |
| 50,000 (2008-2009 - Nil) Equity shares of Rs. 10 each fully paid up of Shridhar Shriram Foundation allotted during the year                  | 0.05                                  | -                                     |
| <b>Current Investments</b>                                                                                                                   |                                       |                                       |
| <b>(valued at lower of cost or net realisable value)</b>                                                                                     |                                       |                                       |
| <b>Non-Trade, Unquoted</b>                                                                                                                   |                                       |                                       |
| <b>Reliance Mutual Fund</b>                                                                                                                  |                                       |                                       |
| Nil (2008-09 - 4044.826) units in Money manager Retail - Daily dividend                                                                      | -                                     | 0.41                                  |
| <b>DWS Ultra Mutual Fund</b>                                                                                                                 |                                       |                                       |
| Nil (2008-09 - 200695.013) units in Short term - Daily Dividend                                                                              | -                                     | 0.20                                  |
| <b>Kotak Mutual Fund</b>                                                                                                                     |                                       |                                       |
| Nil (2008-09- 170476.460) units in Flexi Debt - Daily Dividend                                                                               | -                                     | 0.17                                  |
| <b>TOTAL:</b>                                                                                                                                | <b>12.76</b>                          | <b>13.44</b>                          |
| Aggregate book value - Quoted                                                                                                                | 3.19                                  | 3.19                                  |
| - Unquoted                                                                                                                                   | 9.57                                  | 10.25                                 |
| Aggregate market value - Quoted                                                                                                              | 8.82                                  | 4.07                                  |

\* Lodged with Sales Tax authorities Rs. 9,000 (2008-09 - Rs. 9,000)

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 7. CURRENT ASSETS, LOANS AND ADVANCES

|                                                                                                                                                         | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| <b>Current Assets</b>                                                                                                                                   |                                       |                                       |
| <b>Inventories</b>                                                                                                                                      |                                       |                                       |
| Stores and spares *                                                                                                                                     | 135.67                                | 88.43                                 |
| Stock-in-trade **                                                                                                                                       |                                       |                                       |
| Raw materials                                                                                                                                           | 79.21                                 | 106.13                                |
| Process stocks                                                                                                                                          | 25.33                                 | 17.18                                 |
| Finished goods                                                                                                                                          | 614.65                                | 595.85                                |
| Securities                                                                                                                                              | 0.01                                  | 0.01                                  |
|                                                                                                                                                         | 854.87                                | 807.60                                |
| <b>Sundry debtors</b>                                                                                                                                   |                                       |                                       |
| Debts over six months                                                                                                                                   |                                       |                                       |
| Secured - considered good                                                                                                                               | 0.01                                  | 0.11                                  |
| Unsecured - considered good                                                                                                                             | 50.28                                 | 94.43                                 |
| - considered doubtful                                                                                                                                   | 7.91                                  | 9.13                                  |
| Other debts                                                                                                                                             |                                       |                                       |
| Secured - considered good                                                                                                                               | 1.48                                  | 18.51                                 |
| Unsecured - considered good                                                                                                                             | 206.04                                | 296.37                                |
|                                                                                                                                                         | 265.72                                | 418.55                                |
| Less: Provision for doubtful debts                                                                                                                      | 7.91                                  | 9.13                                  |
|                                                                                                                                                         | 257.81                                | 409.42                                |
| <b>Cash and bank balances</b>                                                                                                                           |                                       |                                       |
| Cash on hand                                                                                                                                            | 1.56                                  | 1.15                                  |
| Cheques in hand                                                                                                                                         | 5.70                                  | 2.13                                  |
| With banks on                                                                                                                                           |                                       |                                       |
| Current account                                                                                                                                         | 40.94                                 | 31.68                                 |
| Deposit account #                                                                                                                                       | 8.68                                  | 18.70                                 |
|                                                                                                                                                         | 56.88                                 | 53.66                                 |
| <b>Loans and Advances</b>                                                                                                                               |                                       |                                       |
| Advances recoverable in cash or in kind or for value to be received                                                                                     |                                       |                                       |
| Unsecured - considered good                                                                                                                             | 160.06                                | 157.46                                |
| - considered doubtful                                                                                                                                   | 2.74                                  | 1.43                                  |
| Less: Provision for doubtful advances                                                                                                                   | 2.74                                  | 1.43                                  |
|                                                                                                                                                         | 160.06                                | 157.46                                |
| Deposits                                                                                                                                                | 22.91                                 | 22.08                                 |
| With customs, excise and port trust authorities                                                                                                         | 23.91                                 | 53.95                                 |
| Tax payments (net of provision for current tax and fringe benefit tax)@                                                                                 | 46.20                                 | 49.10                                 |
| MAT Credit entitlement                                                                                                                                  | 27.55                                 | 8.54                                  |
| Interest accrued on investments, deposits etc.                                                                                                          | 7.92                                  | 3.04                                  |
|                                                                                                                                                         | 288.55                                | 294.17                                |
| <b>Other current assets (trade)**</b>                                                                                                                   |                                       |                                       |
| Nil (2008-09 - 16,400) 8.3% Fertiliser companies GOI special bond 2023 of Rs. 10,000 each fully paid-up, 16,400 (2008-09 - 13,600) sold during the year | -                                     | 16.40                                 |
| Nil (2008-09 - 62,400) 7.95% Fertiliser companies GOI special bond 2026 of Rs.10,000 each fully paid-up 62,400 (2008-09 - 60,600) sold during the year  | -                                     | 62.40                                 |
| Nil (2008-09 - 56,000) 7% Fertiliser companies GOI special bond 2022 of Rs.10,000 each fully paid-up 56,000 (2008-09 - Nil) sold during the year        | -                                     | 56.00                                 |
| Nil (2008-09 - 50,470) 6.65% Fertiliser companies GOI special bond 2023 of Rs.10,000 each fully paid-up 50,470 (2008-09 - Nil) sold during the year##   | -                                     | 50.47                                 |
|                                                                                                                                                         | -                                     | 185.27                                |
| Less: Provision for diminution in the value of fertiliser bonds                                                                                         | -                                     | (9.75)                                |
|                                                                                                                                                         | -                                     | 175.52                                |
|                                                                                                                                                         | 1458.11                               | 1740.37                               |

