

ANNUAL REPORT 2012-13



DCM SHRIRAM CONSOLIDATED LIMITED

# Contents

|        |   |
|--------|---|
| Page 1 | Corporate Information                     |
| 2      | Chairman’s and Vice Chairman’s Statement  |
| 4      | Our Businesses                            |
| 5      | Financial Highlights                      |
| 6      | Core Values                               |
| 7      | Brief Profile of Directors of the Company |
| 8      | Senior Executive Team                     |
| 9      | Management Discussion and Analysis        |
| 23     | Corporate Social Responsibility           |
| 24     | Directors’ Report                         |
| 31     | Corporate Governance Report               |
| 37     | Financial Statements                      |
| 97     | Notice                                    |

## Corporate Information

### Registered Office

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

### Bankers

Punjab National Bank  
State Bank of India  
Bank of Baroda  
Oriental Bank of Commerce  
HDFC Bank Limited  
Standard Chartered Bank  
ING Vysya Bank Limited  
DBS Bank Limited

### Statutory Auditors

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

### Cost Auditors

M/s. Bahadur Murao & Company,  
New Delhi  
M/s. J.P. Sarda & Associates,  
Kota (Raj.)

### Board of Directors

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

### Company Secretary

Shri B.L. Sachdeva

### Audit Committee

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

### 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.

*(It is confirmed that annual listing fee for the financial year 2012-13 has been paid by the Company to the above Stock Exchanges)*

#### BSE Ltd.

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400 001.

# 02

## From the Chairman and Vice Chairman's desk



Dear Friends,

We are happy to report satisfactory progress during the year in strengthening the operating and financial performance of the company. This has resulted in substantial improvements in all financial parameters over the last 3 years (FY11 to FY13).

1. Net Sales going up by 33% to Rs. 5517 Crores.
2. EBITDA going up by 56% to Rs. 574 Crores.
3. PAT going up by 141% to Rs. 203 Crores.
4. Net Loans have come down from Rs.1943 Crores in March, 09 to Rs.1386 Crores on March, 13.

The improved performance is driven by very strong focus on costs and turning around the non-performing/underperforming businesses over the last 3 years including:

1. ~120% growth in Turnover of Bioseed business and over 120% growth in Shriram Farm Solutions business (Excluding DAP/MOP) with corresponding growth in profits.
2. Increase in capacity utilization in Sugar business leading to ~ 83% growth in its revenues.
3. Increase in capacity utilizations in Chloro-Vinyl businesses with turnover up by 50% and PBIT margins also up from 22.7% to 29.6%.
4. Rationalization and Restructuring of Hariyali business leading to almost breakeven position in Q4 FY13.

The positive movement in prices of some of our products particularly in FY13 also helped in better financial results.

FY14 has started with some concerns with Sugar turning into negative margins due to substantial increase in Cane prices by Government of Uttar Pradesh at a time when Sugar prices have declined. The prices of Chloro-Vinyl products have also softened over last few months. The fertilizer business is under pressure due to non-revision in Urea retention prices since last 6-7 years.

Given this scenario, your company is further strengthening its efforts towards cost rationalization and improving operating performance. This would include.

1. Increasing Cane crush and Sugar recovery in the Sugar business.
2. Improving Raw material/Power efficiency and costs in Chloro-Vinyl businesses.
3. Growing Bioseed and Shriram Farm Solutions business at ~30% p.a. over medium term.
4. Completing the rationalization/restructuring plan for Hariyali business to eliminate losses and encash the surplus capital employed.
5. Taking Fenesta business to faster growth and positive profits situation in next 2 years.

Simultaneously, the Sugar industry and Fertilizer industry is perusing with the Government for more rational policy framework to make the industry healthy and Viable.

We are confident that given the plans under implementation your company will continue to achieve satisfactory financial performance going forward.

Further, we continue to invest in our people to keep them engaged and motivated. We continue to take steps to strengthen their competency levels that will help meet challenges in this economic scenario.

The Company has always believed in doing business which will ensure accountability, transparency in all its activities, hence has always been focused on maintaining the highest standards of Corporate Governance. We will continue to strengthen these standards by adopting the best practices.

The Company has always focused on being Corporate Citizen which includes carrying out business activities with social conscience and making substantial difference to communities and society in which we operate in.

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*

# 03

## Our Businesses

### 1. Chloro-Vinyl Businesses:

- 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 business covering manufacture of PVC resins and Calcium Carbide with captive production of Acetylene, Chlorine and Coal based power located at Kota.
- iii. **PVC Compounds** of which the Company is one of the largest manufacturer in the organised sector and is backed by an innovative Polymer Application Development Centre (iPAC) at Gurgaon, India.

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

### 2. Agri-Input Businesses:

- i. **Fertilizer:** 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. **Shriram Farm Solutions:** This business provides complete basket of Agri-inputs to the farmer community by offering a range of Fertilizers, Micro-nutrients, Hybrid seeds, Pesticides and other Value added products etc. through its wide distribution network along with high quality agronomy services aimed at increasing farmer productivity.
- iii. **Bioseed :** Bioseed business is present across the entire value chain, i.e. Research, Production, Processing, Extension activities and Marketing with established significant presence in India, Philippines and Vietnam. The Company is present in both Field and Vegetable Crops in India. In Philippines and Vietnam the business is present in Corn and is test marketing Rice. The Company has also started test marketing of Corn in Thailand and Indonesia.

3. **Sugar:** Sugar business comprises of 4 facilities with a combined capacity of 33,000 TCD in Central U.P. and Co-gen power capacity of 94.5 MW.

4. **Hariyali Kisaan Bazaar:** The Company has reoriented its business model and has discontinued loss making activities and is now focusing only on profitable activities, i.e. fuel.

5. **Cement business,** located at Kota is of 0.4 Million tone of manufacturing capacity and is based on waste generated from the Calcium Carbide production process.

6. **Fenesta Building Systems** manufactures UPVC windows (Un-Plasticized PVC) and door systems under the brand "Fenesta". The business offers complete solutions starting from Design, Fabrication to Installation at the customer's site.

### 7. Other Businesses:

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

# 04

## Financial Highlights

(Rs. Crores)

| Financial Highlights                    |        |        |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   |
| Net Sales                               |        |        |        |        |        |        |        |        |        |        |
| - Own Products                          | 1175.3 | 1375.7 | 1735.1 | 1945.8 | 2211.0 | 2711.3 | 2487.8 | 2419.5 | 3085.2 | 3715.4 |
| - Traded                                | 288.2  | 493.2  | 656.8  | 821.5  | 363.0  | 789.5  | 1031.4 | 1715.0 | 1921.0 | 1801.5 |
| - Total                                 | 1463.4 | 1868.9 | 2391.9 | 2767.4 | 2573.9 | 3500.8 | 3519.1 | 4134.5 | 5006.2 | 5516.9 |
| PBDIT <sup>#</sup>                      | 201.3  | 235.3  | 295.1  | 239.6  | 218.0  | 400.3  | 367.6  | 231.9  | 364.8  | 574.1  |
| Interest                                | 42.1   | 34.7   | 49.4   | 79.1   | 87.6   | 150.4  | 88.6   | 103.9  | 160.3  | 154.8  |
| PBDT                                    | 159.2  | 200.6  | 245.7  | 160.5  | 130.4  | 249.9  | 279.0  | 128.0  | 204.5  | 419.2  |
| Depreciation & Misc. exp. w/off         | 55.2   | 57.3   | 73.2   | 93.4   | 123.7  | 148.7  | 163.0  | 160.0  | 156.9  | 146.8  |
| PBT                                     | 104.0  | 114.8  | 172.5  | 67.1   | 6.7    | 101.1  | 116.1  | -32.0  | 47.6   | 272.5  |
| Exceptional Items                       |        |        |        |        | 779.6  |        | 6.5    |        | -38.1  | -53.6  |
| Profit After Tax <sup>*</sup>           | 75.6   | 107.7  | 121.0  | 43.4   | -1.3   | 122.6  | 84.3   | -14.3  | 11.9   | 202.9  |
| Cash Profit <sup>**</sup>               | 150.9  | 162.8  | 226.6  | 160.2  | 126.6  | 241.9  | 267.8  | 125.5  | 202.9  | 406.3  |
| Share Capital - Equity                  | 16.7   | 16.7   | 33.3   | 33.3   | 33.3   | 33.3   | 33.3   | 33.3   | 33.3   | 33.3   |
| Net Worth                               | 345.0  | 458.1  | 543.3  | 571.8  | 1149.3 | 1268.5 | 1329.6 | 1306.4 | 1315.2 | 1495.4 |
| Deferred Tax liability                  | 109.5  | 95.4   | 146.7  | 170.1  | 171.2  | 143.9  | 176.3  | 156.1  | 152.1  | 155.1  |
| Net Long term loans                     | 344.7  | 504.7  | 740.2  | 789.5  | 963.1  | 1190.3 | 1090.0 | 937.8  | 848.6  | 775.2  |
| Net Short term loans                    | 121.5  | 201.1  | 344.9  | 757.7  | 792.5  | 752.7  | 370.9  | 697.5  | 672.7  | 610.7  |
| Total Assets                            |        | 1676.7 | 2369.4 | 3191.1 | 3634.3 | 4042.7 | 3654.2 | 3885.9 | 4628.6 | 4751.2 |
| Earnings per share (Rs.) <sup>***</sup> | 4.4    | 6.3    | 7.1    | 2.6    | -0.1   | 7.4    | 5.1    | -0.9   | 2.6    | 15.3   |
| Dividend per share (Rs.) <sup>***</sup> | 1.2    | 1.6    | 0.9    | 0.8    | 3.3    | 0.8    | 0.8    | 0.4    | 0.4    | 1.6    |

| Ratios                   |      |      |      |      |      |      |      |      |      |      |
|--------------------------|------|------|------|------|------|------|------|------|------|------|
|                          | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Return on Net Worth      | 24.5 | 26.8 | 24.2 | 7.8  | -    | 10.1 | 6.5  | -    | 0.9  | 14.4 |
| Operating Margin         | 13.8 | 12.6 | 12.3 | 8.7  | 8.5  | 11.4 | 10.4 | 5.6  | 7.3  | 10.4 |
| PAT to Net Sales %       | 5.2  | 5.8  | 5.1  | 1.6  | -    | 3.5  | 2.4  | -    | 0.2  | 3.7  |
| Long term Debt/PBDIT     | 1.7  | 2.1  | 2.5  | 3.3  | 4.4  | 3.0  | 3.0  | 4.0  | 2.3  | 1.4  |
| Long term Debt/Net Worth | 1.0  | 1.1  | 1.4  | 1.4  | 0.8  | 0.9  | 0.8  | 0.7  | 0.6  | 0.5  |
| Total Debt/Net Worth     | 1.4  | 1.5  | 2.0  | 2.7  | 1.5  | 1.5  | 1.1  | 1.3  | 1.2  | 0.9  |

- Figures are based on consolidated financials.
- \*Profit for the year 2008 is before exceptional items.
- \*\* Cash Profits are before exceptional items.
- \*\*\*On face value of Rs. 2 per share Post Bonus and Split of shares in 2006
- # PBDIT From FY 2011 is as per Revised Schedule VI under Companies Act, 1956

# 05

## 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



## Brief Profile of the Directors of the Company

**Shri Ajay S. Shriram**, Chairman & Senior Managing Director (DIN No. 00027137), 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 (DIN No. 00027187), is a Director of the Company since 22.5.1990. He graduated in Commerce with Honours from St. Xavier's College, Kolkata and is a Member of The Institute of Chartered Accountants of India. He is a Member of the Shareholders/Investors' Grievance Committee of the Company.

**Shri Rajiv Sinha**, Joint Managing Director (DIN No. 00027302), is a Director of the Company since 1.11.1998. He joined the Company in 1972 as a Management Trainee after graduating from IIT, Kanpur in Mechanical Engineering. Later, he attended the Executive Development Programme at the Stanford University, U.S.A.

**Shri Ajit S. Shriram**, Deputy Managing Director (DIN No. 00027918), 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. He is a Vice President of Indian Sugar Mills Association.

**Dr. N.J. Singh**, Whole Time Director (EHS) (DIN No. 01893202), is a Director of the Company since 20.11.2007. He joined the Company in 1983 as Pollution Control Engineer. He holds M.Sc., Ph.D. Degrees and had worked as Chief Executive, Shriram Environment & Allied Service and General Manager (Safety and Environment) with the Company at Kota.

**Dr. S.S. Bajjal** is a Non-Executive Director (DIN No. 00027961) 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 (DIN No. 00694766) 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 (DIN No. 00027995) 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 (DIN No. 00001318) of the Company since 13.5.2003. He graduated in Commerce from Sydenham College, University of Mumbai and is a Member of The Institute of Chartered Accountants of India. He is currently serving as Managing Director & CEO of Indostar Capital Finance Pvt. Ltd.

**Shri Sunil Kant Munjal** is a Non-Executive Director (DIN No. 00003902) of the Company since 13.5.2003. After his graduation, he underwent training in the field of Mechanical Engineering. Presently, he is Joint Managing Director of Hero MotoCorp Limited besides the Chairman of Hero Corporate Service Ltd., Hero Management Service Ltd. and Shivam Autotech Ltd. He has been the President of Confederation of Indian Industry (CII). He has made significant contributions to some of the National level Economic reforms in India in the capacity of Chairman or as a Member of different Committees or expert groups.

**Shri D. Sengupta** is a Non-Executive Director (DIN No. 00043289) of the Company since 11.8.2003. He retired as Chairman of General Insurance Corporation of India in June, 2002. He is a Bachelor of Science in Physics and holds Post Graduate Diploma in Marketing from FMS, Delhi University. He is a Member of the Board Audit Committee of the Company.

**Shri Rajesh Kandwal**, a nominee of Life Insurance Corporation of India (LIC), is a Non-Executive Director (DIN No. 02509203) of the Company since 3.1.2011. He is a Post Graduate in Science from Delhi University. He joined LIC in September 1981 and has worked in various branches since then.

# 07

## Senior Executive Team

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

Shri Ajay S. Shriram  
Chairman & Senior Managing Director

Shri Vikram S. Shriram  
Vice Chairman & Managing Director

Shri Rajiv Sinha  
Joint Managing Director

Shri Ajit S. Shriram  
Deputy Managing Director

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

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

Shri S. Radhakrishna  
Senior Executive Director – Sugar Business

Shri A.K. Awasthi  
Chief Executive – Hydro Business

Shri Sovan Chakrabarty  
Executive Director – Shriram Farm Solutions

Shri Rajesh Gupta  
President & Business Head – “Hariyali”

Shri J.K. Jain  
President & CFO

Shri Anil Kumar  
President & Business Head - Chemicals

Shri Alexander W. Murphy  
President & Business Head – Fenesta™ Building Systems

Dr. Sharad Sharma  
President – Shriram Bioseed Genetics

Dr. Paresh Verma  
Research Director – Bioseed Research India

Shri Rajat Mukerjee  
Senior Vice President and Business Head – Cement

Shri Sushil Baveja  
Head – Corporate HR

Shri Rajiv Arora  
Vice President & Business Head – Shriram PolyTech

Shri B.L. Sachdeva  
Company Secretary

### **Subsidiaries**

Shri J.V. Ratnam  
Country Head – Bioseed Vietnam Ltd.

Shri Rajeev V. Nayak  
Country Head – Bioseed Research Philippines Inc.

Shri Joseph Abraham Anand  
Country Head – PT. Shriram Seed, Indonesia

## Performance Review

The company delivered healthy performance during the year with EBITDA of over Rs. 570 Crores and Net Profit of over Rs. 200 Crores. This improved performance was driven by higher earnings in Chloro-Vinyl business driven by cost savings and better product prices, higher earnings in the Sugar business (primarily due to better margins on last year's stock) along with lower losses from the Hariyali business. The Company's interest cost was also lower by about 3% due to lower Net debt.

Some of the challenges that the company faced during the year were increase in Sugar Cane prices, i.e. SAP (State Advised Price) by Uttar Pradesh Government by 17% at a time when Sugar prices went down, adverse weather conditions in some of the regions which affected our Bioseed and Shriram Farm Solutions businesses and continued increase in uncompensated costs in the Fertilizer business due to non-finalization of the New Urea pricing policy which is now delayed by over 3 years.

- Net Revenues were higher by 10% at Rs.5,539 crores as compared to Rs.5,039 crores in the previous year. Net Revenues (excluding Hariyali Business) grew by 20%. The growth in revenues were driven by growth in Sugar (up by 48%), Shriram Farm Solutions (up by 20%) and Chloro-Vinyl (up by 15%) businesses.
  - a. **Sugar:** Revenues were higher by 48% at Rs.1,346 crores due to higher sales of free sugar (up by 34%) at better realizations (up by 15%), in the first half of the year.
  - b. **Shriram Farm Solutions:** Revenues for FY 13 were higher by 20% at Rs.1,302 crores. The Value Added Inputs Segment of the business grew by 15%. The business could not sell Cotton seeds in March 13 due to delay in receipt of licenses from State Government in Northern States. On comparable basis, it grew by ~ 30%. The business was also impacted due to adverse weather conditions especially in Kharif-12.
  - c. **Chloro-Vinyl:** Revenues were up by 15% at Rs.1,162 crores driven by higher volumes of Chloro-Vinyl products especially Chlor-Alkali and PVC Resins at improved realizations.

2. Profit before interest, exceptional items and tax (PBIT) at Rs. 427 crores was up by 106%.

### PBIT Consolidated (before exceptional item)

| Particulars             | FY 2013      |              | FY 2012      |              |
|-------------------------|--------------|--------------|--------------|--------------|
|                         | Rs. Crores   | % of Total   | Rs. Crores   | % of Total   |
| <b>Agri Input</b>       |              |              |              |              |
| Fertilizer              | 11.1         | 2.1          | 20.0         | 5.5          |
| Shriram Farm Solutions  | 50.8         | 9.4          | 60.5         | 16.5         |
| Bioseed                 | 51.6         | 9.6          | 62.7         | 17.1         |
| <b>Sub-Total</b>        | <b>113.5</b> | <b>21.0</b>  | <b>143.2</b> | <b>39.0</b>  |
| Sugar                   | 64.5         | 12.0         | 30.6         | 8.3          |
| Chloro-Vinyl            | 344.1        | 63.8         | 178.2        | 48.5         |
| Cement                  | 17.3         | 3.2          | 15.1         | 4.1          |
| <b>Total</b>            | <b>539.4</b> | <b>100.0</b> | <b>367.1</b> | <b>100.0</b> |
| Hariyali Kisaan Bazaar  | (34.8)       |              | (106.0)      |              |
| Other Businesses        | (32.8)       |              | (15.9)       |              |
| Unallocated Expenditure | (44.5)       |              | (37.4)       |              |
| <b>Grand Total</b>      | <b>427.3</b> |              | <b>207.9</b> |              |

The key reasons for this increase in PBIT are explained below:

- **Chloro-Vinyl:** PBIT from this business were up by 93% to Rs.344 crore essentially due to higher realizations of PVC Resin (up by 9%) and Chlor-Alkali (up by 13%) along with the several cost initiatives the company has undertaken over the last 18-24 months to improve the cost economics of the business.
- **Sugar:** PBIT in FY13 higher by 111% at Rs.64.5 crores driven by the following factors:
  - o Higher Margins on Sale of Sugar stock of Previous season, i.e. 2011-12.
  - o Higher PBIT from Sale of Power.
  - o However, earnings growth in the year were moderated due to pressure in Sugar business due to negative margins on Sale of Sugar stock of new season, i.e. 2012-13. This was due to increase in SAP (State advised Price) of Sugar Cane by 17% by U.P. State Government with no corresponding increase in Sugar prices. The negative margins on sale of sugar stock pertaining to 2012-13 along with inventory write down on closing stock put pressure on earnings. This was only partially mitigated by removal of 10% levy quota obligation by the Central Government.

- **Hariyali Kisaan Bazaar:** Lower losses in Hariyali business at Rs.34.8 crores as compared to loss of Rs.106 crores consequent to completion of implementation of restructuring and rationalizing plan which involved restricting activities to profitable product lines only.
- **Cement:** PBIT was up by 15% at Rs.17.3 crores due to better margins driven by higher realizations along with several cost initiatives undertaken by the company.

However, growth in earnings in the above mentioned businesses were moderated by the performance of the following businesses:

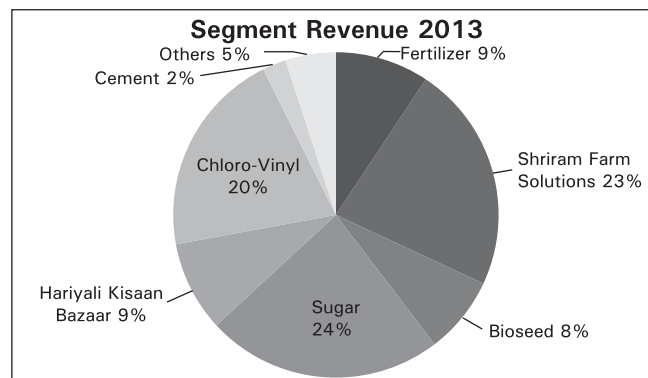
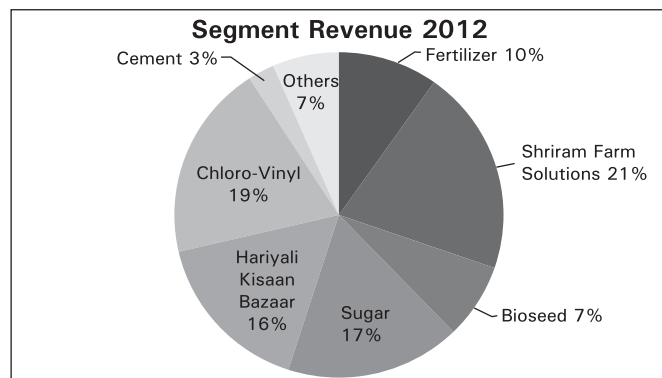
- **Shriram Farm Solutions:** PBIT in this business for FY13 were lower by 16% at Rs.50.8 crores due to moderate growth in Value added inputs due to adverse weather conditions which affected off take of products in Kharif- 12. This, along with delay in receipt of licenses from State Governments to sell Bt Cotton resulted in Nil sales in March-13. Further, putting pressure on earnings was challenging business environment for Bulk Fertilizers.
- **Fertilizer :** PBIT in FY 13 were lower due to continued uncompensated cost increases due to delay in finalization of New Urea pricing policy, which is now delayed by over 3 years.
- **Bioseed :** PBIT in FY13 lower by 18% due to.
  - o Adverse weather conditions in Kharif-12.
  - o Lower margins on sale of Cotton seed due to rising costs and cap on selling prices by local Governments.
  - o Delay in receipt of licenses from State Government in March 13 to sell Bt Cotton.

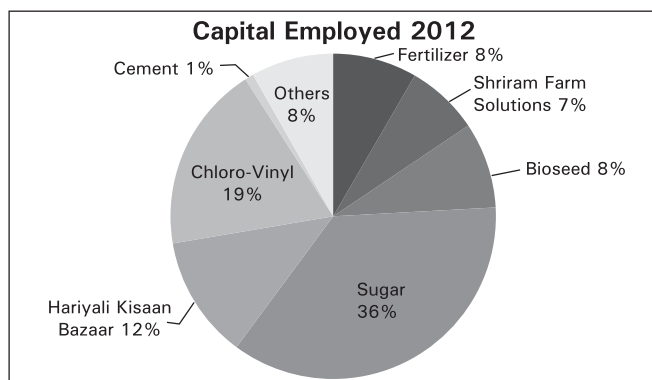
- o Expenses being incurred on increasing geographical presence and research programme.
- o One time credit received in the previous year, i.e. 2011-12 due to write back for provisions made.

### 3. Exceptional Item:

- **FY13 Exceptional Items include** charge of Rs.53.6 crore on account of expenses incurred, losses on sale and provision for impairment of surplus assets consequent to restructuring and rationalization of Hariyali Kisaan Bazaar's operations during the year.
  - **FY12 Exceptional item includes** Rs. 38.1 crore accounted for differential cane price for the sugar season 2007-08 pursuant to the Honorable Supreme court's order.
4. **Finance Costs-** The Finance Costs for FY13 were lower by 3% at Rs.155 Crores due to lower Net Debt. Net Debt stood at Rs.1386 Crores as compared to Rs.1521 Crores.
  5. Profit before tax (before exceptional item) was up at Rs.272 Crores as compared to Rs. 48 Crores in the previous year.
  6. Net Profit at Rs.202.9 crores as compared to Net profit of Rs.11.9 crores in the previous period.
  7. Improved Financial performance has led to Short term debt rating being upgraded from A2+ to A1 and Long term debt rating being upgraded from A- to A. Both these ratings are from ICRA.
  8. The Board of Directors have recommended a dividend of 80% for the year as compared to 20% in the previous year.

## Business Mix





## Revenues

- The Share of Sugar business increased from 17% to 24% in FY13 as the revenue increased by 48% driven by higher sale of free sugar at higher realizations.
- The Share of Shriram Farm Solutions and Bioseed business increased only marginally from 28% to 31% due to adverse weather conditions in regions of operations along with delay in receipt of licenses from State Governments to sell Bt Cotton in March13.
- The Share of the Hariyali business has dipped from 16% to 9% in 2012-13. This is in line with the plan as the company has completed the implementation of restructuring and rationalization plan which the company began about 18 months back.

## Capital Employed.

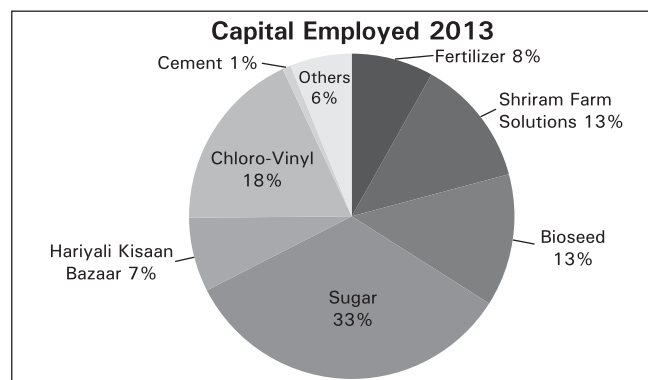
- The share of Capital employed of Shriram Farm Solutions business has increased from 7% to 13% essentially due to increase in the subsidy outstanding from the Government.
- The Share of Capital employed of Hariyali business has dipped in the current year and is now at about 7%. This is in line with our plan to rationalize and restructure this business.

## Business Wise Performance Review and Outlook

### Agri-Businesses

#### Fertilizer (Urea)

DSCL's Fertilizer Plant is one of the oldest plants in the country with a reassessed capacity of 3,79,500 TPA of Urea at its integrated manufacturing complex



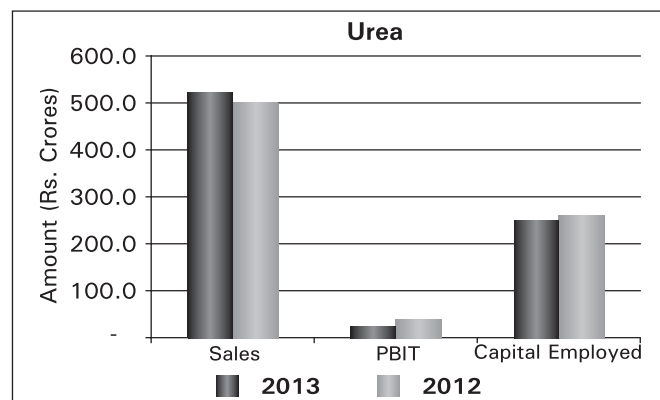
at Kota, Rajasthan. The company markets urea under the "Shriram Urea" brand. "Shriram Urea" is a trusted name and enjoys high brand equity amongst the farmers. The Company has an extensive distribution network over the entire Northern and Central India. The plant has been operating fully on Gas since May 2009, post the conversion from Naphtha to LNG/ Natural gas in 2006-07.

## Business Performance

The Revenue, PBIT and Capital employed for this business for FY13 along with the quantitative data is as follows:

| Particulars      | FY 2013<br>(Rs./Crores) | FY 2012<br>(Rs./Crores) |
|------------------|-------------------------|-------------------------|
| Sales            | 525.9                   | 503.6                   |
| PBIT             | 11.1                    | 20.0                    |
| Capital Employed | 252.1                   | 263.6                   |

| Year     | Sales<br>(MT) | Realizations<br>(Rs./MT) |
|----------|---------------|--------------------------|
| FY2013   | 385,354       | 13,553                   |
| FY2012   | 387,460       | 12,870                   |
| % Change | (0.5)         | 5.3                      |





During the year FY13, the company had undertaken a maintenance shutdown of 21 days. In spite of the maintenance shutdown, the production of Urea during the year 2012-13 was 3,85,360 MT as against reassessed capacity of 3,79,500 MT. The production was higher by 5860 MT than the reassessed capacity. This higher production was made keeping in line with the government policy on production of additional Urea over reassessed capacity under NPS-III.

PBIT in FY 13 were lower due to continued uncompensated cost increases due to delay in non-finalization of New Urea pricing policy. The Stage III of NPS was effective from 1st October, 2006 till 31st March, 2010 and the same has been extended till any new policy is decided. This has meant a delay of over 3 years. The other factor impacting the performance of this business has been higher levels of subsidy outstanding from the Government.

#### **Industry Overview and Outlook**

India is the second largest producer and consumer of Urea in the world. Urea is most preferred fertilizer and constitutes about 72% of entire fertilizer consumption in the country. Low farm gate price (fixed by government) and high nitrogen content has made it a preferred choice of farmers. The demand and consumption of Urea has been growing and the gap in demand/supply is currently being met by imports. During 2012-13, the total Urea production in the country stood at ~ 22.6 million MT and India imported more than 8 Million MT of Urea to meet its demand.

On the policy front, the new policy has been delayed now by over 3 years. This has negatively impacted the earnings and margins of this business. We hope that Government will take steps at the earliest to correct this situation and this will also provide confidence to the industry to take steps to enhance capacity levels which will help in reducing the country's dependence on imports.

#### **Our Strategy**

The Company has been making continuous efforts towards improvement in energy consumption as well as containment of fixed expenses. Post the shutdown in FY13, we do not expect any shutdown in FY14.

Further, in order to avail benefit of government policy on fortified fertilizer, 1,34,208 MT of Urea was converted into Neem Coated Urea which is the maximum allowed as per current policy.

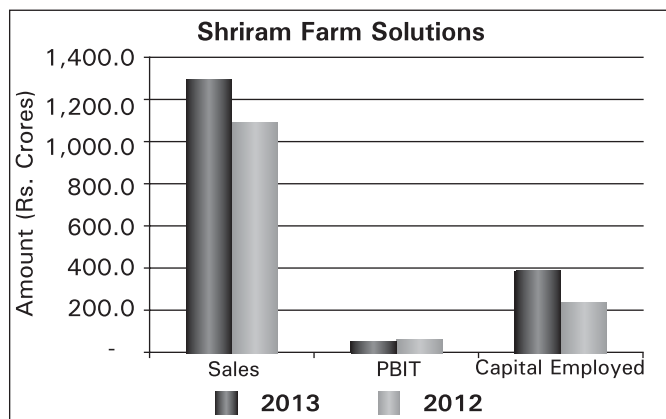
#### **Shriram Farm Solutions**

Shriram Farm Solutions business provides the farming community a wide range of Agri-inputs which include Value added inputs such as Seeds (GM, Hybrid and OP), Crop Care Chemicals (Insecticide, Fungicide and Herbicide), Soluble Fertilizers, Micro-Nutrients etc and Bulk Fertilizers like DAP, MOP and SSP. The Company's philosophy for this business is not only limited to providing wide range of quality inputs, but to provide customized solutions which includes providing customized inputs by leveraging local knowledge and creating package of practices which will help farmers in enhancing their levels of productivity and profitability. The company is always strengthening its customer interface which will help in capturing the evolving trends in Agriculture and use tools like technology to leverage the same. We believe, that new technologies/practices need to be disseminated to the farmers which will help them in increasing yields/profitability by meeting various challenges of drought, pests etc. The business is supported by a strong extension program called the SKVP (Shriram Krishi Vikas Program). This program, apart from providing latest technology and practices to the farmers and training programs to the Channel and farmers also focuses on meeting its social responsibilities. Some of the activities include education programs for girl child, providing scholarships along with vocational training for women. The business is also supported by a strong distribution network which is present in 17 states, reaching ~ 0.4 Million farmers and ~ 20,000 retailers. The Company sells these Agri-Inputs under brand "Shriram" which is known for quality and has a strong brand image within the farming community.

#### **Business Performance**

The Revenue, PBIT and Capital employed for this business for FY 13 is as follows:

| Particulars      | FY 2013<br>(Rs./Crores) | FY 2012<br>(Rs./Crores) |
|------------------|-------------------------|-------------------------|
| Sales            | 1,302.3                 | 1,087.6                 |
| PBIT             | 50.8                    | 60.5                    |
| Capital Employed | 390.2                   | 229.6                   |



- Revenues in this business were higher by 20% at Rs.1,302 Crores driven by growth in Value added inputs which was up by 15% and Bulk fertilizers which was up by 23%. The growth in Value added segments moderated due to adverse weather conditions in Kharif-12 along with delay in receipt of licenses from State Government in Northern States of India to sell Bt Cotton which resulted in Nil sale of Bt Cotton in March,13. The Value added segment would have grown by ~ 30% with this Cotton Seed sale in March 13.
- PBIT for FY 13 were lower by 16% at Rs. 51 Crores due to lower growth in Value added inputs due to adverse weather conditions in Kharif-12 which affected the overall off take of inputs and delay in receipt of licenses from State Governments to sell Bt Cotton in March-13. The business performance was also impacted by challenging business environment for bulk fertilizers like DAP and MOP.

#### Industry Overview and Outlook

The Year 2012-13 has been a challenging year for the Agri-Inputs industry. The industry was affected by adverse weather conditions due to delay and deficit in South West Monsoons along with drought like conditions in certain areas which affected the

performance of Kharif Crops. Also impacting the industry were lower North east Monsoons. This resulted in decline in the overall demand for Agricultural inputs. The industry was also negatively impacted by the challenging business environment in Bulk Fertilizers like DAP/MOP.

In the Bulk Fertilizers, the industry started FY13 with high inventory in the system in anticipation of higher demand. The demand, however, was impacted by adverse weather conditions and steep rise in the prices of these Fertilizers. The prices increased due to sharp reduction in subsidy by the Government along with sharp depreciation of the rupee. Along with higher opening stocks, the companies continued to import resulting in further over supply. All these factors led to margin pressures and continuation of higher inventory in the system. Also impacting the performance of bulk fertilizers was the delay in receipt of subsidy payments from the Government.

The initial signs of Monsoon in FY 14 are encouraging and we expect that industry will witness growth if monsoons are normal. However, we do believe that this industry will witness healthy growth in medium-long term due to strong demand for food in the next few years given the macro factors such as population growth, rising per capita etc. As per one of the industry estimates, the demand for food will touch ~ 330 Mn MT by 2020 and supply is projected to be about 280 Mn MT, resulting in shortage of ~ 50 Mn MT. With land area under agriculture stagnant at 140 Mn h.a, the country would need to improve the levels of productivity which would include adoption of superior products (Agri-Inputs) along with other initiatives.

#### Our Strategy

The business is taking several steps including strengthening its product portfolio based on customer feedback, entering into new geographies, strengthening the extension and market development program along with strengthening the supply chain and leveraging technology.

We believe, that these steps will enable the business to achieve healthy growth in the medium term especially in the Value added Segment. The bulk fertilizers business especially DAP, MOP are facing uncertain market conditions. We will carry out these activities in a restricted manner.

## Bioseed

Bioseed business provides quality hybrid seeds that help farmers improve their profitability and productivity. Bioseed is a complete seed business with presence across Research, Production, Processing and Marketing. The product portfolio consists of both Field and Vegetable crops. In the field crops, the company is present in Cotton, Corn, Paddy, Bajra and Jowar. In the Vegetable crops, the company is present in Okra, Tomato, Hot Pepper, Gourds etc. In terms of Geographical presence, apart from being present in India (in both Field and Vegetable Crops), the company is also present in Corn in Philippines and Vietnam and is also test marketing in Rice in both these markets. The Company has also begun test marketing for Corn in Thailand and Indonesia. The company has created robust physical infrastructure like research facilities, processing and cold storage facilities etc to support this business.

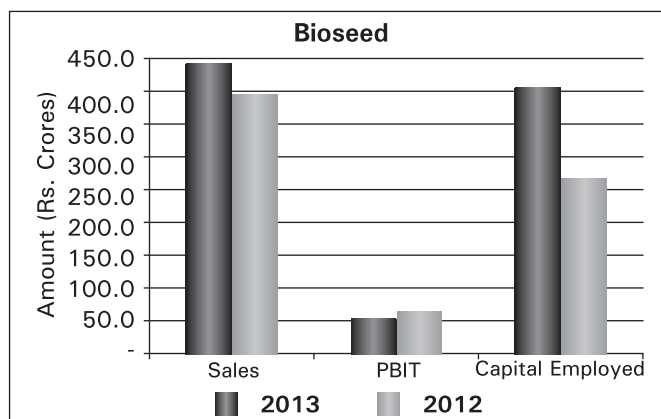
We believe, that we have a strong business model with healthy pipeline, strong Agri-extension which works very closely with the farming community and strong brand. Along with this, we continue to invest about 8-10% of revenues into research for developing new products which are gaining consumer acceptance across all geographies. The product development is not only focused on providing high yield but also meeting other challenges related to weather like being climate resilient, i.e. tolerant to drought and diseases etc.

### Business Performance

The Revenue PBIT and Capital employed for this business for FY 13 is as follows:

| Particulars      | FY 2013<br>(Rs./Crores) | FY 2012<br>(Rs./Crores) |
|------------------|-------------------------|-------------------------|
| Sales            | 440.6                   | 391.4                   |
| PBIT             | 51.6                    | 62.7                    |
| Capital Employed | 402.3                   | 265.2                   |

Bioseed Revenues were up by 13% for the year driven by growth in Philippines and Corn and Rice crops. The earnings (PBIT) for the business were under pressure during the year. This was due to moderation in earnings of the Indian business which constitutes significant part of the overall Bioseed business. The Indian business was affected due to weak Kharif-12 due to



adverse weather conditions which affected the off take of products especially Cotton. Apart from the weather conditions, the Cotton business was also affected due to rising costs, cap on selling prices by the Government and delay in receipt of licenses from State Governments to sell in March, 13 which resulted in No sale of Bt Cotton in March, 13. The overall earnings were also impacted due to expenses being incurred on increasing geographical presence and research expenses. These expenses will improve the earnings in the medium-long term, though it may affect the profits in immediate periods.

### Our Strategy

The Company in this business has been focused on continued investment in research as we believe that for the company to sustain and accelerate growth in this business we would have to develop healthy pipeline of superior products which meet the evolving needs of the farming community such as Tolerance to Variability in temperatures, intensive farming, Disease and Pest tolerance etc. The company is taking steps to strengthen both Conventional breeding, Biotechnology and GM programme to achieve these objectives.

### 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.



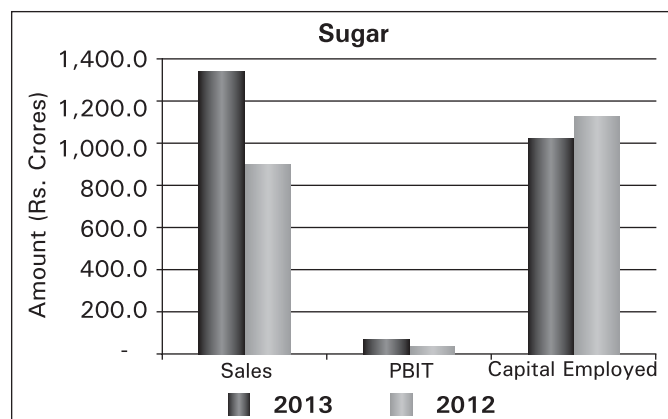
## Business Performance

The Revenue, PBIT and Capital employed for this business for FY13 along with the quantitative data is as follows:

| Particulars      | FY 2013<br>(Rs./Crores) | FY 2012<br>(Rs./Crores) |
|------------------|-------------------------|-------------------------|
| Sales            | 1345.5                  | 907.9                   |
| PBIT             | 64.5                    | 30.6                    |
| Capital Employed | 1025.1                  | 1128.1                  |

| Year    | Sales<br>(Lac Quintals)* | Realizations<br>(Rs./Qtl)* |
|---------|--------------------------|----------------------------|
| FY2013  | 33.4                     | 3243                       |
| FY2012  | 24.9                     | 2811                       |
| % Shift | 34.2                     | 15.4                       |

\* Free Sugar



| Particulars           | Unit of<br>Measurement |         |         |
|-----------------------|------------------------|---------|---------|
|                       |                        | 2012-13 | 2011-12 |
| <b>Sugar Season</b>   |                        |         |         |
| Cane Crushed          | Lac Quintals           | 412     | 375     |
| Recovery rate         | %                      | 9.3     | 9.5     |
| Sugar Produced        | Lac Quintals           | 38.5    | 35.6    |
| <b>Financial Year</b> |                        |         |         |
| Cane Crush            | Lac Quintals           | 375     | 357     |
| Recovery rate         | %                      | 9.4     | 9.4     |
| Sugar Produced        | Lac Quintals           | 34.8    | 33.4    |

- Revenues were higher by 48% driven by increased sale of free Sugar volumes (up by 34%) and free Sugar realizations (up by 15%).
- PBIT from this business were higher by 111% at Rs.64.5 Crores driven by following factors.

- Higher Margins on Sale of Sugar stock of previous season, i.e. 2011-12.
- Removal of 10% levy quota obligations by the Government which had positive impact on earnings.
- Higher earnings from sale of Power.
- However, earnings growth was moderated due to
  - Negative margins on sale of stock pertaining to 2012-13 due to increase in SAP (State Advised Price) by Rs. 40 per quintal by the U.P. State Government. This resulted in Cost of production to increase by about Rs. 450 per quintal as compared to last year. Further, Sugar price witnessed a decline of Rs.200-250 per quintal since November-December, 2012.
  - The Company also had to take an inventory write down on closing stock which also impacted the earnings.

## Industry Overview and Outlook

The Indian Sugar industry is one of the largest in the world. India 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, which may lead to sharp swings in the prices. The crushing period begins in October/November and goes on till April/May in most states except Southern states like Tamil Nadu, Andhra Pradesh etc where it continues till July-August.

The Sugar industry is highly controlled, though the Government has begun taking steps towards de-control of this sector. Sugar is a controlled commodity under the Essential Commodities Act, 1955. The control begins with the price at which the Sugar mill will purchase Cane from the farmer for which there is a dual pricing policy in place. The Central Government announces FRP( Fair and Remunerative price) which is binding across the country, however State Governments are also empowered to fix the Cane price over and above F&RP which is called State Advised price (SAP). The other controls include import/export, minimum distance, Cane area reservation etc.