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

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

# -Includes Rs. 0.31 crore (2008-09 Rs. 0.29 crore) provided as margin for bank guarantees and letter of credit

- Includes Rs.10,000 (2008-09 - Rs.10,000) lodged with sales tax authority.

- Includes Rs. 0.10 crore (2008-09 - Nil) lodged with excise authority.

- Rs. 0.07 crore (2008-09 - 0.16 crore) pledged as security against bank guarantee.

@ Rs. Nil (2008-09 Rs. 0.32 crore) MAT credit adjusted during the year

## Refer Note 1(a)(ii) of Schedule 3.

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 8. CURRENT LIABILITIES AND PROVISIONS

|                                                                            | As at<br>March 31, 2010<br>Rs. Crores | As at<br>March 31, 2009<br>Rs. Crores |
|----------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| <b>Current Liabilities</b>                                                 |                                       |                                       |
| Sundry creditors#                                                          |                                       |                                       |
| Total outstanding dues of Micro and small enterprises                      | 0.74                                  | 0.99                                  |
| Total outstanding dues of creditors other than micro and small enterprises | 640.39                                | 518.85                                |
| Ex-gratia payable under voluntary retirement schemes*                      | 1.04                                  | 1.21                                  |
| Interest accrued but not due on loans                                      | 11.87                                 | 12.29                                 |
|                                                                            | <b>654.04</b>                         | <b>533.34</b>                         |
| <b>Provisions</b>                                                          |                                       |                                       |
| Gratuity                                                                   | 53.36                                 | 47.02                                 |
| Compensated absences                                                       | 35.73                                 | 31.09                                 |
| Proposed dividends                                                         | 6.64                                  | 13.27                                 |
| Corporate dividend tax                                                     | 1.10                                  | 2.26                                  |
| Provision for Contingencies                                                | 16.09                                 | 16.09                                 |
|                                                                            | <b>112.92</b>                         | <b>109.73</b>                         |
|                                                                            | <b>766.96</b>                         | <b>643.07</b>                         |

# Sundry creditors do not include any amounts outstanding as on March 31, 2010 which are required to be credited to Investor Education and Protection Fund.

\* Rs. 0.20 crore (2008-2009 - Rs. 0.18 crore) due within a year.

## 9. INCOME FROM SERVICES AND OTHER INCOME

|                                                        | Year ended<br>March 31, 2010<br>Rs. Crores | Year ended<br>March 31, 2009<br>Rs. Crores |
|--------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Income from services*                                  | 3.92                                       | 5.43                                       |
| <b>Other income</b>                                    |                                            |                                            |
| Dividend income (gross) from:                          |                                            |                                            |
| - non trade, long term investments                     | 0.12                                       | 0.09                                       |
| - non trade, current investments                       | 0.30                                       | 2.18                                       |
| Profit on sale of non trade current investments        | 0.01                                       | -                                          |
| Profit on sale of Fertilizer bonds                     | 0.89                                       | 0.06                                       |
| Interest income **                                     | 19.21                                      | 18.76                                      |
| Rent                                                   | 4.27                                       | 4.42                                       |
| Liabilities/provisions no longer required written back | 5.71                                       | 2.39                                       |
| Miscellaneous                                          | 16.91                                      | 23.95                                      |
|                                                        | <b>51.34</b>                               | <b>57.28</b>                               |

\* Income-tax deducted at source Rs. 0.21 crore (2008-09 - Rs. 0.38 crore)