During the current season, the Uttar Pradesh Government increased SAP from Rs.240/quintal to Rs.280/quintal (an increase of 17%) which made the financial matrix of this business unfavorable. With the increase in Cane cost by Rs.40/quintal, the Sugar cost of production was up by ~ Rs.450/quintal as compared to the previous season and with Sugar prices seeing a decline of Rs.200-250 per quintal since November/December 12, it resulted in negative margins in this business especially on the new sugar stock. This has hurt the overall profitability of the industry which is also resulting in buildup of high Cane arrears.

The Sugar Production in the country is expected to be roughly 24.6 million MT for season 2012-13 down from 26.3 million tons in the previous season. With consumption expected at about 23.0 million MT and sugar imports expected at around 0.4 million MT, the closing stock would be ~ 8.5 million MT for the season (2 Million MT higher than previous season). The imports of 0.4 Million MT till date have put pressure on the domestic prices. On the International side, the increase in estimates of global sugar production for FY 2012-13 has put downward pressure on global sugar prices. Sugar prices being traded at ICE (New York) and LIFFE (London) exchanges have reduced significantly from peak of ~ USD 800 / MT in July'2011 to USD 475-480/MT. India will be a net importer for 2012-13. Expectation of surplus sugar production in the world for 2012-13 is expected to put downward pressure on the prices which in turn will impact domestic realization to some extent in 2013-14.

The Government has taken some steps towards partial de-control of this sector. The Government, during the year appointed a committee under the leadership of Mr.C.Rangarajan (Chairman of Prime Minister's Economic advisory council) that submitted a report to the Prime Minister on the de-control of this sector in October, 12. The Government has taken steps including the removal of 10% levy quota obligation and monthly release mechanism. We believe that these steps are in right direction.

The removal of levy quota has resulted in elimination of significant subsidy that industry was being made to bear for the supplies to PDS. The Government, however, needs to take further steps to improve the fundamentals of industry. In the situation, where domestic production is more than demand and global

prices are soft, the industry has been exposed to global competition with only 10% duty on imports. The Government needs to rationalize the import duty keeping in view its objective of providing a remunerative price to Indian farmer. Simultaneously, steps are required that will establish some rational cane pricing system which is linked to the final Sugar prices.

### **Going Forward**

The domestic sugar industry is likely to remain in surplus in 2013-14 with the sugar output likely to outstrip domestic consumption for the third consecutive year. Given the domestic surplus and falling international price trends which are likely to restrict export volumes, no significant change is expected in the price trends that the domestic sugar industry has seen in the last 12 months. In the medium-term, the sugar price trends will continue to be determined firstly by expectations on domestic sugar production, secondly, the raw sugar: ethanol mix in Brazil, the world's largest producer; and cane prices for Sugar season 2013-14 along with the steps the Indian Government will take towards de-control of this sector.

### **Our Strategy**

We, as company continue to focus on improving the Cane availability and Sugar recovery going forward so that we improve the inherent strength of the business. The power generation, both in the season as well as in off-season is also being maximized.

### **Hariyali Kisaan Bazaar**

The Company since the last 18 months has been focused on the implementation of rationalization and restructuring plan in this business. This plan included shutting down of unviable outlets and product lines to expeditiously arrest financial losses from this business.

The company has implemented this plan in the year gone by, which has resulted in almost breakeven situation in Q4FY13 and lower overall losses for the year FY13.

We do believe that we will not witness any losses from this business going forward.

### **Business Performance**

The Revenue, PBIT and Capital employed for this business for FY13 is as follows:

| Particulars      | FY 2013<br>(Rs./Crores) | FY 2012<br>(Rs./Crores) |
|------------------|-------------------------|-------------------------|
| Sales            | 515.6                   | 853.4                   |
| PBIT             | (34.8)                  | (106.0)                 |
| Capital Employed | 228.7                   | 385.0                   |

1. Revenues for year declined from Rs. 853 crore to Rs. 516 crore. In the last quarter the sales were only from Fuel.
2. PBIT improved from Loss of Rs.106 Crores to PBIT loss of Rs. 35 Crores.
3. The performance is in line with the plan as the company has completed implementing of restructuring and rationalization plan involving restricting activities to profitable product lines only.

#### Our Strategy

The Company is now focused on sale of surplus properties in this business and expect to make good progress over the next 1-2 Years.

### Chloro - Vinyl Businesses

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

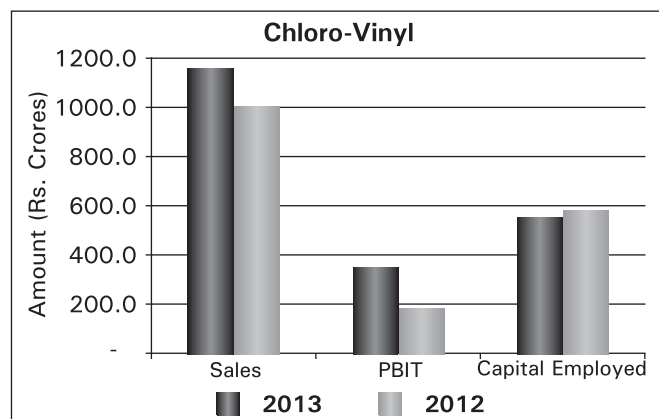
#### Business Performance

The Revenue, PBIT and Capital employed for this business for FY13 is as follows:

| Particulars      | FY 2013<br>(Rs./Crores) | FY 2012<br>(Rs./Crores) |
|------------------|-------------------------|-------------------------|
| Sales            | 1162.0                  | 1009.7                  |
| PBIT             | 344.1                   | 178.2                   |
| Capital Employed | 553.6                   | 582.9                   |

- The business continues to deliver healthy performance driven by higher margins and capacity utilizations.
- Revenues from Chloro-Vinyl business were higher by 15% at Rs.1,162 Crores during FY13 driven

by higher volumes and realizations of both Chlor-Alkali and PVC Resins.



- PBIT almost doubled at Rs. 344 Crores due to better margins in this business at 30% as compared to 18% in the previous year driven by higher realizations of Chlor-Alkali ( up by 13%) and PVC resins ( up by 9%) and containment of costs through implementation of several cost initiatives undertaken in the last 18-24 Months.

### 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 wide and varied usage and are linked to the overall GDP growth of the economy, international prices especially of Caustic soda as import duty is very low, exchange rate variation etc. Caustic soda is used in Alumina, Pulp and Paper, Textiles, Water Treatment, Pesticides, Pharmaceutical industries etc whereas Chlorine is used in Polymers including PVC resins, Dyes and inks, Crop care chemicals, HCL etc.

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. Kota unit is based on domestic Coal whereas Bharuch imports its Coal requirements.

#### Business Performance

The Revenue, PBIT and Capital employed for this business for FY13 along with the quantitative data is as follows:

| Particulars      | FY 2013<br>(Rs./Crores) | FY 2012<br>(Rs./Crores) |
|------------------|-------------------------|-------------------------|
| Sales            | 711.9                   | 587.9                   |
| PBIT             | 247.5                   | 151.6                   |
| Capital Employed | 386.3                   | 386.0                   |

| Year     | Sales<br>(MT) | Realizations<br>(Rs./MT) |
|----------|---------------|--------------------------|
| FY2013   | 244,902       | 26,543                   |
| FY2012   | 234,435       | 23,542                   |
| % Change | 4.5           | 12.7                     |

The Revenues from this business were higher by 21% at Rs.712 Crores driven by both higher Volumes ( up by 5%) and improved realizations (up by 13%). PBIT, for this business, were higher by 63% at Rs. 248 Crores driven by better margins at 35% as compared to 26% in the previous year driven by higher realizations and several cost initiatives undertaken by the company on energy costs, raw materials etc which resulted in margin expansion in this business. The performance of this business was also helped by lower imported Coal prices at our Bharuch facility. However, recently we have witnessed some softness in product prices.

#### Industry Overview and Outlook

The Chlor-Alkali industry in India has 35 operating units with a combined installed capacity of 3.4 million tones of Caustic Soda. The top three players comprise about 45% of the total installed capacity. The domestic demand for Caustic Soda and Chlorine is about 2.9 million tones and 2.4 million tones respectively. The growth in demand for Caustic soda and Chlorine is linked to GDP growth with Chlorine growing slowly vis-a-vis Caustic Soda.

In the 2013-14, demand growth is expected to slow down due to lesser off-take in consuming centers; meanwhile, new capacity additions will add to pressure on demand/supply balance.

#### Our Strategy

The Company, going forward, will focus on improving cost structures and efficiencies at both its manufacturing units. This would include efforts to mitigate the impact of rising energy costs ( which is one of the largest costs associated with Chlor-Alkali)

through steps like altering fuel mix, etc. The company is also focused on efforts including reduction of Power consumption and other key raw materials. On the Volumes, the company will continue to maximize product volumes at both these units.

#### Plastics

DSCL's Plastic business which has two products, i.e. PVC Resins and Calcium Carbide is a part of the company's integrated facility at Kota, Rajasthan where it has access to the key raw materials required which are Power, Chlorine and Calcium Carbide. The company is the only manufacturer in the country which produces PVC resins through the Calcium Carbide route as against the ethylene route which is being used by most companies worldwide except in China. This allows the company to be insulated from the cycles associated with the Petrochemical route, however, the company's cost structures are affected by movement in prices of Carbon materials, Power, normal inflation in Costs etc. The company has an annual manufacturing capacity of ~ 112,000 TPA of calcium carbide which is further processed to produce PVC resin and packed carbide depending upon which product gives better return on every unit of Power consumed. This year the company sold ~ 35,000 MT as packed Calcium Carbide. PVC manufactured by the company continues to enjoy wide acceptability and command premium especially in flexible and transparent applications where customers rightly perceive the value of the product.

#### Business Performance

The Revenue, PBIT and Capital employed for this business for FY13 along with the quantitative data is as follows:

| Particulars      | FY 2013<br>(Rs./Crores) | FY 2012<br>(Rs./Crores) |
|------------------|-------------------------|-------------------------|
| Sales            | 450.1                   | 421.7                   |
| PBIT             | 96.7                    | 26.6                    |
| Capital Employed | 167.3                   | 196.9                   |

| Year     | Sales<br>(MT)* | Realizations<br>(Rs./MT) |
|----------|----------------|--------------------------|
| FY2013   | 48,035         | 61,582                   |
| FY2012   | 45,286         | 56,576                   |
| % Change | 6.0            | 9.0                      |

\*Sales Volume and XWR for PVC Resin.

The Revenues for this business were higher by 7% at Rs. 450 Crores driven by higher Volumes and Realizations of PVC resins. PBIT from this business were higher by 264% at Rs. 97 Crores driven by higher margins in this business at 21% as against 6% in the previous year. This was driven by higher realizations along with several cost initiatives that the company undertook to improve the cost economics of this business including Carbon materials. Also helping the performance has been lower Chlorine prices during the year.

### Industry Overview & Outlook

PVC resin is a thermoplastic with 57% Chlorine and 43% Carbon. The Chlorine component makes PVC resin an excellent fire resistance material. PVC is also strong and resistant to water and abrasion. PVC has wide range of applications including Pipe and fittings, Wire and Cable, Profiles, Films and Sheets etc. PVC products support daily life in wide variety of sectors including urban infrastructure, electronic products, medical, wire and cable and consumer goods. PVC demand is largely driven by the growth in the economy of the country.

In the year gone by, the industry grew by only 3-4% as against over 7-8% in the last few years. The slowdown in the current year was driven by slowdown in the Indian economy which led to lower economic activity in the country. We do believe, that the PVC industry will witness healthy growth in the coming years given the expectation of pick up in the economy. We also expect sectors like infrastructure including construction which are PVC consuming to get further boost from lowering of interest rates in the coming period given the trend of lower inflation. These sectors have witnessed higher interest costs and tightness in liquidity in the recent past.

The other factor which can potentially drive demand of PVC is the expectation of per capita increase in the consumption of PVC resin which is currently at about 1.6 kg in India as against countries like Brazil which is about 4.5 kg and China which is about 9.2 kg.

The Demand for PVC resins currently stands at 2.3 Million TPA as against capacity of 1.3 Million TPA and we do expect this demand to accelerate in the coming years. With no capacity additions, the country is currently importing about ~ 1 Million TPA which makes the country highly dependent on imports. The lack of capacity expansion is essentially due to having lower import duty apart from un-regulated imports in the Indian markets.

Calcium Carbide is mainly used in India for making desulphurization (DS) compound for purifying steel from Sulphur and for making Dissolved Acetylene (DA) gas. DS Compound sector is expected to grow by 10% during 2013-14 due to its increased usage in Steel industry and this is likely to result in increased demand for Calcium Carbide in this sector in the country. DA gas sector is expected to remain stagnant and is not likely to contribute to growth in demand for Calcium Carbide in the coming years.

### Our Strategy

The Company is focused on maximizing product volumes of PVC resin and Calcium carbide given higher net back per unit of Power from these products. The company continues to focus on improving its cost structures and improve efficiencies.

### Cement

DSCL' s Cement plant is located at its integrated manufacturing facility at Kota, India where the company manufactures products like Caustic Soda, Chlorine, PVC Resin and Calcium Carbide. It is during this manufacturing process that the company generates Calcium hydroxide sludge, which is a waste product which is then converted to Cement in an environmentally friendly manner. The plant was commissioned in 1987 and has a current capacity of 400,000 TPA.

The Company produces high quality Pozzolana Portland Cement and Ordinary Portland Cement. The Cement is characterized by light color, superior strength and early setting properties. These characteristics have made " Shriram Cement" to be considered as a premium brand especially in markets like Delhi/NCR and Rajasthan market despite having a small capacity.

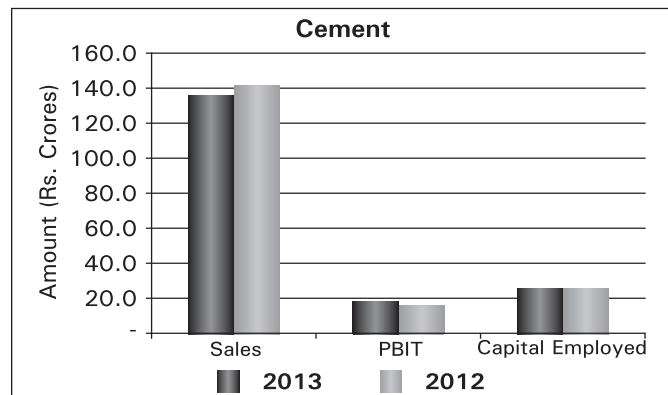
### Business performance

The Sales, PBIT and Capital employed for the FY 13 along with quantitative data stands as follows:

| Particulars      | FY 2013<br>(Rs./Crores) | FY 2012<br>(Rs./Crores) |
|------------------|-------------------------|-------------------------|
| Sales            | 135.2                   | 140.7                   |
| PBIT             | 17.3                    | 15.1                    |
| Capital Employed | 25.2                    | 25.1                    |



| Particulars | Sales<br>(MT) | Realizations<br>(Rs./MT) |
|-------------|---------------|--------------------------|
| FY2013      | 362,153       | 3,114                    |
| FY2012      | 393,498       | 2,867                    |
| % Change    | (8.0)         | 9.0                      |



The Revenues from the Cement business were lower by 4% at Rs. 135 crores due to lower volumes ( lower by 8%) due to maintenance shutdown undertaken by the company in Q3FY13, however this was only partly mitigated by improvement in realizations. PBIT, though, were higher by 15% at Rs.17 Crores due to better margins at 13% as compared to 11% in the previous year. This was driven by higher realizations and several cost initiatives that the company undertook to improve efficiencies and cost structures of this business.

#### Our Strategy

The Company will continue to focus its efforts on improving efficiencies, cost structure along with optimizing product mix for higher returns.

### Other Businesses

#### Fenesta Building Systems

Fenesta Building Systems is the country's largest UPVC windows and doors solutions provider; being present in the entire value chain starting from design, extrusion of UPVC profiles, and fabrication to installation of windows at the customer's site. The company has installed over 1 million windows thereby making it synonymous to UPVC windows in the country. The business operates in two segments, i.e. Project/Institutional and Retail business.

1. **Project/Institutional Segment** which comprises of residential properties including Group Housing, Villas and Communities. Some of the reputed developers that we work with include DLF, Prestige, Omaxe, Brigade etc.
2. **Retail Segment** focuses on individual consumers for new construction as well as renovation of existing properties.

The company has been focused on increasing its presence in the retail segment . The company has taken several steps since it entered into this segment about ~ 4 years back. These steps included setting up and expanding of the dealer network across the length and breadth of the country. The other steps that have been taken include increased promotion activities, launch of new products, improvement in the supply chain, continuously working with the consumers etc. All these steps that have been taken have helped us in achieving almost 50:50 mix between high margin retail business and project segment.

The Fenesta business, continues to see good growth in retail segments based on new products and improved customer interface. The project segment, is however yet to see a turnaround both in fresh order booking as well as execution of past orders.

#### Our Strategy

The Company continues to focus on retail segment by enhancing the quality of customer interface and delivery as it will be the prime driver of profitability of this business. However, we do believe that with interest rates expected to soften given lower economic growth and inflation, we would see increase in construction activity in real estate space which would increase both the revenues and order booking from the project segment.

#### PVC Compounds

DSCL's is one of the largest and quality PVC Compound manufacturers in India. The business is equipped with latest testing equipments and various type of compounding technologies to provide a vast range of PVC Compounds to its customers. The manufacturing facility has state of the art product development facility known as iPAC (Innovative Plastic Application Center) which provides the company an edge in terms of faster development of new products and service to the customer.

The company is one of the oldest manufacturer of PVC Compounds, with in-depth technical expertise and knowledge of markets. This understanding of market coupled with new technologies available in International arena can help this business to grow at a healthy rate.

### **Business Performance**

This year the business environment was characterized with low demand and continued high costs. These factors necessitated change in business strategy. The Company changed its strategy from volume based business to contribution based business.

The company discouraged low contributing grades and introduced new profile grades/master batches which have high contribution into the market. This helped to improve the performance of this business despite reduction in volumes.

Adherence to the best manufacturing practices, cost initiatives and internal control systems helped the business to steer clear in the tough business times.

### **Textiles**

DSCL has its spinning unit at Tonk, Rajasthan with a capacity of 14,544 spindles. The company is focused on improving efficiencies and cost rationalization in the business.

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

DSCL has during the year continued to focus on Human Resources / People Management to ensure that the employees are completely engaged and aligned with the Organisational goals and objectives. The endeavour, as every year, has been to ensure that people play a strong, business-enabling role in the Organisation and add value in whatever they are performing.

### **Human Resources Optimisation**

The thrust during the year has been to see that the overall level of productivity and efficiency is enhanced in all the business operations. The drive to build further improvements and efficiencies around the various business processes has continued for an optimum utilisation of resources. Employees have been an integral part of the design and execution of the programs for achievement of the optimisation objective. Specific focus has been on reviewing cost structures and opportunities for identifying and implementing

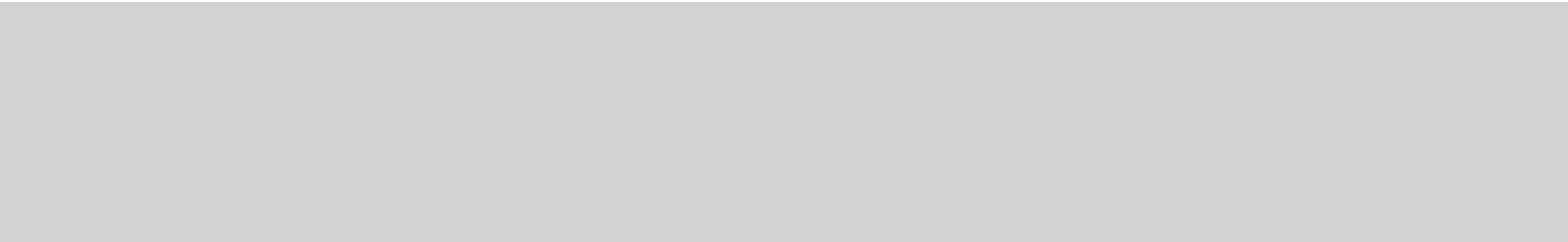
profit improvement initiatives and programs to make them sustainable for long-terms gains and benefits. All these initiatives would add to the competitiveness of the businesses and deal with the external changes/ market conditions in an effective manner.

### **HR Initiatives and Engagement**

The various initiatives in the area of Human Resources Management have been aimed at driving employee engagement. The Organisation has been conducting every year an Employee Engagement Study by Corporate Executive Board which provides feedback of people / scores on engagement drivers critical to business performance and results. Based on the findings / report a comprehensive action plan is put in place by all businesses to leverage the strengths and work on the improvement area(s). Initiatives and Programs have mainly centred around strengthening the Performance Management Process using the Balanced Scorecard methodology, Talent and Leadership Development by tracking the Individual Development Plan of key talent, Capability building through mentoring and coaching, Employer Branding through campus connect program and Leveraging IT for better HR application by using contemporary HR software. The Balanced Scorecard has been successfully deployed for all the critical leadership roles and positions and plans are underway to cascade this to other levels below as well. The Social engagement and welfare activities have also continued as per the institutionalised practice of celebrating key events, festivals and occasions involving employees and their families.

### **Learning and Development**

The focus on building knowledge and upgrading skills and competencies is being continued on a sustainable basis since it has a direct impact on the performance of the employees and the business. All businesses have been doing a systematic Training Need identification based on individual and organisational needs and putting in place a calendar of programs covering technical, functional and behavioural skills / competencies for employees across all levels. Alongside programs have also been organised to strengthen managerial effectiveness and leadership skills. The delivery of programs has been mostly done in-house using internal and external faculty along with a few nominations to programs outside. The Harvard Manage Mentor (HMM) program of Harvard Business Publishing



which was successfully implemented last year was extended further during the year to another group of about 50 Managers across all the businesses of the Organisation as part of developing their managerial skills and capabilities in line with the best approach and practice. The emphasis has been to cover maximum number of employees as part of the training and development initiative and also ensuring that each employee does at least 3 days of training in one year.

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

The Organisation has continued to have cordial and harmonious relations with its employees all businesses and locations. The relationships have been sustained on the basis of transparent communication, mutual

trust and faith and an inclusive style of management and decision making. Employees have been treated with complete respect and dignity in line with the core values and beliefs of the Organisation. The Company has demonstrated highest level of care, concern and sensitivity and has responded proactively to the needs of the employees and families. A fair and objective approach with compassion and support has been an integral part of the DSCL work life.

The Organisation values its people resources and sees it as integral part of the business growth and journey. The endeavour all along has been to see that people take pride in their work and Organisation and we all collectively work towards creating DSCL a great work place.



DCM Shriram Consolidated Ltd believes to achieve sustainable development it is key to integrate Social, Economic and Environmental impact to the business and our business performance is inextricably linked to our CSR goals.

We believe that companies have a responsibility to give back to the communities that we interact with and business has to be done with a social conscience. Today the thematic areas that DCM Shriram Consolidated Ltd works in for CSR activities across different geographies of its business are as follows:

#### **Farmer Support**

In DCM Shriram Consolidated Ltd various agricultural business like Seeds, Farm Solutions, Fertilizers etc the focus is to work with the farmer to increase his productivity and profitability, this is done through the extension services provided to them. We at DSCL believe that the Last Mile Delivery is key to helping the farmers.

DCM Shriram's Krishi Vikas Kendras (SKVK's) is a long term integrated rural development program which is aimed to support the farmers in their work and life through adoption of over 500 villages. The concept of the SKVK's is that it provides help and guidance to the farmers towards their holistic development. The idea is to increase farm productivity, profitability and quality of produce, while maintaining soil health. The SKVK's are designed to extend their outreach to surrounding areas. Each SKVK adopts five primary and secondary villages in its orbit, and organises a six-month programme with two to three visits for farmers in the area to agricultural universities, animal husbandry camps and subject specialists for guidance.

#### **Environment**

DCM Shriram Consolidated Ltd understand the need of maintaining right ecological balance and has therefore planted trees in and around all its facilities in Kota, Bharuch and U.P.

DCM Shriram Consolidated Ltd is countering the dearth of water in arid terrains near Kota, Rajasthan, through the digging of bore wells, the installation of submersible pumps & construction of water storage tanks. Around DSCL Sugar Mills, the company has helped in financing more than 650 bore wells. The company also facilitated supply of drinking water and animal feed to some of the drought hit villages of Rajasthan.

Water harvesting DCM Shriram Consolidated Ltd's man-made reservoir spread over 50 acres at Kota accommodates 4.5 lac cubic metres of water, enough to provide for 21 days of production. In Bharuch, located in water-starved Gujarat, the company's sound water collection and harvesting system holds 20,000 cubic metres that is effectively deployed at its caustic soda plant.

#### **Education**

For the well being of the community at large around its manufacturing locations, DCM Shriram Consolidated Ltd continues to support education activities with a special focus on protecting the future of the girl child. It has instituted scholarships in various educational institutions to encourage meritorious students achieve the best in the fields of engineering, medicine, agriculture and management.

In Kota (Rajasthan), the company has instituted scholarship programs that encourage students to pursue advance academic studies. The infrastructure of a number of schools in the plants'

vicinities has been strengthened through the introduction of basic facilities, including safe drinking water. It has built a school at Nimoda Mines for students up to class 10th.

In Bharuch (Gujarat), company has funded a degree college and has instituted a scholarship program that touches several villages around its facility. In another scheme, meritorious students are awarded every year by way of 'fixed deposits' that can be encashed after her/him turns 18 or until the date of the students' marriage / higher education.

DSCL Sugar started the initiative Khushali Siksha together with community leaders, teachers, students, government agencies & NGO's. In addition each mill mobilizes a teaching taskforce from amongst its employees & their families. The taskforce conducts classes on variety of subjects including computers.

#### **Community Development**

DCM Shriram Consolidated Ltd has established Shriram Krishi Vikas Kendras (SKVKs), which, besides imparting scientific knowledge to farmers, also address needs of the local populace by adopting their villages & providing :

- Training to men & women in villages to create self-reliance for ladies:
  - o Training on vocations like sewing, food preservation, candle making etc for farmers
  - o Training to initiate subsidiary occupations like compost making, fish farming, poultry farming, dairy farming, mushroom cultivation etc.
- Need based and location specific transfer of farm technology
- Basic health and hygiene facilities like holding human and animal health camps, providing of water tanks, hand pumps to supply potable water in schools, community places etc.

The company has been organizing health camps to create awareness on diseases like AIDS, Cancer, etc. It is our belief that at present, the best hope to limit the spread of HIV-AIDS infection and its human and economic impact is through behaviour modification. We believe that as part of public private partnership efforts DSCL will put necessary resources to perform our social obligation in line with National Aids Policy and carry forward mission of NACO (National Aids Control Organisation)

State-run district hospitals and community health centres focus mainly on curative interventions, leaving NGOs and the private sector to launch 'prevention' campaigns. 'Khushali Sehat', orchestrated by DSCL Sugar in collaboration with Vinoba Seva Ashram, Shahjehanpur, Sarvodaya Ashram, Hardoi and Gram Swaraj Mission Ashram, Lakhimpur, is one such initiative. It reaches out to 7000 families in the 25 villages in the vicinity of the sugar mills. The mandate: to promote disease- prevention measures, chiefly among women, the custodians of family health.

'Khushali Rozgaar', the self-employment programme initiated by DSCL Sugar and the NGO 'Gram Swaraj Mission'. The programme provides technical and managerial assistance, training and even financial support. Several cottage industries have mushroomed in areas surrounding the Ajbapur factory, all of them driven by groups of women who grind, package and market spices: garam masala, haldi, dhaniya and mirch. These products have won quality certifications from the Khadi and Village Industries Commission.

# 10

## Directors' Report

The Directors have pleasure in presenting the 24th Annual Report of the Company along with Audited Accounts for the year ended 31st March, 2013.

### Financial Highlights

The results for the year ended 31.3.2013 and 31.3.2012 are as under:

| Particulars  | Standalone |           | Consolidated |           |
|--|------------|-----------|--------------|-----------|
|  | 31.3.2013  | 31.3.2012 | 31.3.2013    | 31.3.2012 |
| Total Revenue  | 5446.05    | 4985.59   | 5572.87      | 5068.28   |
| Profit before depreciation, finance cost, tax and exceptional item | 554.04     | 332.04    | 574.07       | 364.78    |
| Depreciation   | 143.82     | 154.07    | 146.79       | 156.88    |
| Finance Cost   | 152.65     | 157.56    | 154.83       | 160.29    |
| Profit before exceptional item and tax                             | 257.57     | 20.41     | 272.45       | 47.61     |
| Exceptional Item   | (53.58)    | (38.06)   | (53.58)      | (38.06)   |
| Profit/(Loss) before Tax   | 203.99     | (17.65)   | 218.87       | 9.55      |
| Provision for Taxation   | 13.45      | (3.39)    | 15.98        | (2.37)    |
| Profit/(Loss) after tax  | 190.54     | (14.26)   | 202.89       | 11.92     |
| Balance brought forward from previous year                         | 453.80     | 475.91    | 494.89       | 494.53    |
| Net Profit available for appropriation                             | 644.34     | 461.65    | 697.78       | 506.45    |
| <b>Appropriations</b>  |            |           |              |           |
| - Proposed Dividends on Equity Shares (Incl. Interim dividend)     | 26.54      | 6.64      | 26.54        | 6.64      |
| - Corporate Dividend Tax   | 3.32       | 1.08      | 3.32         | 2.17      |
| - Storage fund for Molasses Account                                | 0.13       | 0.13      | 0.13         | 0.13      |
| - General Reserve  | 75.00      | -         | 75.00        | 2.62      |
| - Balance Carried Forward  | 539.35     | 453.80    | 592.79       | 494.89    |

### Performance

The Company has delivered a healthy performance during the year. The Net Revenues were up by 10% at Rs. 5539 Crores as against Net Revenue of Rs. 5039 Crores in the previous year. The growth in revenues were driven by growth in Sugar (up by 48%), Shriram

Farm Solutions (up by 20%) and Chloro-Vinyl (up by 15%) businesses.

On the earnings, EBITDA of the company recorded a growth of 57% at Rs.574 Crores. PBIT (before exceptional items) grew by 106% at Rs.427 Crores. The key drivers of the growth for PBIT (before exceptional items) during the year were higher earnings in the Chloro-Vinyl business, driven by cost savings and better product prices, higher earnings in the Sugar business along with lower losses from the Hariyali business. Lower losses in the Hariyali business was result of the implementation of restructuring and rationalization plan which involved restricting activities to profitable ones only.

The Company, however, also faced challenges in businesses like Shriram Farm Solutions and Bioseed due to adverse weather conditions in some regions of operations. The Company also faced challenges in the Government controlled businesses like Sugar and Fertilizers.

The Company, during the year had to account for an exceptional item of Rs.53.6 Crores which is a charge on account of losses on sale of surplus assets and expenses, consequent to company's decision to restructure and rationalize Hariyali Kisaan Bazaar's operations to restrict its activities to profitable lines only.

The Company's finance costs were lower by 3% at Rs.155 Crores due to lower Net Debt. Net Debt stood at Rs.1386 Crores as compared to Rs.1521 Crores. The debt could have been lower, however, higher subsidy outstanding from the Government on account of Fertilizer subsidy and higher Sugar stocks led to higher requirement of working capital.

Profit before tax (before exceptional item) was higher at Rs.272 Crores in FY13 as compared to Rs.48 Crores in the previous year.

Net Profit for FY 13 was higher at Rs.203 Crores as compared to Net profit of Rs.12 Crores in the previous period.

The improved financial performance of the company has led to Short term debt rating being upgraded from A2+ to A1 and Long term rating being upgraded from A- to A. Both these ratings are from ICRA.

## Dividend

Your Directors are pleased to recommend final dividend @ 40% i.e. Re.0.80 per Equity Share of Rs.2/- each for the year ended 31.3.2013. The total dividend for the financial year 2012-2013 results to 80% i.e. Rs.1.60 per equity share of Rs.2/- each (including interim dividend paid @ 40% in February, 2013).

## Subsidiary Companies

In terms of Circular dated 8.2.2011, issued by the Ministry of Corporate Affairs, general exemption has been granted from the provisions of Section 212 of the Companies Act, 1956 to Companies in relation to attaching accounts of its subsidiaries, subject to fulfillment of the conditions mentioned in the circular and necessary conditions as stipulated have been complied with by the Company. The Company will make available these documents upon request by any Member of the Company, interested in obtaining the same and shall also be kept for inspection at the Registered Office of the Company. 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.

## Merger of Bioseed Research India Limited into the Company

The Directors in their meeting held on 17.12.2012, had approved in principle, the proposal of merger of Bioseed Research India Ltd. (100% subsidiary) into the Company to be effective from the appointed date i.e. 1st April, 2013.

Subsequently, the said Scheme of Arrangement has been approved by the Hon'ble High Court of Delhi on 22.3.2013.

This Merger will enable the Company to strengthen its balance sheet and leverage the cash flows of the Transferor Company for financing the growth of bioseed business of the Company.

## Fixed Deposits

As on 31st March, 2013, 30 deposits aggregating to Rs.6.83 lacs were unclaimed. Since then, 30 deposits amounting to Rs.6.83 lacs have been claimed/renewed.

## Unclaimed Shares Suspense Account

Pursuant to complying with the requirement of Clause 5A of Listing Agreement, the Company had transferred unclaimed shares into Unclaimed Shares Suspense Account after sending three reminders to those shareholders whose shares are lying as unclaimed.

As on 1st April, 2012, 4568 folios aggregating to 679510 shares of Rs.2/- each were unclaimed. As on 31st March, 2013, 4563 folios aggregating to 678210 shares of Rs.2/- each were unclaimed. Since then, 5 Shareholders holding 3850 shares of Rs.2/- each has approached and out of which 2650 shares of Rs.2/- each have been transferred. The voting rights on the shares lying in Unclaimed Shares Suspense Account shall remain frozen till the rightful owner of such shares claims the shares.

## Corporate Governance

The Company is conscious of its responsibility as a good corporate citizen and is committed to adherence to best corporate governance practices. A separate section on Management Discussion and Analysis, 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.

Re-appointment of Shri Ajay S. Shriram as Chairman & Sr. Managing Director and Shri Vikram S. Shriram as Vice Chairman & Managing Director, is being sought in the ensuing Annual General Meeting (AGM) of the Company for a period of five years w.e.f. 1.11.2013. The requisite details of the re-appointments are mentioned in the said AGM Notice.

### **Auditors**

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

### **Cost Auditors**

The Company has appointed M/s. Bahadur Murao & Co., Cost Accountants, New Delhi as Cost Auditors for the financial year 2013-14, to audit the cost accounting records for its products namely, Fertilisers, Chemicals, Cement, PVC, UPVC Articles, Textiles and Seeds.

The Company has appointed M/s. J.P. Sarda & Associates, Cost Accountants, Kota as Cost Auditors for the financial year 2013-14 for Sugar and Power selling plants.

The Company has filed Cost Audit Reports for the financial year 2011-12 on 31.1.2013, for its various products, which were due to be filed by 28.2.2013. The due date of filing Cost Audit Reports for the financial year 2012-13 is 27th September, 2013.

### **Personnel**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and amendments thereto, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the report and accounts are being sent to all the Members excluding the aforesaid particulars. The complete Annual Report including this statement shall be made available for inspection by any Member during the working hours from 11.00 A.M. to 1.00 P.M. on all the working days 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 co-operation 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  
2<sup>nd</sup> May, 2013

(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 in the Fertiliser Plant.
- Optimizing the carbon recipe, using sized/ briquetted material, reducing fines.
- VFD has been provided for motor of Acetylene Blower to regulate flow matching Monomer load.
- VFDs have been provided on reciprocating feeders (4 Nos) of Acetylene Generators to regulate carbide feed rate.
- Replacement of KF cooling tower ID Fan aluminum blades with energy efficient FRP blades.
- Change in operating practice of drum filter operations there by stoppage of agitator of sludge tank.
- Reduction in operation time of nitrogen compressors by replacement of CMS.
- Implementation of power saving schemes like modifications in discharge arrangement of drum filter filtrate water for gravity discharge rather than through pumping, modification of slurry tank drive supports arrangement and usage of waste Carbide Plant bag house dust in recipe.
- Implementing thermal energy saving schemes like increasing sludge consumption in recipe.
- Sulphur melting using waste heat of SO<sub>2</sub> gas.
- Raw juice heating by using hot condensate.
- Installation of steam saving device named as "LTEM" to tap waste heat from Pan and planetary drive at C TVC shell.
- Replacing auto recirculation valve and bypass assembly of boiler feed water pump A & C.
- Reducing energy consumption by providing VFD in Dechlorination pump - A and seal air fan frequency.
- Energy saving by replacing existing aluminium flexible with fusion welded copper flexible for E-Electrolyser.
- Modification in balancing of PA fan discharge flow.
- Applying anti friction coating in process plant cooling tower pump-C.

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

- Installation of Advance Process Control System for Ammonia Plant and DCS for Fertiliser Plant.
- Revamp of Benfield Co<sub>2</sub> Removal System.
- Installation of a top-up turbine and replacement of 4 K heater tube bundle in P35 Plant

- Zero gape conversion of Electrolyser # B.
- Replacement of Anode and Membrane of Electrolyser # B.
- Modification in Limestone Crushing System reducing number of crushers for size reduction and easy processing of Crushed limestone during monsoon.
- New Condenser Bank for improving power factor of 3.3 KV system and to provide Condenser Bank in 8 transformer of 3.3 KV supply system.
- Investment for modifications in C-Continuous Pan and in Sulphur Melting System.
- Trimming of FD fan impeller.
- Coating in power plant cooling water pump; providing VFD in Filtered brine pump - A, Dying tower, clarified brine pump and Effluent transfer pump; and reducing voltage in industrial lighting.

#### (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 carbon consumption by 31 Kg/MT and power consumption by 19 Kwh/MT carbide, resulting in saving of Rs.5 crore/year.
- Reduction of Auxiliary Power consumption by 200 Kwh/day, resulting in saving of Rs.3 Lacs per year.
- Energy saving arising out of reduction in carbon consumption & power consumption
- Steam saving.
- Reduction in power consumption.
- Saving of Rs.42 lacs/year in Chemicals, Rs.3 lacs/year in PVC and of Rs.37.4 lacs in cement.

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

Form A is annexed.

### B. TECHNOLOGY ABSORPTION

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

Form B is annexed.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Nil

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

|                                 | Rs./Crores |         |
|---------------------------------|------------|---------|
|                                 | 2012-13    | 2011-12 |
| - Total foreign exchange used   | 768.43     | 503.25  |
| - Total foreign exchange earned | 13.79      | 21.32   |



# FORM A

(See Rule 2)

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

|   | This Year<br>2012-13 | Previous Year<br>2011-12 |
|---|----------------------|--------------------------|
| <b>A. POWER AND FUEL CONSUMPTION</b>            |                      |                          |
| <b>1. Electricity</b>                           |                      |                          |
| (a) Purchased                                   |                      |                          |
| – Kwh (in lacs)                                 | 1095.2               | 929.3                    |
| – Total Cost (Rs./lacs)                         | 5899.3               | 4562.7                   |
| – Rate (Rs./Kwh)                                | 5.39                 | 4.91                     |
| (b) Own Generation                              |                      |                          |
| (i) Through Diesel Generator                    |                      |                          |
| – Kwh (in lacs)                                 | 15.51                | 16.29                    |
| – Kwh generated per ltr. of Diesel/Furnace Oil  | 8.43                 | 6.73                     |
| – Cost (Rs./Kwh)                                | 12.06                | 11.87                    |
| (ii) Through Steam Turbine Generator            |                      |                          |
| – Kwh (in lacs)                                 | 13926.3              | 13822.1                  |
| – Kwh (in lacs) generated per Kg. of Coal       | 1.3                  | 1.2                      |
| – Cost (Rs./Kwh)                                | 3.9                  | 3.8                      |
| (iii) Through Steam Turbine Generator (Bagasse) |                      |                          |
| – Kwh (in lacs)                                 | 3382.3               | 2691.5                   |
| – Units generated per M.T. of Bagasse           | 1401.4               | 1320.5                   |
| – Bagasse Consumed (in MT/Lacs)                 | 2.4                  | 2.0                      |
| <b>2. Coal</b>                                  |                      |                          |
| Quantity (M.T.)                                 | 1223760.8            | 1312503.4                |
| Total Cost (Rs./lacs)                           | 47007.5              | 47785.5                  |
| Average Rate (M.T.)                             | 3841.23              | 3640.79                  |
| <b>3. Furnace Oil</b>                           |                      |                          |
| Quantity (M.T.)                                 | 3489.6               | 5188.5                   |
| Total Cost (Rs./lacs)                           | 1683.0               | 2206.3                   |
| Average Cost (M.T.)                             | 48229.71             | 42522.89                 |

|  | This Year<br>2012-13 | Previous Year<br>2011-12 |
|--|----------------------|--------------------------|
| <b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>             |                      |                          |
| <b>1. Electricity</b>                                    |                      |                          |
| — Urea (Kwh/M.T.)  | 121.2                | 135.1                    |
| — PVC Resin/Compounds (Kwh/M.T.)                         | 549.9                | 405.3                    |
| — Carbide Packed (T/Ton)                                 | 222.3                | 125.9                    |
| — C. Soda, SFC, Kota (Kwh/M.T.)                          | 207.1                | 135.4                    |
| — C. Soda, SAC, Bharuch (Kwh/M.T.) - Internal Generation | 2611.0               | 2672.0                   |
| — Liquid Chlorine (Kwh/M.T.)                             | 105.0                | 106.0                    |
| — HCL (Kwh/M.T.)   | 1.0                  | 1.0                      |
| — Textiles - Yarn (Kwh/Kg.)                              | 2.5                  | 2.5                      |
| — Sugar - Ajbapur (Kwh)                                  | 426.9                | 382.3                    |
| — Sugar - Rupapur (Kwh)                                  | 282.2                | 273.5                    |
| — Sugar - Loni (Kwh)                                     | 359.1                | 369.8                    |
| — Sugar - Hariawan (Kwh)                                 | 344.4                | 319.9                    |
| — Profile - Fenesta Building Systems (Kwh/M.T.)          | 762.3                | 783.3                    |
| — SBG  | 29.2                 | 37.4                     |
| <b>2. Coal</b>   |                      |                          |
| — Urea (M.T./M.T.)                                       | 0.6                  | 0.6                      |
| — PVC Resin (M.T./M.T.)                                  | 4.8                  | 5.9                      |
| — Carbide Packed (T/Ton)                                 | 2.9                  | 3.4                      |
| — C. Soda (M.T./M.T.)                                    | 4.2                  | 4.7                      |
| — 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)   | 7.9                  | 11.6                     |
| — C. Soda, SFC, Kota (Kg./Ton)                           | 0.1                  | 0.1                      |
| — C. Soda, SAC, Bharuch (Kg./Ton)                        | 3.0                  | 5.0                      |
| — Cement (Kg./Ton)                                       | 0.2                  | 0.1                      |
| <b>4. Others</b>   |                      |                          |
| — LDO/HSD - Urea (Ltr./Ton)                              | 0.0                  | 0.4                      |
| — Steam - C. Soda (M.T./M.T.) - SAC, Bharuch             | 1.1                  | 1.2                      |
| — Steam - PVC Compound (M.T./M.T.)                       | 0.1                  | 0.1                      |
| — Bagasse (M.T.) - Ajbapur                               | 2.2                  | 2.1                      |
| — Bagasse (M.T.) - Rupapur                               | 2.1                  | 2.0                      |
| — Bagasse (M.T.) - Loni                                  | 2.2                  | 2.2                      |
| — Bagasse (M.T.) - Hariawan                              | 2.6                  | 2.2                      |

**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**

- Loss of Gas yield of Calcium Carbide during cooling and handling is a concern area. New palette system is designed for cooling of carbide in cooling hall.
- Simplification/modification of carbide handling/conveying system.
- Filtration and ion Exchange trials for clear juice.
- Metallic conveyor drier belt for sugar drying and conveying.
- Sugar cane breeding and Bio control lab.
- Automotive parking brakes, gear knot, rigid profile, handle and straps.
- UV light color fastness master batch.