\*\* Income-tax deducted at source Rs. 0.49 crore (2008-09 - Rs. 0.69 crore)

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 10. MANUFACTURING AND OTHER EXPENSES

|                                                                   | Year ended<br>March 31, 2010<br>Rs. Crores | Year ended<br>March 31, 2009<br>Rs. Crores |
|-------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Raw materials consumed                                            | 1,083.65                                   | 1,113.45                                   |
| Agricultural costs                                                | 67.22                                      | 56.98                                      |
| Stores, spares and components                                     | 135.81                                     | 146.21                                     |
| Power, fuel, etc.                                                 | 438.26                                     | 446.15                                     |
| Repairs                                                           |                                            |                                            |
| Buildings                                                         | 4.83                                       | 4.16                                       |
| Plant and machinery                                               | 21.02                                      | 19.09                                      |
| Salaries, wages, bonus, gratuity, commission, etc.                | 259.45                                     | 229.21                                     |
| Provident and other funds                                         | 15.16                                      | 17.60                                      |
| Welfare                                                           | 13.24                                      | 11.74                                      |
| Rent                                                              | 25.10                                      | 19.11                                      |
| Insurance                                                         | 9.91                                       | 8.19                                       |
| Donation                                                          | 0.04                                       | 0.28                                       |
| Rates and taxes                                                   | 1.95                                       | 1.79                                       |
| Auditors' remuneration                                            |                                            |                                            |
| Audit fee                                                         | 0.84                                       | 0.67                                       |
| Tax audit                                                         | 0.09                                       | 0.09                                       |
| Other services                                                    | 0.66                                       | 0.56                                       |
| Out-of-pocket expenses                                            | 0.06                                       | 0.01                                       |
| Directors' fees                                                   | 0.08                                       | 0.09                                       |
| Bad debts and advances written-off                                | 1.72                                       | 1.25                                       |
| Provision for doubtful debts and advances                         | 1.65                                       | 2.97                                       |
| Freight and transport                                             | 49.56                                      | 64.11                                      |
| Commission to selling agents                                      | 3.40                                       | 3.21                                       |
| Brokerage, discounts (other than trade discounts), etc.           | 3.66                                       | 2.37                                       |
| Selling expenses                                                  | 48.56                                      | 42.96                                      |
| Exchange fluctuation                                              | 26.23                                      | 33.34                                      |
| Loss on sale/write off of fixed assets                            | 1.11                                       | 1.22                                       |
| Increase/(decrease) in excise duty of finished goods              | (5.75)                                     | (14.71)                                    |
| Provision for diminution in value of fertiliser bonds             | -                                          | 7.21                                       |
| Miscellaneous expenses                                            | 129.82                                     | 109.73                                     |
|                                                                   | 2,337.33                                   | 2,329.04                                   |
| Less: - Cost of own manufactured goods capitalised                | (0.12)                                     | (1.00)                                     |
|                                                                   | 2,337.21                                   | 2,328.04                                   |
| (Increase)/Decrease in stock of finished goods and process stocks |                                            |                                            |
| Closing stock                                                     | 639.99                                     | 613.04                                     |
| Less : Opening stock                                              | 613.04                                     | 664.71                                     |
| Add: Stock of Subsidiaries on acquisition thereof                 | -                                          | 0.37                                       |
| Less: Stock of Subsidiaries on disposal thereof                   | (0.07)                                     | -                                          |
|                                                                   | 612.97                                     | 665.08                                     |
|                                                                   | (27.02)                                    | 52.04                                      |
|                                                                   | 2,310.19                                   | 2,380.08                                   |

## 11. DEPRECIATION

|                                         | Year ended<br>March 31, 2010<br>Rs. Crores | Year ended<br>March 31, 2009<br>Rs. Crores |
|-----------------------------------------|--------------------------------------------|--------------------------------------------|
| Depreciation                            | 162.99                                     | 148.76                                     |
| Less: Transfer from revaluation reserve | 0.03                                       | 0.03                                       |
|                                         | 162.96                                     | 148.73                                     |

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 12. CURRENT/DEFERRED TAX

|                                     | Year ended<br>March 31, 2010<br>Rs. Crores |       | Year ended<br>March 31, 2009<br>Rs. Crores |         |
|-------------------------------------|--------------------------------------------|-------|--------------------------------------------|---------|
| Current tax                         | 23.77                                      |       | 12.57                                      |         |
| Less :- MAT credit entitlement      | (19.01)                                    | 4.76  | (8.54)                                     | 4.03    |
| Deferred tax                        |                                            | 32.05 |                                            | (3.10)  |
| Fringe Benefit Tax                  |                                            | -     |                                            | 3.98    |
| Adjustments related to earlier year |                                            |       |                                            |         |
| current tax                         | 1.47                                       |       | (2.16)                                     |         |
| deferred tax                        | -                                          | 1.47  | (24.23)                                    | (26.39) |
|                                     |                                            | 38.28 |                                            | (21.48) |

## 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 as modified to include the revaluation of land of one of the subsidiary of the Company. These statements have been prepared in accordance with Accounting Standard 21 – “Consolidated Financial Statements”.