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

- Reduction in dust losses. Estimated savings are Rs.100 lacs during the year.
- Optimisation of water quantity application in milling.
- Reduction in sulphur consumption.
- Improvement in sugar quality.
- New product development.

**3. Future plan of action**

- Several energy saving schemes have been identified for reduction in energy consumption. However, these will be implemented depending on viability under the present pricing regime.
- Implementation of Palette system in new cooling hall is planned in current financial year. This will result in estimated saving of Rs.1 crore.
- Optimum application of water and improving boiler operations.
- Use of ion exchange resin for syrup filtration.
- Rigid injection molding and extrusion grades development.
- Low smoke and low HCL compound.

**4. Expenditure on R & D**

Rs./Lacs

|  | 2012-13 | 2011-12 |
|--|---------|---------|
| a) Capital   | 0.34    | –       |
| b) Revenue   | 95.00   | 113.00  |
| c) Total   | 95.34   | 113.00  |
| d) Total R & D expenditure as percentage of total turnover | 0.02    | 0.02    |

**Technology absorption, adaptation and innovation**

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

- Use of waste heat of sulphur burner during Pan boiling.
- To get high gloss in rigid grades, improvement in impact and transparency.

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

- Conservation of Steam
- Reduction in power consumption
- Import substitution
- Cost Reduction
- New product development

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

**Sugar Plant**

- |   |   |
|---|---|
| a) Technology Imported  | Multi Bed Filtration System and De-sweetening System. |
| b) Year of Import   | 2010-11   |
| c) Has the technology been fully absorbed?                            | Yes   |
| d) If not fully absorbed, reasons therefor and future plans of action | N.A.  |



## Corporate Governance Report 2012-13

### (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 31.3.2013, the Board of Directors comprises of an Executive Chairman, four Executive Directors and seven Non-Executive Directors.

During the year, Six Board Meetings were held on 11.5.2012, 26.7.2012, 26.10.2012, 17.12.2012, 1.2.2013 and 8.3.2013.

The composition of Board of Directors, their attendance at Board Meetings during the year 2012-13 and at the last Annual General Meeting held on 14.8.2012 and also the number of other Directorship and Committee Membership/ Chairmanship as on 31.3.2013 are as follows:

| Name of Director                  | Category of Directorship | No. of Board meetings attended | Attended last AGM | No. of other Directorship # | No. of other Committee Membership # # |          |
|-----------------------------------|--------------------------|--------------------------------|-------------------|-----------------------------|---------------------------------------|----------|
|                                   |                          |                                |                   |                             | Member                                | Chairman |
| Shri Ajay S. Shriram (Promoter)   | ED                       | 6                              | YES               | 12                          | 1                                     | -        |
| Shri Vikram S. Shriram (Promoter) | ED                       | 4                              | YES               | 13                          | -                                     | 2        |
| Shri Rajiv Sinha                  | ED                       | 6                              | YES               | 6                           | 1                                     | -        |
| Shri Ajit S. Shriram (Promoter)   | ED                       | 5                              | YES               | 13                          | 1                                     | -        |
| Dr. N.J. Singh                    | ED                       | 5                              | YES               | 1                           | -                                     | -        |
| Dr. S.S. Baijal                   | I-NED                    | 6                              | YES               | 4                           | -                                     | 2        |
| Shri Arun Bharat Ram              | I-NED                    | 5                              | NO                | 6                           | 3                                     | -        |
| Shri Pradeep Dinodia              | I-NED                    | 4                              | YES               | 8                           | 3                                     | 3        |
| Shri Vimal Bhandari               | I-NED                    | 3                              | YES               | 7                           | 2                                     | 3        |
| Shri Sunil Kant Munjal            | I-NED                    | 3                              | YES               | 12                          | 6                                     | -        |
| Shri D. Sengupta                  | I-NED                    | 4                              | NO                | 2                           | 1                                     | -        |
| Shri Rajesh Kandwal (LIC Nominee) | I-NED                    | 4                              | YES               | -                           | -                                     | -        |

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

# # Includes only Audit Committee and Shareholders/Investors' Grievance 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, 2013 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 31.3.2013, the Committee comprises of four Independent-Non-Executive Directors. The Committee met five times during the year on 11.5.2012, 23.7.2012, 26.10.2012, 17.12.2012, and 1.2.2013 and attendance of the Members at the meetings was as follows:

| Name of Member       | Status   | No. of meetings attended |
|----------------------|----------|--------------------------|
| Dr. S.S. Bajjal      | Chairman | 5                        |
| Shri Arun Bharat Ram | Member   | 3                        |
| Shri Pradeep Dinodia | Member   | 4                        |
| Shri D. Sengupta     | Member   | 4                        |

**(D) Board Remuneration Committee**

**(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 four times during the year on 11.5.2012,

9.7.2012, 10.9.2012 and 26.10.2012 and the attendance of the Members at the meetings was as follows:

| Name of Member       | Status   | No. of meetings attended |
|----------------------|----------|--------------------------|
| Dr. S.S. Bajjal      | Chairman | 3                        |
| Shri Pradeep Dinodia | Member   | 3                        |
| Shri D. Sengupta     | Member   | 2                        |

**(iii) Remuneration Policy**

The policy, inter alia, provides for the following:

**a) Executive Directors**

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

**b) Non-Executive Directors**

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

**(iv) Details of remuneration for the year 2012-13**

**(a) Executive Directors**

(Amount/Rs. Lacs)

| Executive Directors     | Salary | P.F.  | Superannuation | Allowances/ Perquisites | Commission | Total  |
|-------------------------|--------|-------|----------------|-------------------------|------------|--------|
| Shri Ajay S. Shriram*   | 91.20  | 10.94 | 13.68          | 90.26                   | 80.00      | 286.08 |
| Shri Vikram S. Shriram* | 87.60  | 10.51 | 13.14          | 76.87                   | 76.00      | 264.12 |
| Shri Rajiv Sinha*       | 81.60  | 9.79  | 12.24          | 78.97                   | 65.00      | 247.60 |
| Shri Ajit S. Shriram**  | 66.00  | 7.92  | 9.90           | 74.33                   | 55.00      | 213.15 |
| Dr. N.J. Singh***       | 22.08  | 2.65  | 3.31           | 17.55                   | 14.00      | 59.59  |

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

\*\*\*Re-appointed w.e.f. 20.11.2012 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 offered 50,000 Equity Shares and 10,000 Equity Shares of Rs.2/- each to Shri Rajiv Sinha and Dr. N.J. Singh, Executive Directors, respectively under its Employees Stock Purchase Scheme.

#### 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 31.3.2013 in the Company are as under:

| Name of the Director              | Amount/Rs. Lacs |            |       | No. of Shares held |
|-----------------------------------|-----------------|------------|-------|--------------------|
|                                   | Sitting Fee     | Commission | Total |                    |
| Dr. S.S. Bajjal                   | 2.93            | 31.10      | 34.03 | 50,000             |
| Shri Arun Bharat Ram              | 1.20            | 10.60      | 11.80 | -                  |
| Shri Pradeep Dinodia              | 2.03            | 18.30      | 20.33 | 29,270             |
| Shri Vimal Bhandari               | 0.45            | 7.10       | 7.55  | 2,000              |
| Shri Sunil Kant Munjal            | 0.45            | 7.10       | 7.55  | -                  |
| Shri D. Sengupta                  | 1.95            | 17.60      | 19.55 | 8,000              |
| Shri Rajesh Kandwal (LIC Nominee) | 0.60            | 7.80       | 8.40  | -                  |

During the year, the Company has paid Rs. 0.20 lac as professional fees to M/s. S.R. Dinodia & Co., a firm in which Shri Pradeep Dinodia, Director of the Company, is a partner.

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

#### (i) Terms of reference

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

#### (ii) Composition

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

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

During the year, the Committee met nine times on 2.4.2012, 26.4.2012, 15.6.2012, 23.7.2012, 9.10.2012, 5.12.2012, 31.12.2012, 23.1.2013 and 19.3.2013

respectively and the attendance of the Members was as follows:

| Name                   | Status   | No. of meetings attended |
|------------------------|----------|--------------------------|
| Shri Pradeep Dinodia   | Chairman | 8                        |
| Dr. S.S. Bajjal        | Member   | 8                        |
| Shri Ajay S. Shriram   | Member   | 9                        |
| Shri Vikram S. Shriram | Member   | 8                        |

During the year, 99 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 31.3.2013.

#### (F) General Body Meetings

The last three Annual General Meetings were held as under:

| Financial Year | Date      | Time       | Location                                      |
|----------------|-----------|------------|---|
| 2011-12        | 14.8.2012 | 10.00 A.M. | Air Force Auditorium, Subroto Park, New Delhi |
| 2010-11        | 30.8.2011 | 10.00 A.M. | Air Force Auditorium, Subroto Park, New Delhi |
| 2009-10        | 17.8.2010 | 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 2012

- Approval for re-appointment of Dr. N.J. Singh as Whole Time Director (EHS) under Sections 269, 309 of the Companies Act, 1956 and other applicable provisions for a period of five years w.e.f. 20.11.2012.
- Approval under Section 314(1B) of the Companies Act, 1956 and other applicable provisions for the revision of remuneration of Shri Aditya A. Shriram, Vice President w.e.f. 1.4.2012.
- Approval under Section 314 of the Companies Act, 1956 and other applicable provisions to

increase the remuneration of Shri Anand A. Shriram, Officer w.e.f.1.4.2012.

- Approval for modification in the Clause 2 (b) titled "Perquisites" of the "Terms & Conditions of re-appointment" of Shri Rajiv Sinha contained in the resolution as approved by the Members on 19.8.2008.

#### POSTAL BALLOT

- No special resolution was passed through postal ballot during the last financial year and as on date, there is no proposal to pass any special resolution through Postal Ballot.

#### AGM 2011

- Approval for re-appointment of Shri Ajit S. Shriram as Deputy Managing Director under Sections 269, 309 of the Companies Act, 1956 and other applicable provisions for a period of five years w.e.f. 2.5.2011.

#### AGM 2010

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

#### (G) Disclosures

- 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.
- 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.
- 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.
- 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 and Hindi daily newspapers, viz., Business Standard. These results are also made available on the website of the Company [www.dscl.com](http://www.dscl.com) and also posted at website of NSE and BSE. The Company's website also displays official news releases. The Company has interacted with analysts and investors during the year under review through meetings and conference calls.

#### (I) General Shareholders Information

- (i) Next Annual General Meeting is proposed to be held on Tuesday, 13<sup>th</sup> August, 2013 at 10.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi.
- (ii) **Financial Year:** April to March.
- (iii) **Date of book closure:** 19.7.2013 to 26.7.2013 (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 BSE 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 2012-13

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

| Month       | Share Price on NSE |       | NIFTY Index |         |
|-------------|--------------------|-------|-------------|---------|
|             | High               | Low   | High        | Low     |
| <b>2012</b> |                    |       |             |         |
| April       | 47.00              | 43.40 | 5378.75     | 5154.30 |
| May         | 46.50              | 39.25 | 5279.60     | 4788.95 |
| June        | 51.70              | 44.20 | 5286.25     | 4770.35 |
| July        | 58.00              | 47.10 | 5348.55     | 5032.40 |
| August      | 59.90              | 51.00 | 5448.60     | 5164.65 |
| September   | 57.35              | 50.20 | 5735.15     | 5215.70 |
| October     | 86.30              | 50.50 | 5815.35     | 4888.20 |
| November    | 75.80              | 63.00 | 5885.25     | 5548.35 |
| December    | 79.00              | 64.65 | 5965.15     | 5823.15 |
| <b>2013</b> |                    |       |             |         |
| January     | 70.65              | 60.00 | 6111.80     | 5935.20 |
| February    | 72.40              | 49.25 | 6052.95     | 5671.90 |
| March       | 60.40              | 50.05 | 5971.20     | 5604.85 |

(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 15 days.

#### (ix) Distribution of Shareholding as on 31.3.2013

| No. of Shares    | Shareholders |                                |
|------------------|--------------|--------------------------------|
|                  | Number       | % to total no. of Shareholders |
| Upto - 500       | 42524        | 87.75                          |
| 501 - 1000       | 2916         | 6.02                           |
| 1001 - 2000      | 1478         | 3.05                           |
| 2001 - 3000      | 488          | 1.01                           |
| 3001 - 4000      | 275          | 0.57                           |
| 4001 - 5000      | 177          | 0.36                           |
| 5001 - 10000     | 282          | 0.58                           |
| 10001 - 50000    | 244          | 0.50                           |
| 50001 - 100000   | 32           | 0.07                           |
| 100001 and above | 44           | 0.09                           |
| <b>TOTAL</b>     | <b>48460</b> | <b>100.00</b>                  |



**(x) Categories of Shareholders as on 31.3.2013**

| Category  | No. of fully paid up shares held | % share-holding |
|---|----------------------------------|-----------------|
| Promoters, Relatives and Associates   | 103330322                        | 62.28           |
| Financial Institutions, Banks and Insurance Companies                               | 17193202                         | 10.36           |
| Foreign Institutional Investors, Overseas Corporate Bodies and Non-Resident Indians | 16863504                         | 10.17           |
| Mutual Funds  | 502185                           | 0.30            |
| Bodies Corporate  | 4212775                          | 2.54            |
| General Public  | 23801332                         | 14.35           |
| <b>TOTAL</b>  | <b>165903320</b>                 | <b>100.00</b>   |

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

As on 31.3.2013, of the total eligible Equity Shares, 88.09% were in dematerialised form and the balance 11.91% shares in physical form.


The Company has not issued any GDRs/ADRs/warrants or any convertible instruments, which are pending for conversion.


Place : New Delhi  
Date : 2<sup>nd</sup> May, 2013

**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, 2013.

Place : New Delhi  
Date : 2<sup>nd</sup> May, 2013

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

  
(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, 2013, 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 : 2<sup>nd</sup> May, 2013

Jaideep Bhargava  
Partner  
Membership No. 90295

**(xii) Plant Locations**

The Company's plants are located at Ajbapur, Rupapur, Hariawan, Loni (U.P.), Bharuch (Gujarat), Kota, Tonk, Bhiwadi (Rajasthan), Mumbai (Maharashtra), Hyderabad (Andhra Pradesh) and Chennai (Tamil Nadu).

**(xiii) Address for Correspondence**

The Company's Registered Office is situated at 5<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  
(excluding Institutional Investors)

ykgupta@dscl.com / amitmehra@dscl.com

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

## Independent Auditors' Report

### To the Members of DCM Shriram Consolidated Limited

#### Report on the Financial Statements

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

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

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

#### Auditors' Responsibility

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

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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

#### Report on Other Legal and Regulatory Requirements

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

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

Jaideep Bhargava  
Partner  
Gurgaon  
Date : 02<sup>nd</sup> May, 2013 (Membership No.: 90295)

#### ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Legal and Regulatory Requirements' section 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) In respect of its fixed assets :
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.

- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventory :
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals except for inventory lying with third parties at the end of the year for which confirmations have been obtained in most of the cases.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has, during the year, not granted any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956, other than unsecured loans aggregating Rs. 13.74 crores granted during the year to three wholly owned subsidiaries covered in the register maintained under Section 301 of the Companies Act, 1956. At the year end, the loans granted to five subsidiaries aggregate to Rs. 91.81 crores. The maximum amount due during the year of these loans was Rs. 92.22 crores. These loans include interest free loans aggregating Rs. 72.16 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, during the year the Company has taken loan from one party covered in the register maintained under section 301 of the Companies Act, 1956, amounting to Rs. 1.36 crore (maximum amount outstanding during the year Rs.1.36 crore), which is outstanding as at the year end.
- (f) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
- (g) The payments of principal amounts and interest in respect of such loans are as per stipulations.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to 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 prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the 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.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by



## Auditors' Report (Continued)

us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. We are informed that there are no undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues of wealth tax, customs duty and cess matters. According to the information and explanations given to us and the records of the Company examined by us, the details of disputed dues not paid of excise duty, service tax, income-tax and sales tax dues as at March 31, 2013 are as follows:

| Nature of the statute | Nature of the dues | Forum where pending                               | Amount* (Rs. in Crores) | Amount paid under protest (Rs. in Crores) | Period to which the amount relates                                     |
|-----------------------|--------------------|---|-------------------------|---|--|
| Central Excise Law    | Excise duty        | Appellate authority up to Commissioners' level    | 2.90                    | 0.12                                      | 1995-96, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12          |
|                       |                    | Central Excise and Service Tax Appellate Tribunal | 6.59                    | 1.75                                      | 1997-98, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 |
| Finance Act, 1994     | Service Tax        | Appellate authority up to Commissioners' level    | 0.09                    | #   | 2007-08, 2008-09, 2009-10, 2010-11                                     |
|                       |                    | Central Excise and Service Tax Appellate Tribunal | 0.22                    | 0.05                                      | 2005-06, 2006-07, 2007-08, 2008-09, 2009-10                            |
| Income Tax Act, 1961  | Income tax         | Appellate authority up to Commissioners' level    | 0.55                    | 0.55                                      | 2009-10  |
|                       |                    | Income Tax Appellate Tribunal                     | 0.71                    | 0.71                                      | 2007-08, 2008-09   |
| Sales Tax Laws        | Sales tax          | Appellate authority up to Commissioners' level    | 1.73                    | 0.55                                      | 1983-84, 2001-02, 2006-07, 2007-08, 2010-11                            |
|                       |                    | Appellate Tribunal                                | 2.47                    | 0.80                                      | 1994-95  |

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

# Rs. 15,000

- (x) According to the records of the Company examined by us and the information and explanations given to us, the Company, during the year, has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- (xi) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans taken have been applied for the purpose for which they were obtained, other than temporary deployment pending allocation.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that short term funds have not been used to finance long term investments.
- (xv) As the Company has not made any preferential allotment of shares during the year, paragraph 4 (xviii) of the Order is not applicable.
- (xvi) The Company has not issued any debenture during the year.
- (xvii) Since, the Company has not raised any money by way of public issue during the year, paragraph 4 (xx) of the Order is not applicable.
- (xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Gurgaon  
Date : 02<sup>nd</sup> May, 2013

Jaideep Bhargava  
Partner  
(Membership No.: 90295)

# BALANCE SHEET AS AT MARCH 31, 2013

DCM SHRIRAM  
CONSOLIDATED LIMITED

|  | Notes   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------|---------------------------------------|---------------------------------------|
| <b>EQUITY AND LIABILITIES</b>                                    |         |                                       |                                       |
| <b>Shareholders' funds</b>                                       |         |                                       |                                       |
| Share capital  | 2.1     | 33.34                                 | 33.34                                 |
| Reserves and surplus   | 2.2     | 1,367.12                              | 1,206.41                              |
|  |         | <b>1,400.46</b>                       | <b>1,239.75</b>                       |
| <b>Non-current liabilities</b>                                   |         |                                       |                                       |
| Long-term borrowings   | 2.3     | 660.42                                | 787.85                                |
| Deferred tax liabilities (net)                                   | 2.4     | 159.27                                | 155.46                                |
| Other Long-term liabilities                                      | 2.5     | 32.98                                 | 27.73                                 |
| Long-term provisions   | 2.6     | 115.07                                | 108.60                                |
|  |         | <b>967.74</b>                         | <b>1,079.64</b>                       |
| <b>Current liabilities</b>                                       |         |                                       |                                       |
| Short-term borrowings  | 2.7     | 693.86                                | 827.89                                |
| Trade payables   | 2.8     | 1,048.13                              | 866.08                                |
| Other current liabilities  | 2.9     | 437.04                                | 489.81                                |
| Short-term provisions  | 2.10    | 41.24                                 | 25.17                                 |
|  |         | <b>2,220.27</b>                       | <b>2,208.95</b>                       |
| <b>Total</b>   |         | <b>4,588.47</b>                       | <b>4,528.34</b>                       |
| <b>ASSETS</b>  |         |                                       |                                       |
| <b>Non-current assets</b>  |         |                                       |                                       |
| Fixed assets   | 2.11    |                                       |                                       |
| Tangible assets  |         | 1,457.01                              | 1,790.98                              |
| Intangible assets  |         | 4.56                                  | 9.92                                  |
| Capital work in progress   |         | 15.85                                 | 27.03                                 |
| Intangible assets under development                              |         | 0.17                                  | 0.39                                  |
|  |         | <b>1,477.59</b>                       | <b>1,828.32</b>                       |
| Non-current investments  | 2.12    | 45.37                                 | 50.44                                 |
| Long-term loans and advances                                     | 2.13    | 182.05                                | 173.09                                |
| Other non-current assets   | 2.14    | 8.48                                  | 4.45                                  |
|  |         | <b>1,713.49</b>                       | <b>2,056.30</b>                       |
| <b>Current assets</b>  |         |                                       |                                       |
| Current Investments  | 2.15    | 1.27                                  | -                                     |
| Inventories  | 2.16    | 1,339.42                              | 1,301.88                              |
| Trade receivables  | 2.17    | 910.58                                | 660.54                                |
| Cash and Bank balances   | 2.18    | 119.91                                | 228.31                                |
| Short-term loans and advances                                    | 2.19    | 222.52                                | 251.73                                |
| Other current assets   | 2.20    | 281.28                                | 29.58                                 |
|  |         | <b>2,874.98</b>                       | <b>2,472.04</b>                       |
| <b>Total</b>   |         | <b>4,588.47</b>                       | <b>4,528.34</b>                       |
| <b>Significant accounting policies and Notes to the accounts</b> |         |                                       |                                       |
|  | 1 to 24 |                                       |                                       |

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

Jaideep Bhargava  
Partner

B.L. SACHDEVA  
Company Secretary

S.S. BAIJAL  
Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

New Delhi  
May 2, 2013

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

DCM SHRIRAM  
CONSOLIDATED LIMITED

|   | Notes   | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|---|---------|--|--|
| <b>Revenue from operations</b>  |         |  |  |
| Sale of Products  |         | 5,632.22                                   | 5,120.82                                   |
| Less: Excise duty   |         | 252.21                                     | 197.15                                     |
|   |         | <b>5,380.01</b>                            | <b>4,923.67</b>                            |
| Other operating revenues  | 2.21    | 19.92                                      | 32.03                                      |
|   |         | <b>5,399.93</b>                            | <b>4,955.70</b>                            |
| Other income  | 2.22    | 46.12                                      | 29.89                                      |
| <b>Total Revenue</b>  |         | <b>5,446.05</b>                            | <b>4,985.59</b>                            |
| <b>Expenses</b>   |         |  |  |
| Cost of materials consumed  |         | 1,917.87                                   | 1,728.67                                   |
| Purchases of Stock-in-Trade   |         | 1,484.83                                   | 1,727.21                                   |
| Change in inventories of finished goods,<br>Work-in-progress and Stock-in-Trade | 2.23    | (62.44)                                    | (327.81)                                   |
| Employee benefits expense   | 2.24    | 363.01                                     | 355.54                                     |
| Finance costs   | 2.25    | 152.65                                     | 157.56                                     |
| Depreciation and amortisation expense   | 2.11    | 143.82                                     | 154.07                                     |
| Other expenses  | 2.26    | 1,188.74                                   | 1,169.94                                   |
| <b>Total Expenses</b>   |         | <b>5,188.48</b>                            | <b>4,965.18</b>                            |
| <b>Profit before tax and exceptional items</b>                                  |         | <b>257.57</b>                              | <b>20.41</b>                               |
| Exceptional Items   | 14      | (53.58)                                    | (38.06)                                    |
| <b>Profit/(loss) before tax</b>   |         | <b>203.99</b>                              | <b>(17.65)</b>                             |
| Provision for taxation  | 2.27    | 13.45                                      | (3.39)                                     |
| <b>Profit/(loss) after tax</b>  |         | <b>190.54</b>                              | <b>(14.26)</b>                             |
| <b>Earnings per equity share-basic/diluted (Rs.)</b><br>(refer note 5)          |         |  |  |
| -Before exceptional item  |         | 14.55                                      | 0.99                                       |
| -After exceptional item   |         | 11.49                                      | (0.86)                                     |
| <b>Significant accounting policies and Notes to the accounts</b>                | 1 to 24 |  |  |

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

Jaideep Bhargava  
Partner

B.L. SACHDEVA  
Company Secretary

S.S. BAIJAL  
Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

New Delhi  
May 2, 2013

# Cash Flow Statement FOR THE YEAR ENDED MARCH 31, 2013

DCM SHRIRAM  
CONSOLIDATED LIMITED

|   | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|---|--|--|
| <b>A. Cash flow from operating activities</b>                                   |  |  |
| Net Profit/(loss) before tax and exceptional item                               | 257.57                                     | 20.41                                      |
| Adjustments for :   |  |  |
| Depreciation and amortization expenses  | 143.82                                     | 154.07                                     |
| (Profit) / Loss on sale/write off of fixed assets (net)                         | (5.57)                                     | 6.05                                       |
| Profit on sale of PVC compounds business  | (0.26)                                     | -  |
| Provision for diminution in value of non trade non current investment           | 3.78                                       | -  |
| Finance cost  | 152.65                                     | 157.56                                     |
| Less: interest and dividend income  | (35.06)                                    | (23.50)                                    |
| <b>Operating profit/(loss) before working capital changes</b>                   | <b>516.93</b>                              | <b>314.59</b>                              |
| Adjustments for :   |  |  |
| Trade receivables   | (273.75)                                   | (300.73)                                   |
| Long term loans and advances  | 23.06                                      | (8.84)                                     |
| Short term loans and advances   | 34.71                                      | 27.55                                      |
| Other current assets  | (54.39)                                    | 1.86                                       |
| Other non current assets  | (4.03)                                     | 0.06                                       |
| Inventories   | (48.07)                                    | (319.08)                                   |
| Trade payables  | 193.64                                     | 489.26                                     |
| Long term provisions  | 6.47                                       | 9.48                                       |
| Short term provisions   | 4.82                                       | 2.12                                       |
| Other Long term liabilities   | 3.83                                       | (0.11)                                     |
| Other current liabilities   | (44.79)                                    | 124.52                                     |
| <b>Cash generated from operations</b>   | <b>358.43</b>                              | <b>340.68</b>                              |
| Income taxes (paid)/refund  | (30.77)                                    | 5.42                                       |
| <b>Net cash from operating activities before exceptional item</b>               | <b>327.66</b>                              | <b>346.10</b>                              |
| Exceptional item  | (53.58)                                    | (38.06)                                    |
| <b>Net cash from operating activities</b>                                       | <b>274.08</b>                              | <b>308.04</b>                              |
| <b>B. Cash flow from investing activities</b>                                   |  |  |
| Purchase of fixed assets  | (44.28)                                    | (63.87)                                    |
| Sale of fixed assets  | 54.24                                      | 11.03                                      |
| Fixed deposits with banks (earmarked)   | 22.98                                      | (50.71)                                    |
| Purchase of trade non current investments                                       | -  | (0.34)                                     |
| Purchase of non-trade non current investment                                    | -  | (0.02)                                     |
| Redemption of non-trade non current investment                                  | 0.02                                       | -  |
| Purchase of non-trade current investments                                       | (2,758.08)                                 | (3,970.56)                                 |
| Sale of non-trade current investments   | 2,758.08                                   | 3,970.56                                   |
| Short term Loans and advances to subsidiary companies                           | 21.27                                      | 5.53                                       |
| Long term Loans and advances to subsidiary companies                            | (9.23)                                     | (0.89)                                     |
| Interest received   | 29.84                                      | 21.41                                      |
| Dividend received   | 7.47                                       | 1.11                                       |
| Consideration pursuant to sale of PVC compounds business                        | 33.00                                      | -  |
| Less: consideration receivable  | (33.00)                                    | -  |
| <b>Cash flow from/(used) in investing activities</b>                            | <b>82.31</b>                               | <b>(76.75)</b>                             |
| <b>C. Cash flow from financing activities</b>                                   |  |  |
| Proceeds from Long term borrowings  | -  | 113.18                                     |
| Proceeds from Short term borrowings   | 4,300.58                                   | 5,054.62                                   |
| Repayment of Long term borrowings   | (128.64)                                   | (161.28)                                   |
| Repayment of Short term borrowings  | (4,577.56)                                 | (4,902.88)                                 |
| Changes in working capital borrowings   | 142.95                                     | (70.10)                                    |
| Dividends paid  | (19.91)                                    | (6.64)                                     |
| Corporate dividend tax paid   | (2.14)                                     | (1.08)                                     |
| Finance cost paid   | (157.04)                                   | (132.36)                                   |
| <b>Net cash (used) in financing activities</b>                                  | <b>(441.76)</b>                            | <b>(106.54)</b>                            |
| <b>Net increase in cash and cash equivalents</b>                                | <b>(85.37)</b>                             | <b>124.75</b>                              |
| Cash and cash equivalents as at opening*  |  |  |
| Cash and cheques in hand and balance with banks                                 | 173.00                                     | 48.25                                      |
| Cash and bank balances transferred on sale of PVC Compounds Business            | 0.05                                       | -  |
| Cash and cash equivalents as at closing*  |  |  |
| Cash and cheques in hand and balance with banks                                 | 87.58                                      | 173.00                                     |
| * excludes Rs. 2.44 crores (2011-12 - Rs.2.08 crores) held in dividend accounts |  |  |

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

Jaideep Bhargava  
Partner

B.L. SACHDEVA  
Company Secretary

S.S. BAIJAL  
Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

New Delhi  
May 2, 2013

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

### 1. Significant accounting policies

#### (i) Accounting convention

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

#### (ii) Fixed assets and depreciation

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

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

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

|   | 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 on the date of the transaction.

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

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

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

### (iv) Inventories

Inventories are valued at lower of cost or net realisable value. The basis for determining cost (which also includes taxes and duties wherever applicable) for different categories of inventory are as under:

Stores & spares, raw materials - Weighted average rate.  
and stock-in-trade

Work-in-Progress 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 are valued at estimated net 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.

### (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 statement of profit and loss. For the Provident Fund Trust administered by the Company, the Company is liable to meet the shortfall, if any, in payment of interest at the rates declared by the Central Government, and such liability is recognised in the year of shortfall.

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

### (viii) Research and development

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

### (ix) Income-tax

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



## Notes to the Accounts

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.1 SHARE CAPITAL

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| <b>Authorised</b>  |                                       |                                       |
| 28,49,50,000 (2011-12- 28,49,50,000) Equity shares of Rs.2 each with voting rights                     | 56.99                                 | 56.99                                 |
| 65,01,000 (2011-12 - 65,01,000) Cumulative redeemable preference shares of Rs.100 each                 | 65.01                                 | 65.01                                 |
|  | 122.00                                | 122.00                                |
| <b>Issued</b>  |                                       |                                       |
| 16,98,03,320 (2011-12 - 16,98,03,320) Equity shares of Rs.2 each with voting rights                    | 33.96                                 | 33.96                                 |
| <b>Subscribed and fully paid up</b>  |                                       |                                       |
| 16,59,03,320 (2011-12 - 16,59,03,320) Equity shares of Rs. 2 each with voting rights fully called - up | 33.18                                 | 33.18                                 |
| Add :- Forfeited shares - Amount originally paid up  | 0.16                                  | 0.16                                  |
|  | 33.34                                 | 33.34                                 |

#### NOTES:

- (i) There is no change in issued, subscribed and paid up share capital during the current year and corresponding previous year

|  | As at 31.03.2013 |        | As at 31.03.2012 |        |
|--|------------------|--------|------------------|--------|
|  | No. of shares    | %      | No. of shares    | %      |
| (ii) Shares held by the holding company:<br>Sumant Investments Private Limited | 97,868,812       | 58.99% | 96,178,793       | 57.97% |
| (iii) The shareholders holding more than<br>5% equity shares are as under:     |                  |        |                  |        |
| Sumant Investments Private Limited   | 97,868,812       | 58.99% | 96,178,793       | 57.97% |
| Life Insurance Corporation of India  | 12,863,749       | 7.75%  | 12,863,749       | 7.75%  |

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.2 RESERVES AND SURPLUS

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| <b>Capital reserve</b>                             | <b>2.88</b>                           | 2.88                                  |
| <b>Capital redemption reserve</b>                  | <b>8.41</b>                           | 8.41                                  |
| <b>Securities premium account</b>                  | <b>62.76</b>                          | 62.76                                 |
| <b>General reserve</b>                             |                                       |                                       |
| Opening Balance                                    | <b>677.79</b>                         | 677.79                                |
| Add: Movement related to ESPS                      | <b>0.03</b>                           | -                                     |
| Add: Transferred from statement of profit and loss | <b>75.00</b>                          | -                                     |
|  | <b>752.82</b>                         | 677.79                                |
| <b>Storage fund for molasses account</b>           |                                       |                                       |
| Opening Balance                                    | <b>0.77</b>                           | 0.64                                  |
| Add: Transferred from statement of profit and loss | <b>0.13</b>                           | 0.13                                  |
|  | <b>0.90</b>                           | 0.77                                  |
| <b>Balance in Statement of Profit and loss</b>     |                                       |                                       |
| Opening Balance                                    | <b>453.80</b>                         | 475.91                                |
| Add: Profit/(loss) during the year                 | <b>190.54</b>                         | (14.26)                               |
| Amount available for appropriation                 | <b>644.34</b>                         | 461.65                                |
| Appropriations:                                    |                                       |                                       |
| Interim dividend on equity shares                  | <b>13.27</b>                          | -                                     |
| Proposed final dividend on equity shares           | <b>13.27</b>                          | 6.64                                  |
| Corporate dividend tax                             | <b>3.32</b>                           | 1.08                                  |
| Transfer to general reserve                        | <b>75.00</b>                          | -                                     |
| Storage fund for molasses account                  | <b>0.13</b>                           | 0.13                                  |
|  | <b>539.35</b>                         | 453.80                                |
|  | <b>1,367.12</b>                       | 1,206.41                              |

### NON-CURRENT LIABILITIES

#### 2.3 LONG-TERM BORROWINGS

|                                | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--------------------------------|---------------------------------------|---------------------------------------|
| <b>Secured</b>                 |                                       |                                       |
| Term loans                     |                                       |                                       |
| From banks [Refer note 11(b)]  | <b>332.06</b>                         | 396.95                                |
| From others [Refer note 11(c)] | <b>314.78</b>                         | 369.64                                |
|                                | <b>646.84</b>                         | 766.59                                |
| <b>Unsecured</b>               |                                       |                                       |
| Deposits (Refer note 16)       |                                       |                                       |
| Fixed                          | <b>7.06</b>                           | 3.08                                  |
| others                         | <b>6.52</b>                           | 18.18                                 |
|                                | <b>13.58</b>                          | 21.26                                 |
|                                | <b>660.42</b>                         | 787.85                                |

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.4 DEFERRED TAX LIABILITIES (NET)

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| <b>Deferred tax liabilities</b>             |                                       |                                       |
| Depreciation                                | 222.20                                | 224.43                                |
|   | 222.20                                | 224.43                                |
| <b>Deferred tax assets</b>                  |                                       |                                       |
| Unabsorbed depreciation                     | -                                     | 13.23                                 |
| Provision for gratuity and leave encashment | 41.64                                 | 36.99                                 |
| Provision for doubtful debts and advances   | 6.45                                  | 5.57                                  |
| Others                                      | 14.84                                 | 13.18                                 |
|   | 62.93                                 | 68.97                                 |
|   | 159.27                                | 155.46                                |

### 2.5 OTHER LONG TERM LIABILITIES

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| Ex-gratia payable under voluntary retirement schemes | 0.34                                  | 0.56                                  |
| Interest accrued but not due on loans and deposits   | 8.04                                  | 6.62                                  |
| Security deposits                                    | 24.60                                 | 20.55                                 |
|  | 32.98                                 | 27.73                                 |

### 2.6 LONG-TERM PROVISIONS

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| Provision for employee benefits             |                                       |                                       |
| Gratuity                                    | 62.15                                 | 57.42                                 |
| Compensated absences                        | 40.83                                 | 39.09                                 |
| Provision for contingencies (refer note 18) | 12.09                                 | 12.09                                 |
|   | 115.07                                | 108.60                                |
|   | 967.74                                | 1,079.64                              |

### CURRENT LIABILITIES

#### 2.7 SHORT-TERM BORROWINGS

|                                      | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--------------------------------------|---------------------------------------|---------------------------------------|
| <b>Secured *</b>                     |                                       |                                       |
| Loans repayable on demand from banks | 181.08                                | 38.13                                 |
| Other loans and advances from banks  | 309.02                                | 529.11                                |
|                                      | 490.10                                | 567.24                                |

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

|                              | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|------------------------------|---------------------------------------|---------------------------------------|
| <b>Unsecured</b>             |                                       |                                       |
| Loans repayable on demand    |                                       |                                       |
| From banks                   | 200.40                                | 257.65                                |
| From others                  | 2.00                                  | 3.00                                  |
| Loan from subsidiary company | 1.36                                  | -                                     |
|                              | <b>203.76</b>                         | <b>260.65</b>                         |
|                              | <b>693.86</b>                         | <b>827.89</b>                         |

### 2.8 TRADE PAYABLES

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| Total outstanding dues of micro and small enterprise **           | 2.89                                  | 0.99                                  |
| Total outstanding dues of other than micro and small enterprise @ | 1,045.24                              | 865.09                                |
|   | <b>1,048.13</b>                       | <b>866.08</b>                         |

### 2.9 OTHER CURRENT LIABILITIES

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| Current maturities of long-term debt (Secured)         |                                       |                                       |
| From banks [Refer note 11(b)]                          | 81.48                                 | 103.64                                |
| From others [Refer note 11(c)]                         | 75.06                                 | 60.64                                 |
| Current maturities of long-term debt (Unsecured)       |                                       |                                       |
| From banks   | -                                     | 0.61                                  |
| From others #  | 15.90                                 | 8.76                                  |
| Interest accrued but not due on borrowings             | 8.81                                  | 14.62                                 |
| Advances received from customers                       | 159.85                                | 201.90                                |
| Unpaid dividends                                       | 1.82                                  | 1.66                                  |
| Unpaid matured deposits and interest accrued thereon   | 0.08                                  | 0.33                                  |
| Unpaid matured debentures and interest accrued thereon | 0.21                                  | 0.21                                  |
| Ex-gratia payable under voluntary retirement schemes   | 0.24                                  | 0.12                                  |
| Statutory dues payable                                 | 79.14                                 | 81.35                                 |
| Others miscellaneous payable                           | 14.45                                 | 15.97                                 |
|  | <b>437.04</b>                         | <b>489.81</b>                         |

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.10 SHORT-TERM PROVISIONS

|                                     | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|-------------------------------------|---------------------------------------|---------------------------------------|
| Provision for employee benefits     |                                       |                                       |
| Gratuity                            | 11.39                                 | 10.98                                 |
| Compensated absences                | 8.12                                  | 6.47                                  |
| Provision for tax (net of tax paid) | 6.20                                  | -                                     |
| Proposed dividend                   | 13.27                                 | 6.64                                  |
| Corporate dividend tax              | 2.26                                  | 1.08                                  |
|                                     | 41.24                                 | 25.17                                 |
|                                     | 2,220.27                              | 2,208.95                              |

\* Refer note 11(a)

\*\* Refer note 6

@ Includes amount payable to subsidiary Rs. 34.75 crores (2011-12 - 35.98 crores)

# Refer note 16

## NON-CURRENT ASSETS

### 2.11 FIXED ASSETS

(Rs. Crores)

| Description                         | GROSS BLOCK                |                 |                            |                            | DEPRECIATION AND AMORTISATION |                 |                                  |                           | NET BLOCK                  |                            |
|-------------------------------------|----------------------------|-----------------|----------------------------|----------------------------|-------------------------------|-----------------|----------------------------------|---------------------------|----------------------------|----------------------------|
|                                     | As at<br>March 31,<br>2012 | Additions       | Deductions /<br>adjustment | As at<br>March 31,<br>2013 | Up to<br>March 31,<br>2012    | For<br>the year | On<br>deductions /<br>adjustment | Upto<br>March 31,<br>2013 | As at<br>March 31,<br>2013 | As at<br>March 31,<br>2012 |
| <b>Tangibles</b>                    |                            |                 |                            |                            |                               |                 |                                  |                           |                            |                            |
| Land - Freehold                     | 117.49                     | 0.01            | 59.70 \$                   | 57.80 *                    | -                             | -               | -                                | -                         | 57.80                      | 117.49                     |
| - Leasehold                         | 19.21                      | -               | 1.60 \$                    | 17.61                      | -                             | -               | -                                | -                         | 17.61                      | 19.21                      |
| Buildings                           | 416.54                     | 4.46            | 170.39 \$                  | 250.61                     | 58.39                         | 9.23            | 15.43                            | 52.19                     | 198.42                     | 358.15                     |
| Leasehold improvements              | 8.09                       | 0.07            | 4.68                       | 3.48                       | 4.74                          | 0.27            | 3.11                             | 1.90                      | 1.58                       | 3.35                       |
| Plant and equipment                 | 2,266.80                   | 46.78           | 55.99                      | 2,257.59                   | 1,020.06                      | 122.49          | 37.91                            | 1,104.64                  | 1,152.95                   | 1,246.74                   |
| Furniture and Fixtures              | 52.66                      | 0.55            | 37.25                      | 15.96                      | 30.93                         | 1.67            | 20.73                            | 11.87                     | 4.09                       | 21.73                      |
| Vehicles                            | 34.42                      | 8.08            | 7.00                       | 35.50                      | 17.12                         | 5.33            | 4.92                             | 17.53                     | 17.97                      | 17.30                      |
| Office equipment                    | 24.00                      | 2.79            | 4.14                       | 22.65                      | 16.99                         | 2.03            | 2.96                             | 16.06                     | 6.59                       | 7.01                       |
| <b>Sub total (This year)</b>        | <b>2,939.21</b>            | <b>62.74</b>    | <b>340.75</b>              | <b>2,661.20</b>            | <b>1,148.23</b>               | <b>141.02</b>   | <b>85.06</b>                     | <b>1,204.19</b>           | <b>1,457.01</b>            |                            |
| Previous year                       | 2,927.13                   | 55.37           | 43.29                      | 2,939.21                   | 1,024.08                      | 150.43          | 26.28                            | 1,148.23                  |                            | 1,790.98                   |
| <b>Intangibles</b>                  |                            |                 |                            |                            |                               |                 |                                  |                           |                            |                            |
| Technical Know how                  | 23.79                      | -               | 15.08                      | 8.71                       | 20.86                         | 0.88            | 15.07                            | 6.67                      | 2.04                       | 2.93                       |
| Brand                               | 8.22                       | -               | 8.22                       | -                          | 6.50                          | 0.66            | 7.16                             | -                         | -                          | 1.72                       |
| Computer Software                   | 13.78                      | 0.85            | 7.61                       | 7.02                       | 8.51                          | 1.26            | 5.27                             | 4.50                      | 2.52                       | 5.27                       |
| <b>Sub total (This year)</b>        | <b>45.79</b>               | <b>0.85</b>     | <b>30.91</b>               | <b>15.73</b>               | <b>35.87</b>                  | <b>2.80</b>     | <b>27.50</b>                     | <b>11.17</b>              | <b>4.56</b>                |                            |
| Previous year                       | 43.48                      | 2.52            | 0.21                       | 45.79                      | 32.37                         | 3.64            | 0.14                             | 35.87                     |                            | 9.92                       |
| <b>Total This year</b>              | <b>2,985.00</b>            | <b>63.59 **</b> | <b>371.66</b>              | <b>2,676.93</b>            | <b>1,184.10</b>               | <b>143.82</b>   | <b>112.56</b>                    | <b>1,215.36</b>           | <b>1,461.57</b>            |                            |
| Total Previous year                 | 2,970.61                   | 57.89           | 43.50                      | 2,985.00                   | 1,056.45                      | 154.07          | 26.42                            | 1,184.10                  |                            | 1,800.90                   |
| Capital work in progress            |                            |                 |                            |                            |                               |                 |                                  |                           | 15.85                      | 27.03                      |
| Intangible assets under development |                            |                 |                            |                            |                               |                 |                                  |                           | 0.17                       | 0.39                       |
|                                     |                            |                 |                            |                            |                               |                 |                                  |                           | 1,477.59                   | 1,828.32                   |

\* Includes Rs.0.17 crores (2011-12 - Rs. 0.17 crores) pertaining to land situated at Hardoi pending registration in favour of the Company.