#### (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, 2010 | % voting power held as at March 31, 2009 |
|------------------------------------------------------------------------|--------------------------|------------------------------------------|------------------------------------------|
| <b>Subsidiary companies</b>                                            |                          |                                          |                                          |
| DCM Shriram Credit and Investments Limited (DSCIL)                     | India                    | 100                                      | 100                                      |
| DSCL Energy Services Company Limited (DESL)*                           | India                    | -                                        | 100                                      |
| Bioseed India Limited (BIL)                                            | India                    | 100                                      | 100                                      |
| (Formerly DCM Shriram International Limited)                           |                          |                                          |                                          |
| DCM Shriram Infrastructure Limited (DCMSIL) (100% subsidiary of DSCIL) | India                    | 100                                      | 100                                      |
| DCM Shriram Thermal Energy Limited (100% subsidiary of DSCIL)          | India                    | 100                                      | 100                                      |
| DCM Shriram Energy and Infrastructure Limited (DSEIL)                  | India                    | 100                                      | 100                                      |
| Hariyali Rural Ventures Limited (HRVL)                                 | India                    | 100                                      | 100                                      |
| DCM Shriram Aqua Foods Limited (DSAFL)                                 | India                    | 100                                      | 100                                      |
| Bioseeds Limited (BL)                                                  | Mauritius                | 100                                      | 100                                      |
| Bioseed Vietnam Limited (BVL)                                          | Vietnam                  | 100                                      | 100                                      |
| (100% subsidiary of BL)                                                |                          |                                          |                                          |
| Bioseed Holdings PTE Limited (BHP)                                     | Singapore                | 100                                      | 100                                      |
| (100% subsidiary of BL)                                                |                          |                                          |                                          |
| Bioseed Research Philippines Inc (BRP)                                 | Philippines              | 100                                      | 100                                      |
| (100% subsidiary of BL)                                                |                          |                                          |                                          |
| Bioseed Research India Private Limited (BRI)                           | India                    | 100                                      | 100                                      |
| Shriram Bioseed Genetics India Limited (SBGI)                          | India                    | 100                                      | 100                                      |
| Shriram Bioseed (Thailand) Limited (SBTL)                              | Thailand                 | 99.99                                    | 99.99                                    |
| (99.99% subsidiary of BHP)                                             |                          |                                          |                                          |
| Shriram Bioseed Ventures Limited (SBVL)                                | India                    | 100                                      | 100                                      |
| Shriram Bioseeds Limited (SBL)                                         | Mauritius                | 100                                      | 100                                      |
| (100% subsidiary of SBVL)                                              |                          |                                          |                                          |
| Zeus Investments Limited                                               | Mauritius                | 100                                      | 100                                      |
| (100% subsidiary of SBL)                                               |                          |                                          |                                          |
| DCM Shriram Hydro Energy Limited (100% subsidiary of DSEIL)            | India                    | 100                                      | 100                                      |
| Fenesta India Limited                                                  | India                    | 100                                      | 100                                      |
| (Formerly Fenesta Building Systems Limited)                            |                          |                                          |                                          |
| SBM Yarn Limited                                                       | India                    | 100                                      | 100                                      |
| Hariyali India Limited                                                 | India                    | 100                                      | 100                                      |
| (100% subsidiary of DSCIL)                                             |                          |                                          |                                          |
| Hariyali Insurance Broking Limited                                     | India                    | 100                                      | 100                                      |
| (100% subsidiary of HRVL)                                              |                          |                                          |                                          |
| Shri Ganpati Fertilizers Limited                                       | India                    | 81.41                                    | 81.41                                    |

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

- 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 (other than assets acquired in Shriram Bioseed Genetics India Limited which have been revalued and are stated at revalued figure) 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 asset is reduced from the value of relevant fixed asset.

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 at the time 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.

#### 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

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

- 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) **Agricultural cost**  
Agricultural costs of Shriram Bioseed Genetics India Limited are accounted for as per the on going contracts.
- (xi) **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<br>(Rs. Crores) | Previous Year<br>(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                      | 0.40                          |
| Sales tax matters                                                                                                                                                                                                                                                           | 1.36                      | 1.33                          |
| Excise Matters                                                                                                                                                                                                                                                              | 2.23                      | 2.22                          |
| Additional Premium on Land                                                                                                                                                                                                                                                  | 8.11                      | 8.11                          |
| Others                                                                                                                                                                                                                                                                      | 6.12                      | 7.20                          |
| <b>Total</b>                                                                                                                                                                                                                                                                | <b>18.35</b>              | <b>19.26</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)                                                                                                                                                                                                                                  | 3.85                      | 11.70                         |
| (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                                                                                                                                                                                                                                                 | 0.40                      | 0.46                          |