\*\* Includes addition of Rs. 0.19 crore (2011-12 - Rs. 0.02 crore) on account of foreign exchange fluctuation

\$ Includes adjustment on account of reclassification of 'fixed assets held for sale' as other current assets (Refer note 2.20)

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.12 NON-CURRENT INVESTMENTS

(valued at cost unless there is permanent fall in value thereof)

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| <b>(a) TRADE INVESTMENTS</b>  |                                       |                                       |
| <b>Investment in Equity Instruments</b>   |                                       |                                       |
| - <b>Subsidiaries</b>   |                                       |                                       |
| <b>Unquoted</b>   |                                       |                                       |
| 11,74,551 (2011-12 - 11,74,551) Equity shares of US \$ 1 each fully paid-up of Bioseeds Limited                                   | 14.41                                 | 14.41                                 |
| 10,00,000 (2011-12 - 10,00,000) Equity shares of Rs. 10 each fully paid up of Hariyali Rural Ventures Limited                     | 1.00                                  | 1.00                                  |
| 50,000 (2011-12 - 50,000) Equity shares of Rs. 10 each fully paid up of Fenesta India Limited                                     | 0.05                                  | 0.05                                  |
| 40,50,000 (2011-12- 40,50,000) Equity shares of Rs. 10 each fully paid up of Shriram Bioseed Ventures Limited                     | 20.05                                 | 20.05                                 |
| 37,424 (2011-12- 37,424) Equity shares of Rs. 100 each fully paid up of Bioseed Research India Limited                            | 4.06                                  | 4.06                                  |
| 17,50,280 (2011-12- 17,50,280) Equity shares of Rs. 10 each fully paid up of Shri Ganpati Fertilizer Limited # (Re. 1)            | #                                     | #                                     |
|   | <u>39.57</u>                          | <u>39.57</u>                          |
| - <b>Others</b>   |                                       |                                       |
| <b>Unquoted</b>   |                                       |                                       |
| 11,32,134 (2011-12 - 11,32,134) Equity shares of Rs. 10 each fully paid up of Narmada Clean Tech Ltd                              | 1.13                                  | 1.13                                  |
| Nil (2011-12 - 45,50,000) Equity shares of Rs. 10 each fully paid up of Forum I Aviation Private Limited                          | 4.55                                  | 4.55                                  |
| Less : Provision for diminution in value of investment  | <u>(3.28)</u>                         | <u>-</u>                              |
|   | 1.27                                  | 4.55                                  |
| Less : Transferred to current investment during the year  | <u>(1.27)</u>                         | <u>-</u>                              |
|   | <u>1.13</u>                           | <u>5.68</u>                           |
| <b>(b) OTHER INVESTMENTS</b>  |                                       |                                       |
| <b>(i) Investment in Equity Instruments</b>   |                                       |                                       |
| - <b>Subsidiaries</b>   |                                       |                                       |
| <b>Unquoted</b>   |                                       |                                       |
| 60,01,208 (2011-12 - 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 (2011-12 - 83,51,207) Equity shares of Rs. 10 each fully paid-up of DCM Shriram Aqua Foods Limited                      | 4.22                                  | 4.22                                  |
| 200,000 (2011-12 - 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   | <u>(0.20)</u>                         | <u>(0.20)</u>                         |
| 50,000 (2011-12 - 50,000) Equity shares of Rs. 10 each fully paid up of Shriram Vinyl Polytech Limited(formerly SBM Yarn Limited) | 0.05                                  | 0.05                                  |



## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.12 NON-CURRENT INVESTMENTS (Continued)

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| 50,000 (2011-12 - 50,000) Equity shares of Rs. 10 each fully paid up of Shridhar Shriram Foundation            | 0.05                                  | 0.05                                  |
| 50,007 (2011-12 - 50,007) Equity shares of Rs. 10 each fully paid up of Bioseed India Limited                  | 0.05                                  | 0.05                                  |
| 5,00,000 (2011-12 - 5,00,000) Equity shares of Rs. 10 each fully paid up of Hariyali Insurance Broking Limited | 0.50                                  | 0.50                                  |
| Less: Provision for diminution in value of investment  | (0.50)                                | -                                     |
|  | 4.59                                  | 5.09                                  |
| <b>(ii) Investment in Government securities</b>  |                                       |                                       |
| <b>Unquoted</b>  |                                       |                                       |
| National savings certificates  | 0.08                                  | 0.10                                  |
| <b>TOTAL</b>   | <b>45.37</b>                          | <b>50.44</b>                          |
| Aggregate book value:  |                                       |                                       |
| - Unquoted   | 45.37                                 | 50.44                                 |
| Aggregate provision for diminution in value of investments   | 0.70                                  | 0.20                                  |

### 2.13 Long-term loans and advances

(Unsecured considered good unless otherwise stated)

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| Capital advances                              | 2.45                                  | 11.27                                 |
| Security deposits \$                          | 35.14                                 | 64.46                                 |
| Loans and advances to subsidiary companies \$ | 72.16                                 | 62.93                                 |
| Employee loans and advances                   | 8.79                                  | 7.12                                  |
| MAT credit entitlement                        | 57.77                                 | 26.16                                 |
| Others loans and advances                     | 5.74                                  | 1.15                                  |
|   | 182.05                                | 173.09                                |

### 2.14 Other non-current assets

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| Long-term trade receivables            |                                       |                                       |
| Unsecured considered good              | 6.82                                  | 4.19                                  |
| Fixed Deposits with banks ( Earmarked) | 1.66                                  | 0.26                                  |
|  | 8.48                                  | 4.45                                  |

\$ Refer note 7

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### CURRENT ASSETS

#### 2.15 CURRENT INVESTMENTS

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| <b>Investment in equity instruments - unquoted</b>  |                                       |                                       |
| 45,50,000 (2011-12 - Nil) Equity shares of Rs. 10 each fully paid up of Forum I Aviation Private Limited, transferred in from non current investments during the year | 1.27                                  | -                                     |
|   | 1.27                                  | -                                     |

#### 2.16 INVENTORIES\*

|                   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|-------------------|---------------------------------------|---------------------------------------|
| Raw materials     | 21.53                                 | 35.37                                 |
| Work-in-progress  | 33.73                                 | 28.57                                 |
| Finished goods    | 1,141.99                              | 985.60                                |
| Stock-in-trade    | 39.66                                 | 152.19                                |
| Stores and spares | 102.51                                | 100.15                                |
|                   | 1,339.42                              | 1,301.88                              |

#### 2.17 TRADE RECEIVABLES \*\*

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| Outstanding for a period exceeding six months from due date for payment |                                       |                                       |
| Secured - considered good   | 0.08                                  | 0.06                                  |
| Unsecured - considered good   | 161.08                                | 63.34                                 |
| - considered doubtful   | 14.99                                 | 12.54                                 |
|   | 176.15                                | 75.94                                 |
| Less: Provision for doubtful receivables                                | 14.99                                 | 12.54                                 |
|   | 161.16                                | 63.40                                 |
| Others  |                                       |                                       |
| Secured - considered good   | 1.66                                  | 0.77                                  |
| Unsecured - considered good   | 747.76                                | 596.37                                |
|   | 910.58                                | 660.54                                |

#### 2.18 CASH AND BANK BALANCES

|                                  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|----------------------------------|---------------------------------------|---------------------------------------|
| <b>Cash and cash equivalents</b> |                                       |                                       |
| Balances with banks on           |                                       |                                       |
| - current accounts \$            | 85.79                                 | 168.29                                |
| - deposit accounts#              | 26.31                                 | 26.93                                 |
| Cheques on hand                  | 2.37                                  | 5.27                                  |
| Cash on hand                     | 1.86                                  | 1.52                                  |
| <b>Other bank balances</b>       |                                       |                                       |
| - deposit accounts#              | 3.58                                  | 26.30                                 |
|                                  | 119.91                                | 228.31                                |

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.19 SHORT-TERM LOANS AND ADVANCES

(Unsecured Considered good unless otherwise stated)

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| Advances recoverable in cash or in kind or for value to be received |                                       |                                       |
| Considered good ##  | 136.27                                | 192.53                                |
| Considered doubtful   | 3.19                                  | 3.21                                  |
|   | 139.46                                | 195.74                                |
| Less: Provision for doubtful advances                               | 3.19                                  | 3.21                                  |
|   | 136.27                                | 192.53                                |
| Loans and advances to subsidiary companies \$\$                     | 44.08                                 | 32.31                                 |
| Employee loans and advances   | 4.31                                  | 6.68                                  |
| Deposits\$\$  | 26.34                                 | 2.53                                  |
| Balances with customs, excise etc.                                  | 11.52                                 | 13.40                                 |
| Tax payments (net of provision of current tax)                      | -                                     | 4.28                                  |
|   | 222.52                                | 251.73                                |

### 2.20 OTHER CURRENT ASSETS

(Unsecured Considered good unless otherwise stated)

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| Considered good   | 31.26                                 | 11.55                                 |
| Considered doubtful   | 0.81                                  | 0.85                                  |
|   | 32.07                                 | 12.40                                 |
| Less: Provision for doubtful claims   | 0.81                                  | 0.85                                  |
|   | 31.26                                 | 11.55                                 |
| Unbilled revenue  | 12.79                                 | 11.11                                 |
| Consideration receivable against sale of PVC compounds business (refer note 12) | 33.00                                 | -                                     |
| Interest accrued on investments, deposits etc.                                  | 1.93                                  | 4.18                                  |
| Fixed assets held for sale  | 202.30                                | 2.74                                  |
|   | 281.28                                | 29.58                                 |
|   | 2,874.98                              | 2,472.04                              |

\* Inventories are valued at lower of cost and net realisable value

\*\* includes amount due from subsidiaries Rs.14.45 crores ( 2011-12 - Rs. 14.47 crores)

\$ Includes Rs. 2.44 crores (2011-12 - Rs.2.08 crores) balances with banks earmarked for unpaid dividends, debenture interest etc.

# Earmarked for specific purposes

## Includes Rs. Nil crores (2011-12 - Rs. 0.28 crores) advance to a director and his relative (refer note 9)

\$\$ Refer note 7 and note 9

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.21 OTHER OPERATING REVENUES

|  | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|--|--|--|
| Income from services                                   | 0.65                                       | 0.51                                       |
| Rent   | 0.53                                       | 1.08                                       |
| Liabilities/provisions no longer required written back | 3.14                                       | 6.96                                       |
| Scrap sale and other miscellaneous income              | 15.60                                      | 23.48                                      |
|  | 19.92                                      | 32.03                                      |

### 2.22 OTHER INCOME

|  | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|--|--|--|
| Interest income #                                | 27.59                                      | 22.39                                      |
| Dividend income on trade non-current investments | 6.74                                       | -  |
| Dividend income on non-trade current investments | 0.73                                       | 1.11                                       |
| Profit on sale of Fixed assets (net)             | 5.57                                       | -  |
| Rent   | 4.21                                       | 3.92                                       |
| Profit on sale of PVC compounds business         | 0.26                                       | -  |
| Miscellaneous income                             | 1.02                                       | 2.47                                       |
|  | 46.12                                      | 29.89                                      |

# Income-tax deducted at source -Rs. 1.60 crores (2011-12 - Rs.1.34 crore)

### 2.23 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

|   | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|---|--|--|
| Closing stock   | 1,215.38                                   | 1,166.36                                   |
| Opening stock   | 1,166.36                                   | 838.55                                     |
| Less: Stock transferred to Shriram Vinyl Polytech Limited* pursuant to slump sale   | 5.11                                       | -  |
| Change in inventories   | (54.13)                                    | (327.81)                                   |
| Less: Loss on inventory of finished goods on restructuring and rationalization of Hariyali Kisaan Bazaar's operation included in exceptional item | 8.31                                       | -  |
|   | (62.44)                                    | (327.81)                                   |

\* Formerly SBM Yarn Limited

### 2.24 EMPLOYEE BENEFITS EXPENSES

|  | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|--|--|--|
| Salaries, wages, bonus, gratuity, commission, etc. | 321.75                                     | 315.89                                     |
| Expense on Employee stock purchase scheme*         | 1.33                                       | -  |
| Provident and other funds                          | 22.18                                      | 21.89                                      |
| Welfare  | 17.75                                      | 17.76                                      |
|  | 363.01                                     | 355.54                                     |

\* Refer note 13

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.25 FINANCE COSTS

|   | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|---|--|--|
| Interest expense  | 102.23                                     | 105.98                                     |
| Other borrowing costs                                     | 4.43                                       | 3.43                                       |
| Net loss on foreign currency transactions and translation | 45.99                                      | 48.15                                      |
|   | 152.65                                     | 157.56                                     |

### 2.26 OTHER EXPENSES

|  | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|--|--|--|
| Consumption of stores and spare parts                            | 224.65                                     | 209.14                                     |
| Power, fuel etc  | 566.15                                     | 565.94                                     |
| Rent   | 17.71                                      | 27.00                                      |
| Repairs  |  |  |
| Buildings  | 6.66                                       | 7.86                                       |
| Plant and machinery  | 30.49                                      | 27.77                                      |
| Donation   | 0.15                                       | 0.19                                       |
| Insurance  | 8.81                                       | 8.85                                       |
| Rates and taxes  | 4.15                                       | 2.70                                       |
| Auditors' remuneration   |  |  |
| Audit fee  | 0.67                                       | 0.60                                       |
| Tax audit  | 0.09                                       | 0.07                                       |
| Limited reviews  | 0.35                                       | 0.35                                       |
| Other services *   | 0.65                                       | 0.61                                       |
| Out-of-pocket expenses   | 0.04                                       | 0.04                                       |
| Directors' fees  | 0.10                                       | 0.09                                       |
| Bad debts and advances written off                               | 2.69                                       | 0.70                                       |
| Less: adjusted against provision for doubtful debts and advances | (2.43)                                     | (0.57)                                     |
| Provision for doubtful debts and advances                        | 5.09                                       | 4.38                                       |
| Freight and transport  | 53.64                                      | 51.70                                      |
| Commission to selling agents                                     | 6.71                                       | 4.78                                       |
| Brokerage, discounts (other than trade discounts), etc.          | 2.39                                       | 4.26                                       |
| Selling expenses   | 72.89                                      | 59.96                                      |
| Exchange fluctuation   | 10.83                                      | (9.51)                                     |
| Royalty  | 86.83                                      | 87.42                                      |
| Loss on sale/write off of fixed assets (net)                     | -  | 6.05                                       |
| Increase/(decrease) in excise duty on finished goods             | (1.16)                                     | 6.18                                       |
| Provision for diminution in the value of long term investment    | 3.78                                       | -  |
| Miscellaneous expenses   | 86.89                                      | 103.47                                     |
|  | 1,188.82                                   | 1,170.03                                   |
| Less:- Cost of own manufactured goods capitalised                | (0.08)                                     | (0.09)                                     |
|  | 1,188.74                                   | 1,169.94                                   |

\* Includes Service tax

### 2.27 CURRENT/DEFERRED TAX

|                               | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|-------------------------------|--|--|
| Current tax                   | 41.25                                      | -  |
| Less:- MAT credit entitlement | (31.61)                                    | -  |
| Deferred Tax                  | 3.81                                       | (3.39)                                     |
|                               | 13.45                                      | (3.39)                                     |

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

|  | This Year<br>(Rs. Crores) | Previous Year<br>(Rs. Crores) |
|--|---------------------------|-------------------------------|
| 2. (i) Contingent liabilities not provided for:  |                           |                               |
| Claims* (excluding claims by employees where amount not ascertainable) not acknowledged as debts:  |                           |                               |
| Sales tax matters  | 1.33                      | 1.36                          |
| Excise matters   | 2.12                      | 2.12                          |
| Additional premium on land   | 8.11                      | 8.11                          |
| Others   | 5.93                      | 5.91                          |
| <b>Total</b>   | <b>17.49</b>              | <b>17.50</b>                  |
| * all 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)   | 2.33                      | 5.76                          |
| (iii) Guarantees given to financial institutions, banks and other parties in respect of loans availed by subsidiaries and other parties:   |                           |                               |
| Amount guaranteed  | 5.07                      | 5.07                          |
| Amount of loans outstanding  | 2.88                      | 3.22                          |
| (iv) Guarantees given for dealers in respect of short term financing arrangement   | 7.81                      | -                             |
| Amount of loans outstanding  | 7.81                      | -                             |

3. In accordance with past practice, the Company has taken revenue credits aggregating Rs Nil (2011-12 - Rs. 9.15 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. Necessary adjustments to revenue credits so accrued will be made on issuance of notification by FICC, Government of India

#### 4. Segment reporting

##### A. Business segments:

Based on the guiding principles given in Accounting Standard 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), Shriram Farm solutions (trading of di-ammonium phosphate, murite of potash, super phosphate, other fertilisers, seeds and pesticides), Sugar (manufacturing of sugar products and co-generation of Power), Cement (manufacturing of cement), Hariyali Kisaan Bazaar (Rural retail and agri businesses), Bioseed (production of hybrid seeds), Others (UPVC window systems, textiles, plaster of paris and compounds). Sale of power from the power generation facilities set up for the business segments is included in their respective results.