3. In accordance with past practice, the Company has taken revenue credits aggregating Rs. Nil (2008-09 - Rs. 46.81 crores) 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. Similarly, revenue credits aggregating Rs. Nil (2008-09 - Rs. 17.38 crores) for subsidy claims relating to Di-Ammonium Phosphate, Muriate of Potash and Single Super Phosphate have been taken which are pending notification of final rates of concession/subsidy by the Government of India, Ministry of Chemicals and Fertilisers. Necessary adjustment to revenue credits so accrued will be made on issuance of notification by FICC/ Government of India, Ministry of Chemicals and Fertilisers or final settlement thereof.
- 4 (a) Provision for contingencies aggregating to Rs. 12.09 crores (2008-09 - 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.
5. Sundry debtors of Shriram Bioseed Genetics India Limited (SBGI) include Rs. 1.16 crores (2008-09 - Rs. 1.16 crores) in respect of a debtor against whom legal action for recovery has been initiated. In the opinion of the management of SBGI, this outstanding is considered fully recoverable and therefore, has not been provided for.

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

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

### 6. 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), Agri inputs (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    |               | Agri Inputs   |               | 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)                         | 476.10        | 795.44        | 400.78        | 369.63        | 759.00         | 642.89         | 616.52                 | 406.97         | 785.41        | 876.53         | 146.11        | 146.44        | 117.04        | 155.48        | 329.03        | 287.97        |               |               | 3629.99        | 3681.35        |
| Other Operating Income                         | 3.36          | 2.10          | 0.02          | 0.61          | 3.53           | 5.74           | 5.39                   | 7.59           | 3.94          | 7.72           | 3.14          | 0.63          | 1.73          | 1.96          | 2.64          | 1.54          |               |               | 23.75          | 27.89          |
| Income from Services                           |               |               |               |               |                |                |                        |                |               |                |               |               |               |               | 3.92          | 5.43          |               |               | 3.92           | 5.43           |
| Inter segment sales                            | -             | -             | 5.95          | 8.22          | 3.17           | -              | 8.11                   | 4.57           | 17.22         | 54.78          | -             | -             | 83.73         | -             | 13.68         | 0.07          | 131.86        | 67.64         |                |                |
| <b>Total revenue</b>                           | <b>479.46</b> | <b>797.54</b> | <b>406.75</b> | <b>378.46</b> | <b>765.70</b>  | <b>648.63</b>  | <b>630.02</b>          | <b>419.13</b>  | <b>806.57</b> | <b>939.03</b>  | <b>149.25</b> | <b>147.07</b> | <b>202.50</b> | <b>157.44</b> | <b>349.27</b> | <b>295.01</b> | <b>131.86</b> | <b>67.64</b>  | <b>3657.66</b> | <b>3714.67</b> |
| <b>2. RESULTS</b>                              |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               |                |                |
| Segment results                                | 44.63         | 25.82         | 20.43         | 22.88         | 42.49          | 87.86          | (81.17)                | (64.59)        | 174.72        | 197.50         | 37.22         | 25.47         | 28.40         | 29.53         | (4.82)        | (3.33)        |               |               | 261.90         | 321.14         |
| Unallocated expenses (net of income)           |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               | 57.29          | 69.58          |
| <b>Operating profit</b>                        | <b>44.63</b>  | <b>25.82</b>  | <b>20.43</b>  | <b>22.88</b>  | <b>42.49</b>   | <b>87.86</b>   | <b>(81.17)</b>         | <b>(64.59)</b> | <b>174.72</b> | <b>197.50</b>  | <b>37.22</b>  | <b>25.47</b>  | <b>28.40</b>  | <b>29.53</b>  | <b>(4.82)</b> | <b>(3.33)</b> |               |               | <b>204.61</b>  | <b>251.56</b>  |
| Interest expense                               |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               | 88.56          | 150.43         |
| <b>Profit before tax and exceptional items</b> |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               | <b>116.05</b>  | <b>101.13</b>  |
| Income from sale of subsidiary                 |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               | 6.48           | -              |
| <b>Profit before tax</b>                       |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               | <b>122.53</b>  | <b>101.13</b>  |
| Provision for taxation                         |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               | 38.28          | (21.48)        |
| <b>Net profit</b>                              |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               | <b>84.25</b>   | <b>122.61</b>  |
| <b>3. OTHER INFORMATION</b>                    |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               |                |                |
| <b>A. ASSETS</b>                               |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               |                |                |
| Segment assets                                 | 163.34        | 281.46        | 121.00        | 112.34        | 1222.56        | 1276.54        | 451.18                 | 443.35         | 933.42        | 1009.25        | 44.85         | 35.49         | 207.70        | 174.94        | 375.50        | 387.47        |               |               | 3519.55        | 3720.84        |
| Unallocated assets                             |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               | 134.69         | 321.81         |
| <b>Total assets</b>                            | <b>163.34</b> | <b>281.46</b> | <b>121.00</b> | <b>112.34</b> | <b>1222.56</b> | <b>1276.54</b> | <b>451.18</b>          | <b>443.35</b>  | <b>933.42</b> | <b>1009.25</b> | <b>44.85</b>  | <b>35.49</b>  | <b>207.70</b> | <b>174.94</b> | <b>375.50</b> | <b>387.47</b> |               |               | <b>3654.24</b> | <b>4042.65</b> |
| <b>B. LIABILITIES</b>                          |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               |                |                |
| Segment liabilities                            | 82.10         | 77.69         | 96.06         | 68.02         | 88.09          | 69.52          | 41.18                  | 39.81          | 184.84        | 196.23         | 13.21         | 13.84         | 100.50        | 81.13         | 57.24         | 34.75         |               |               | 663.22         | 580.99         |
| Share capital and reserves                     |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               | 1329.61        | 1268.53        |
| Secured and unsecured loans                    |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               | 1381.34        | 1987.14        |
| Unallocated liabilities                        |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               | 280.07         | 205.99         |
| <b>Total liabilities</b>                       | <b>82.10</b>  | <b>77.69</b>  | <b>96.06</b>  | <b>68.02</b>  | <b>88.09</b>   | <b>69.52</b>   | <b>41.18</b>           | <b>39.81</b>   | <b>184.84</b> | <b>196.23</b>  | <b>13.21</b>  | <b>13.84</b>  | <b>100.50</b> | <b>81.13</b>  | <b>57.24</b>  | <b>34.75</b>  |               |               | <b>3654.24</b> | <b>4042.65</b> |
| <b>C. OTHERS</b>                               |               |               |               |               |                |                |                        |                |               |                |               |               |               |               |               |               |               |               |                |                |
| Capital expenditure                            | 13.75         | 5.39          |               | -             | 2.52           | 64.53          | 7.68                   | 113.95         | 18.52         | 99.00          | 3.01          | 1.95          | 6.24          | 7.54          | 10.29         | 75.25         |               |               |                |                |
| Depreciation                                   | 12.53         | 12.24         | 0.03          | 0.04          | 45.76          | 43.28          | 15.26                  | 11.55          | 69.22         | 63.92          | 2.09          | 1.97          | 2.09          | 1.66          | 13.89         | 12.03         |               |               |                |                |
| Non cash expenses other than depreciation      | -             | 0.02          | -             | 1.43          | 1.00           | 0.55           | -                      | -              | -             | 0.27           | -             | -             | 1.69          | 1.62          | 1.48          | 0.32          |               |               |                |                |

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

7. 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 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 the Company.
  - assets to be purchased by the Company or the nominee appointed by the Company 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         | 0.26      | 0.47          | 0.12                    | 0.20          | 0.14                                              | 0.27          |
| Less: Future finance charges                                      | 0.05      | 0.08          | 0.02                    | 0.03          | 0.03                                              | 0.05          |
| Present value of minimum lease payments at the balance sheet date | 0.21      | 0.39          | 0.10                    | 0.17          | 0.11                                              | 0.22          |

- (iii) General description of the operating 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

Rs. Crores

|                                                                      | This Year | Previous Year |
|----------------------------------------------------------------------|-----------|---------------|
| Total of minimum lease payments                                      | 5.24      | 13.19         |
| The total of minimum lease payments for a period:-                   |           |               |
| - Not later than one year                                            | 4.02      | 7.97          |
| - Later than one year and not later than five years                  | 1.21      | 5.07          |
| - Later than five years                                              | 0.01      | 0.15          |
| (c) Lease payment recognised in profit and loss account for the year | 25.10     | 19.11         |

## 8. Earnings per share

|                                                                              | This Year   | Previous Year |
|------------------------------------------------------------------------------|-------------|---------------|
| Net profit for the year as per profit and loss account (Rs. Crores)          | 84.25       | 122.61        |
| Exceptional item (Rs. Crores)                                                | 6.48        | -             |
| Net Profit after tax but before exceptional items (Rs. Crores)               | 77.77       | 122.61        |
| 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                                                    | 4.69        | 7.39          |
| - After exceptional item                                                     | 5.08        | 7.39          |

## 9. 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), 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<br>Rs. Crores                            | Previous Year<br>Rs. Crores |
| Hire of premises - rent paid                 | 2.84                                               | 2.43                        |
| Security deposit given                       | 0.33                                               | -                           |
| Security deposit received back               | 0.13                                               | 0.02                        |
| Fixed deposit received                       | 0.02                                               | 0.02                        |
| Managerial remuneration including commission | 7.38                                               | 6.77                        |
| Remuneration paid                            | 0.30                                               | 0.05                        |
| Balance outstanding as at the year end       |                                                    |                             |
| - Security deposits for premises hired       | 8.95                                               | 8.75                        |
| - Fixed deposits                             | 0.11                                               | 0.09                        |
| - Commission payable                         | 2.28                                               | 2.07                        |

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

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

10. 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 |
|---------------------------------------------------|-------------|---------------|
| Raw materials consumed                            | -           | 0.06          |
| Stores, spares and components                     | -           | 0.01          |
| Repairs to Plant and machinery                    | -           | -             |
| Salaries, wages, bonus, gratuity, commission etc. | 0.30        | 1.72          |
| Provident and other funds                         | 0.02        | 0.07          |
| Welfare                                           | 0.02        | 0.03          |
| Rent                                              | 0.01        | -             |
| Insurance                                         | -           | 0.08          |
| Freight and transport                             | 0.02        | 0.08          |
| Exchange fluctuation                              | 0.31        | (4.53)        |
| Miscellaneous expenses                            | 0.85        | 3.08          |
| Interest                                          | -           | 12.19         |
| Depreciation                                      | 0.03        | 0.03          |
|                                                   | 1.56        | 12.82         |
| Add: Brought forward from the previous year       | 4.54        | 21.80         |
| Less: Capitalised during the year                 | 3.07        | 30.08         |
| <b>Transferred to capital work-in-progress</b>    | <b>3.03</b> | <b>4.54</b>   |

11. Amount of borrowing costs capitalised to fixed assets during the year Rs. Nil (2008-09 - Rs. 12.19 crores).

12. Research and development expenses included under relevant heads in the profit and loss account Rs.16.11 crores (2008-09 - Rs. 12.16 crores)

13. 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 | 10              | 3             | Hedging                                                         | Hedging                                                         | USD 8.47                               | USD 1.70      | 336.90               | 86.16         |
| Currency swap                | 2               | 2             | Hedging                                                         | Hedging                                                         | USD 0.79                               | USD 1.00      | 35.94                | 50.68         |
| Currency swap                | 3               | 3             | Hedging                                                         | Hedging                                                         | JPY 213.50                             | JPY 251.25    | 103.27               | 128.17        |
| 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      | 22.46                | 25.34         |
| Options                      | 1               | 1             | Hedging                                                         | Hedging                                                         | JPY 45.69                              | JPY 58.75     | 22.10                | 29.97         |
| Commodity Futures            | 11              | 9             | Hedging                                                         | Hedging                                                         | -                                      | -             | 21.84                | 10.86         |
| Commodity Futures            | 6               | -             | Sale/Purchase                                                   | Sale/Purchase                                                   | -                                      | -             | 2.72                 | 2.26          |

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 0.12<br>JPY 45.69                  | 5.55<br>22.11          | -<br>-                                           | -<br>-                       |
| Current liabilities | USD 1.04<br>JPY 0.02                   | 46.49<br>0.01          | USD 0.07<br>JPY 0.05                             | 3.42<br>0.03                 |
| Current Assets      | USD 0.01<br>-<br>EURO 0.14<br>-        | 0.57<br>-<br>8.29<br>- | USD 0.01<br>GBP 0.00037<br>EURO 0.15<br>JPY 0.04 | 0.54<br>0.03<br>9.77<br>0.02 |

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

14. In an earlier year, pursuant to an Umbrella agreement dated January 30, 2006 entered into between the Company (DSCL) and M/s Shri Ganpati 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 the previous year, 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.

15. 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.

### 16. 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                         | 12.64      | 10.75         |
| - Employers' contribution to superannuation fund                    | 2.27       | 6.50          |
| - Employers' contribution to employees' state insurance corporation | 0.22       | 0.26          |

#### ii) Defined benefit plans

- Gratuity
- 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 (Funded) |               |                     |               | Compensated absences    |               |             |               |
|                                                    | Gratuity (Funded) |               | Gratuity (Unfunded) |               | Earned leave (Unfunded) |               | Sick leave  |               |
|                                                    | This year         | Previous year | This year           | Previous year | This year               | Previous year | This year   | Previous year |
| Discount rate (per annum)                          | 8%                | 8%            | 8%                  | 8%            | 8%                      | 8%            | 8%          | 8%            |
| Future salary increase                             | 4%                | 4%            | 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   | 58/60 years | 58/60 years   |
| Withdrawal rates:                                  |                   |               |                     |               |                         |               |             |               |
| - upto 30 years                                    | 5%                | 5%            | 3%                  | 3%            | 3%                      | 3%            | 3%          | 3%            |
| - upto 44 years                                    | 5%                | 5%            | 2%                  | 2%            | 2%                      | 2%            | 2%          | 2%            |
| - above 44 years                                   | 5%                | 5%            | 1%                  | 1%            | 1%                      | 1%            | 1%          | 1%            |
| I. Expense recognised in profit and loss account   |                   |               |                     |               |                         |               |             |               |
| Current service cost                               | 0.09              | 0.07          | 3.22                | 3.02          | 2.73                    | 2.28          | 1.12        | 1.01          |
| Interest cost                                      | 0.04              | 0.03          | 3.89                | 3.42          | 1.58                    | 1.36          | 1.07        | 0.97          |
| Expected return on plan assets                     | (0.05)            | (0.03)        | -                   | -             | -                       | -             | -           | -             |
| Net actuarial( gain) / loss recognised in the year | 0.09              | 0.07          | 2.17                | 2.07          | 1.33                    | 0.83          | (0.61)      | (0.57)        |
| Total expense                                      | 0.17              | 0.14          | 9.28                | 8.51          | 5.64                    | 4.47          | 1.58        | 1.41          |

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

| Rs. Crores                                                                            |                   |               |                     |               |                         |               |            |               |
|---------------------------------------------------------------------------------------|-------------------|---------------|---------------------|---------------|-------------------------|---------------|------------|---------------|
|                                                                                       | Gratuity (Funded) |               | Gratuity (Unfunded) |               | Compensated absences    |               |            |               |
|                                                                                       | This year         | Previous year | This year           | Previous year | Earned leave (Unfunded) |               | Sick leave |               |
|                                                                                       | This year         | Previous year | 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, 2010</b> |                   |               |                     |               |                         |               |            |               |
| Present value of Defined benefit obligation                                           | 0.63              | 0.47          | 53.28               | 46.95         | 21.61                   | 18.41         | 14.12      | 12.68         |
| Fair value of plan assets                                                             | 0.55              | 0.40          | -                   | -             | -                       | -             | -          | -             |
| Funded status [surplus/(deficit)]                                                     | (0.08)            | (0.07)        | (53.28)             | (46.95)       | (21.61)                 | (18.41)       | (14.12)    | (12.68)       |
| Net asset/(liability) as at March 31, 2010                                            | (0.08)            | (0.07)        | (53.28)             | (46.95)       | (21.61)                 | (18.41)       | (14.12)    | (12.68)       |
| <b>III. Change in the present value of obligation during the year</b>                 |                   |               |                     |               |                         |               |            |               |
| Present value of obligation as at the beginning of the year                           | 0.45              | 0.34          | 46.70               | 40.77         | 18.17                   | 15.55         | 12.54      | 11.27         |
| Interest cost                                                                         | 0.05              | 0.03          | 3.89                | 3.42          | 1.58                    | 1.36          | 1.07       | 0.97          |
| Current service cost                                                                  | 0.09              | 0.07          | 3.22                | 3.02          | 2.73                    | 2.28          | 1.12       | 1.01          |
| Benefits paid                                                                         | (0.03)            | (0.04)        | (2.70)              | (2.33)        | (2.20)                  | (1.61)        | -          | -             |
| Actuarial (gains)/losses on obligation                                                | 0.09              | 0.07          | 2.17                | 2.07          | 1.33                    | 0.83          | (0.61)     | (0.57)        |
| Present value of obligation as at the end of the year                                 | 0.65              | 0.47          | 53.28               | 46.95         | 21.61                   | 18.41         | 14.12      | 12.68         |
| <b>IV. Change in fair value of assets during the year</b>                             |                   |               |                     |               |                         |               |            |               |
| Fair value of plan assets at the beginning of the year                                | 0.39              | 0.28          | -                   | -             | -                       | -             | -          | -             |
| Expected return on plan assets                                                        | 0.05              | 0.03          | -                   | -             | -                       | -             | -          | -             |
| Contributions by employer                                                             | 0.14              | 0.12          | -                   | -             | -                       | -             | -          | -             |
| Actual benefits paid                                                                  | 0.03              | 0.04          | -                   | -             | -                       | -             | -          | -             |
| Fair value of plan assets at the end of the year                                      | 0.55              | 0.39          | -                   | -             | -                       | -             | -          | -             |
| Actual return on plan assets                                                          | 0.05              | 0.03          | -                   | -             | -                       | -             | -          | -             |
| <b>V. The major categories of plan assets as a percentage of total plan</b>           |                   |               |                     |               |                         |               |            |               |
| Funded with LIC                                                                       | 100%              | 100%          | -                   | -             | -                       | -             | -          | -             |

\* LIC (1994-96) duly modified

17. During the year, the Company had sold the shares of its wholly owned subsidiary company, DSCL Energy Services Company Ltd. The net assets of the subsidiary was as on date of sale Rs. 2.33 crores (2008-09 – Rs. 3.80 crores) and the results for the period was Rs. 0.36 crores (2008-09 – Rs. 1.06 crores).

18. '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.

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

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