##### B. Geographical segments:

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

##### C. Segment accounting policies:

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



## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### a) Segment revenue and expenses:

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

### b) Segment assets and liabilities:

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

### c) Inter segment sales:

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

### D. Information about business segments:

Rs. Crores

| PARTICULARS                                   | Fertiliser    |               | Shriram Farm Solutions |                | Bioseed       |               | Sugar          |                | Hariyali Kisaan Bazaar |                 | Chloro-Vinyl   |                | Cement        |               | Others         |                | Elimination   |               | Total           |                 |
|---|---------------|---------------|------------------------|----------------|---------------|---------------|----------------|----------------|------------------------|-----------------|----------------|----------------|---------------|---------------|----------------|----------------|---------------|---------------|-----------------|-----------------|
|   | This Year     | Previous Year | This Year              | Previous Year  | This Year     | Previous Year | This Year      | Previous Year  | This Year              | Previous Year   | This Year      | Previous Year  | This Year     | Previous Year | This Year      | Previous Year  | This Year     | Previous Year | This Year       | Previous Year   |
| <b>1. REVENUE</b>                             |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               |                 |                 |
| External sales (Gross)                        | 525.06        | 500.79        | 1291.44                | 1074.14        | 185.64        | 180.09        | 1391.87        | 928.64         | 510.08                 | 846.92          | 1257.57        | 1055.58        | 154.76        | 160.33        | 315.80         | 374.33         |               |               | 5632.22         | 5120.82         |
| Other Operating Income                        | 2.92          | 4.96          | 0.65                   | 0.78           | 1.84          | 1.02          | 5.82           | 13.67          | 3.10                   | 3.34            | 3.80           | 6.52           | 0.64          | 0.38          | 1.15           | 1.36           |               |               | 19.92           | 32.03           |
| Inter segment sales                           |               |               | 10.47                  | 12.78          | 118.29        | 126.94        |                | 6.03           | 2.38                   | 3.15            | 47.95          | 53.46          | 0.12          | -             | 0.30           | 0.33           | 179.51        | 202.69        |                 |                 |
| <b>Total revenue</b>                          | <b>527.98</b> | <b>505.75</b> | <b>1302.56</b>         | <b>1087.70</b> | <b>305.77</b> | <b>308.05</b> | <b>1397.69</b> | <b>948.34</b>  | <b>515.56</b>          | <b>853.41</b>   | <b>1309.32</b> | <b>1115.56</b> | <b>155.52</b> | <b>160.71</b> | <b>317.25</b>  | <b>376.02</b>  | <b>179.51</b> | <b>202.69</b> | <b>5,652.14</b> | <b>5,152.85</b> |
| <b>2. RESULTS</b>                             |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               |                 |                 |
| Segment results                               | 11.06         | 20.03         | 55.26                  | 58.08          | 21.12         | 31.61         | 64.52          | 30.63          | (34.37)                | (105.22)        | 344.14         | 178.18         | 17.32         | 15.06         | (33.92)        | (15.94)        |               |               | 445.13          | 212.43          |
| Unallocated expenses (net of income)          |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               | 34.91           | 34.46           |
| <b>Operating Profit/(loss)</b>                | <b>11.06</b>  | <b>20.03</b>  | <b>55.26</b>           | <b>58.08</b>   | <b>21.12</b>  | <b>31.61</b>  | <b>64.52</b>   | <b>30.63</b>   | <b>(34.37)</b>         | <b>(105.22)</b> | <b>344.14</b>  | <b>178.18</b>  | <b>17.32</b>  | <b>15.06</b>  | <b>(33.92)</b> | <b>(15.94)</b> |               |               | <b>410.22</b>   | <b>177.97</b>   |
| Interest expense and finance cost             |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               | 152.65          | 157.56          |
| <b>Profit before tax and exceptional item</b> |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               | <b>257.57</b>   | <b>20.41</b>    |
| Exceptional item                              |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               | 53.58           | 38.06           |
| <b>Profit/(loss) before tax</b>               |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               | <b>203.99</b>   | <b>(17.65)</b>  |
| Provision for taxation                        |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               | 13.45           | (3.39)          |
| <b>Net Profit/(loss)</b>                      |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               | <b>190.54</b>   | <b>(14.26)</b>  |
| <b>3. OTHER INFORMATION</b>                   |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               |                 |                 |
| <b>A. ASSETS</b>                              |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               |                 |                 |
| Segment assets                                | 340.36        | 341.39        | 626.97                 | 439.42         | 432.25        | 289.29        | 1590.09        | 1595.78        | 239.42                 | 433.82          | 735.30         | 779.92         | 50.34         | 47.44         | 208.23         | 259.50         |               |               | 4,222.96        | 4,186.56        |
| Unallocated assets                            |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               | 365.51          | 341.78          |
| <b>Total assets</b>                           | <b>340.36</b> | <b>341.39</b> | <b>626.97</b>          | <b>439.42</b>  | <b>432.25</b> | <b>289.29</b> | <b>1590.09</b> | <b>1595.78</b> | <b>239.42</b>          | <b>433.82</b>   | <b>735.30</b>  | <b>779.92</b>  | <b>50.34</b>  | <b>47.44</b>  | <b>208.23</b>  | <b>259.50</b>  |               |               | <b>4,588.47</b> | <b>4,528.34</b> |
| <b>B. LIABILITIES</b>                         |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               |                 |                 |
| Segment liabilities                           | 88.29         | 77.76         | 232.50                 | 211.91         | 255.59        | 210.16        | 564.96         | 467.72         | 9.20                   | 47.55           | 181.66         | 197.03         | 25.17         | 22.32         | 58.22          | 39.22          |               |               | 1,415.59        | 1,273.67        |
| Share capital and reserves                    |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               | 1,400.46        | 1,239.75        |
| Secured and unsecured loans                   |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               | 1,526.77        | 1,789.78        |
| Unallocated liabilities                       |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               | 245.65          | 225.14          |
| <b>Total liabilities</b>                      | <b>88.29</b>  | <b>77.76</b>  | <b>232.50</b>          | <b>211.91</b>  | <b>255.59</b> | <b>210.16</b> | <b>564.96</b>  | <b>467.72</b>  | <b>9.20</b>            | <b>47.55</b>    | <b>181.66</b>  | <b>197.03</b>  | <b>25.17</b>  | <b>22.32</b>  | <b>58.22</b>   | <b>39.22</b>   |               |               | <b>4,588.47</b> | <b>4,528.34</b> |
| <b>C. OTHERS</b>                              |               |               |                        |                |               |               |                |                |                        |                 |                |                |               |               |                |                |               |               |                 |                 |
| Capital expenditure                           | 5.62          | 9.49          | -                      | -              | 2.19          | 0.61          | 13.33          | 10.17          | -                      | 5.59            | 11.42          | 21.98          | 3.88          | 4.92          | 4.08           | 10.27          |               |               |                 |                 |
| Depreciation                                  | 10.84         | 10.56         | 0.01                   | 0.01           | 0.75          | 0.75          | 45.63          | 45.62          | 4.98                   | 13.58           | 65.61          | 67.07          | 2.33          | 2.19          | 11.31          | 12.08          |               |               |                 |                 |
| Non cash expenses other than depreciation     | 1.38          | -             | 0.73                   | 0.33           | 0.14          | 3.35          | 0.20           | -              | 23.52                  | 6.14            | 1.23           | -              | 0.14          | -             | 5.20           | 1.74           |               |               |                 |                 |

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 5. Earnings per share:

|  | This year    | Previous year |
|--|--------------|---------------|
| Profit/(Loss) after tax and exceptional item (Rs. Crores)  | 190.54       | (14.26)       |
| Exceptional item, net of taxes of Rs. 2.68 crores<br>(Previous Year Rs.7.31 crores) (Rs. Crores) | (50.90)      | (30.75)       |
| Profit after tax but before exceptional item (Rs. Crores)  | 241.44       | 16.49         |
| 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  | 14.55        | 0.99          |
| - After exceptional item   | 11.49        | (0.86)        |

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. 2.88 crores (2011-12 - Rs. 0.95 crores) and Rs. 0.01 crores (2011-12 – Rs. 0.04 crores) respectively.

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

| Name of the party                                | Amount outstanding<br>as at year end |                               | Maximum amount outstanding<br>during 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    | 5.81                                 | 6.13                          | 6.16  | 8.76                          |
| 2. DCM Shriram Aqua Foods Limited                | -                                    | 0.23                          | 0.23  | 0.23                          |
| 3. DCM Shriram Infrastructure Limited            | 30.02                                | 27.70                         | 30.02   | 27.70                         |
| 4. Shriram Bioseed Ventures Limited              | 55.74                                | 43.44                         | 55.74   | 43.44                         |
| 5. Shri Ganpati Fertilizers Limited              | 24.20                                | 17.60                         | 31.98   | 35.63                         |
| 6. Hariyali Rural Ventures Limited               | 23.86                                | 28.53                         | 28.61   | 32.33                         |
| 7. Hariyali Rural Foundation                     | 0.01                                 | 0.01                          | 0.01  | 0.04                          |
| 8. DCM Shriram Energy and Infrastructure Limited | 0.01                                 | 0.01                          | 0.01  | 0.01                          |
| 9. Hariyali Insurance Broking Limited            | 0.21                                 | 0.12                          | 0.28  | 0.16                          |
| 10. Shriram Vinyl Polytech Limited               | 0.24                                 | -                             | 0.24  | -                             |
| 11. DCM Shriram Thermal Energy Ltd               | \$                                   | \$                            | \$  | \$                            |
| 12. DCM Shriram Hydro Energy Ltd                 | #                                    | #                             | #   | #                             |
| <b>Total</b>                                     | <b>140.10</b>                        | <b>123.77</b>                 |   |                               |

\$ Rs. 50,000 (2011-12 Rs 35,000) & # Rs. 35,000 (2011-12 Rs 15,000)

8. Details of Pre-operative expenses pending allocation included under Capital work in progress in Note 2.11 is as under:

| Particulars                                    | This Year<br>Rs. Crores | Previous Year<br>Rs. Crores |
|--|-------------------------|-----------------------------|
| Salaries, wages, bonus, gratuity etc.          | 0.42                    | 0.49                        |
| Provident and other funds                      | 0.10                    | 0.05                        |
| Welfare  | 0.02                    | -                           |
| Rent   | -                       | 0.01                        |
| Miscellaneous expenses                         | 0.17                    | 2.62                        |
|  | 0.71                    | 3.17                        |
| Add: Brought forward from the previous year    | 6.14                    | 3.16                        |
| Less: Capitalised during the year              | -                       | 0.19                        |
| Less: Charged to statement of profit and loss  | 1.07                    | -                           |
| <b>Transferred to capital work-in-progress</b> | <b>5.78</b>             | <b>6.14</b>                 |

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

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

Holding company: Sumant Investments Private Limited

Subsidiaries: DCM Shriram Credit and Investments Limited, Bioseed India Limited, DCM Shriram Infrastructure Limited, DCM Shriram Thermal Energy Limited, Hariyali India Limited, DCM Shriram Aqua Foods Limited, Hariyali Rural Foundation, Hariyali Rural Ventures Limited, Hariyali Insurance Broking Limited, DCM Shriram Energy and Infrastructure Ltd., DCM Shriram Hydro Energy Limited, Shriram Vinyl PolyTech Limited (formerly SBM Yarn Limited), Fenesta India Limited, Shri Ganpati Fertilizers Limited, Shriram Bioseed (Thailand) Limited, Bioseeds Limited, Bioseed Research Philippines Inc., Bioseeds Holdings PTE. Limited, Bioseed Vietnam Limited, Bioseed Research India Limited (formerly Bioseed Research India Private Limited), Shriram Bioseed Ventures Limited, Shriram Bioseeds Limited, Zeus Investments Limited, Shridhar Shriram Foundation, PT Shriram Seed Indonesia, Bioseed Research USA Inc.\*

\* 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), Mr. Anand A. Shriram (relative of Mr. Ajay S. Shriram), Mrs. Divya Sinha (relative of Mr. Rajiv Sinha), Ms. Arunima Sinha (relative of Mr. Rajiv Sinha), M/s. Ajay S. Shriram (HUF), M/s. Vikram S. Shriram (HUF)

# Notes to the Accounts (Continued)

**DCM SHRIRAM  
CONSOLIDATED LIMITED**

## B. Transactions with related parties referred to in note 9 above.

(Rs. crores)

| TYPE OF TRANSACTIONS                            | DCM Shriram Credit and Investments Ltd. | DCM Shriram Aqua Foods Ltd. | DCM Shriram Infrastructure Ltd. | Shriram Bioseed Ventures Ltd. | Hariyali Rural Ventures Ltd. | Shri Ganapati Fertilizers Ltd. | DCM Shriram Energy and Infrastructure Ltd. | Hariyali Rural Foundation | DCM Shriram Thermal Energy Ltd. | Bioseed Vietnam Ltd. | Bioseed Research Philippines Inc. | PT Shriram Seed Indonesia | Hariyali Insurance Broking Ltd. | Bioseed Research India Ltd. | Shriram Vinyl Polytech Limited (SBM Yam Ltd.) | DCM Shriram Hydro Energy Ltd. | Fenesta India Ltd. | Key managerial personnel, their relatives and their HUF | Total   |
|---|---|-----------------------------|---------------------------------|-------------------------------|------------------------------|--------------------------------|--|---------------------------|---------------------------------|----------------------|-----------------------------------|---------------------------|---------------------------------|-----------------------------|---|-------------------------------|--------------------|---|---------|
| Sale of finished goods                          |   |                             |                                 |                               |                              | -                              |  |                           |                                 | 0.22                 | 3.97                              | 0.25                      |                                 |                             | 0.07  |                               | 13.80              |   | 18.31   |
|   |   |                             |                                 |                               |                              | (0.02)                         |  |                           |                                 | (11.00)              | (2.51)                            | (-)                       |                                 |                             | (-)   |                               | (3.67)             |   | (17.20) |
| Sale of PVC Compounds Business                  |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             | 33.00   |                               |                    |   | 33.00   |
|   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             | (-)   |                               |                    |   | -       |
| Interest income                                 | 0.62                                    |                             |                                 | 1.08                          |                              | 1.94                           |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | 3.64    |
|   | (0.83)                                  |                             |                                 | (0.61)                        |                              | (1.90)                         |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | (3.34)  |
| Interest expenses                               |   | 0.09                        |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | 0.09    |
|   |   | (-)                         |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | -       |
| Expenses recovered                              |   |                             |                                 |                               | 0.02                         |                                |  | -                         |                                 |                      |                                   |                           | 0.04                            |                             | 0.21  |                               |                    |   | 0.27    |
|   |   |                             |                                 |                               | (0.01)                       |                                |  | (0.07)                    |                                 |                      |                                   |                           | (0.03)                          |                             | (-)   |                               |                    |   | (0.11)  |
| Purchases of finished goods                     |   |                             |                                 |                               |                              | 34.32                          |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | 34.32   |
|   |   |                             |                                 |                               |                              | (41.58)                        |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | (41.58) |
| Rent paid                                       |   |                             |                                 |                               | @                            |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | 4.92  | 4.92    |
|   |   |                             |                                 |                               | (0.01)                       |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | (5.06)  | (5.06)  |
| Rent received                                   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           | 0.01                            |                             |   |                               |                    |   | 0.01    |
|   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           | (0.01)                          |                             |   |                               |                    |   | (0.01)  |
| Security deposits given                         |   |                             |                                 |                               | 0.07                         |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | 0.07    |
|   |   |                             |                                 |                               | (0.36)                       |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | (0.36)  |
| Fixed deposit repaid                            |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | -       |
|   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | (0.11)  | (0.11)  |
| Security deposits received back                 |   |                             |                                 |                               | 2.48                         |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | 0.07  | 2.55    |
|   |   |                             |                                 |                               | -                            |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | (0.07)  | (0.07)  |
| Compensation paid                               |   |                             |                                 |                               | 2.27                         |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | 2.27    |
|   |   |                             |                                 |                               | (4.14)                       |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | (4.14)  |
| Remuneration                                    |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | 10.98   | 10.98   |
|   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | (7.57)  | (7.57)  |
| Collection charges received                     |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           | @@                              |                             |   |                               |                    |   | -       |
|   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           | (0.01)                          |                             |   |                               |                    |   | (0.01)  |
| Loans and advances given (net)                  |   | -                           | 2.32                            | 12.30                         |                              | (#)                            |  |                           | ##                              |                      |                                   |                           | 0.04                            |                             |   | (#)                           |                    | -   | 14.66   |
|   |   | (0.05)                      | (0.70)                          | (5.46)                        |                              |                                | (0.01)                                     |                           | ##                              |                      |                                   |                           | (0.07)                          |                             |   | (#)                           |                    | (0.28)  | (6.57)  |
| Loans and advances received back (net)          | 0.32                                    |                             |                                 |                               |                              | -                              |  | -                         |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | 0.28  | 0.60    |
|   | (2.63)                                  |                             |                                 |                               |                              | (8.32)                         |  | (0.03)                    |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | (-)   | (10.98) |
| Loans taken                                     |   | 1.36                        |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | 1.36    |
|   |   | (-)                         |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | -       |
| Royalty   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 | 51.70                       |   |                               |                    |   | 51.70   |
|   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 | (51.37)                     |   |                               |                    |   | (51.37) |
| Balance outstanding as at the year end          |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   |         |
| Security deposits receivable                    |   |                             |                                 |                               | 23.86                        |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | 8.73  | 32.59   |
|   |   |                             |                                 |                               | (28.53)                      |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | (8.81)  | (37.34) |
| Loans and advances receivable                   | 5.81                                    | -                           | 30.02                           | 55.74                         |                              | 24.20                          | 0.01                                       | 0.01                      | \$\$                            |                      |                                   |                           | 0.21                            |                             | 0.24  | \$                            |                    | -   | 116.24  |
|   | (6.13)                                  | (0.23)                      | (27.70)                         | (43.44)                       |                              | (17.60)                        | (0.01)                                     | (0.01)                    | \$\$                            |                      |                                   |                           | (0.12)                          |                             | (-)   | \$                            |                    | (0.28)  | (95.52) |
| Loan payable                                    |   | 1.36                        |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | 1.36    |
|   |   | (-)                         |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    |   | -       |
| Trade receivable                                |   |                             |                                 |                               | 0.02                         |                                |  |                           |                                 | 7.67                 | 4.13                              | 0.25                      |                                 |                             |   |                               | 2.38               |   | 14.45   |
|   |   |                             |                                 |                               | (-)                          |                                |  |                           |                                 | (10.31)              | (3.29)                            | (-)                       |                                 |                             |   |                               | (0.87)             |   | (14.47) |
| Trade payable                                   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 | 34.75                       | 0.36  |                               |                    |   | 35.11   |
|   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 | (35.98)                     | (-)   |                               |                    |   | (35.98) |
| Purchase consideration receivable               |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             | 33.00   |                               |                    |   | 33.00   |
|   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             | (-)   |                               |                    |   | (-)     |
| Loans outstanding in respect of guarantee given |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 | 2.88                        |   |                               |                    |   | 2.88    |
|   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 | (3.07)                      |   |                               |                    |   | (3.07)  |
| Commission Payable                              |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | 2.90  | 2.90    |
|   |   |                             |                                 |                               |                              |                                |  |                           |                                 |                      |                                   |                           |                                 |                             |   |                               |                    | (-)   | (-)     |

Figures in bracket denotes previous year figures

(#) Rs. 20,000 (2011-12 Rs.15,000)

\$ Rs. 35,000 (2011-12 Rs.15,000)

\$\$ Rs. 50,000 (2011-12 Rs.35,000)

## Rs. 15,000 (2011-12 Rs.15,000)

@ Rs. 10,000

@@ Rs. 15,000

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

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

Rs. in crores

| Nature of the transaction        | Name                                  | This year | Previous year |
|----------------------------------|---------------------------------------|-----------|---------------|
| Rent paid                        | M/s. Ajay S. Shriram ( HUF)           | 1.40      | 1.45          |
|                                  | M/s. Vikram S. Shriram ( HUF)         | 1.18      | 1.27          |
|                                  | M/s. Ajit S. Shriram ( HUF)           | 1.23      | 1.28          |
|                                  | Mr. Rajiv Sinha                       | 0.45      | 0.45          |
|                                  | Relatives of Key management personnel | 0.66      | 0.60          |
|                                  |                                       | 4.92      | 5.05          |
| Security deposits received back  | Mr. Rajiv Sinha                       | 0.04      | 0.04          |
|                                  | Relatives of Key management personnel | 0.03      | 0.03          |
|                                  |                                       | 0.07      | 0.07          |
| Loans and advances received back | Mr. Rajiv Sinha                       | 0.14      | 0.14          |
|                                  | Relatives of Key management personnel | 0.14      | 0.14          |
|                                  |                                       | 0.28      | 0.28          |
| Remuneration                     | Mr. Ajay S. Shriram                   | 2.86      | 1.90          |
|                                  | Mr. Vikram S. Shriram                 | 2.64      | 1.72          |
|                                  | Mr. Rajiv Sinha                       | 2.48      | 1.69          |
|                                  | Mr. Ajit S. Shriram                   | 2.13      | 1.46          |
|                                  | Mr. N.J Singh                         | 0.60      | 0.41          |
|                                  | Relatives of Key management personnel | 0.27      | 0.39          |
|                                  |                                       | 10.98     | 7.57          |

### 10. 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 statement of profit and loss:

Rs. Crores

|   | This Year | Previous Year |
|---|-----------|---------------|
| - Employers' contribution to provident fund                         | 15.64     | 15.50         |
| - Employers' contribution to superannuation fund                    | 6.54      | 6.39          |
| - Employers' contribution to employees' state insurance corporation | 0.40      | 0.47          |

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### ii) Defined benefit plans

a) Gratuity

b) Compensated absences - Earned leave/ sick leave

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

(Rs. Crores)

|   | Gratuity<br>(Partially funded) |                  | Compensated absences       |                  |                          |                  |
|---|--------------------------------|------------------|----------------------------|------------------|--------------------------|------------------|
|   |                                |                  | Earned leave<br>(Unfunded) |                  | Sick leave<br>(Unfunded) |                  |
|   | This<br>Year                   | Previous<br>Year | This<br>Year               | Previous<br>year | This<br>Year             | Previous<br>year |
| Discount rate (per annum)   | 8%                             | 8%               | 8%                         | 8%               | 8%                       | 8%               |
| Future salary increase  | 7%                             | 7%               | 7%                         | 7%               | 7%                       | 7%               |
| Expected rate of return on plan assets                                | 8%                             | 8%               | -                          | -                | -                        | -                |
| In service mortality  | *                              | *                | *                          | *                | *                        | *                |
| Retirement age  | 58/60<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 statement of profit and loss</b>          |                                |                  |                            |                  |                          |                  |
| Current service cost  | 4.55                           | 4.26             | 4.89                       | 3.02             | 1.53                     | 1.58             |
| Interest cost   | 5.65                           | 5.07             | 2.42                       | 2.09             | 1.53                     | 1.39             |
| Expected return on plan assets  | (0.06)                         | (0.05)           | -                          | -                | -                        | -                |
| Net actuarial( gain) / loss recognised in the year                    | 2.81                           | 3.37             | 0.71                       | 1.67             | (1.35)                   | (1.16)           |
| Past service cost   | -                              | -                | -                          | -                | -                        | -                |
| Total expense   | 12.95                          | 12.65            | 8.02                       | 6.78             | 1.71                     | 1.81             |
| <b>II. Net asset/(liability) recognised in the balance sheet</b>      |                                |                  |                            |                  |                          |                  |
| Present value of Defined benefit obligation                           | 74.49                          | 69.03            | 30.05                      | 27.95            | 18.90                    | 17.61            |
| Fair value of plan assets   | 0.95                           | 0.63             | -                          | -                | -                        | -                |
| Funded status [(deficit)]   | (73.54)                        | (68.40)          | (30.05)                    | (27.95)          | (18.90)                  | (17.61)          |
| Net asset/(liability)   | (73.54)                        | (68.40)          | (30.05)                    | (27.95)          | (18.90)                  | (17.61)          |
| Non-current liability   | (62.15)                        | (57.42)          | (27.15)                    | (26.03)          | (13.68)                  | (13.06)          |
| Current liability   | (11.39)                        | (10.98)          | (2.90)                     | (1.92)           | (5.22)                   | (4.55)           |
| <b>III. Change in the present value of obligation during the year</b> |                                |                  |                            |                  |                          |                  |
| Present value of obligation as at the beginning of the year           | 69.03                          | 61.90            | 27.95                      | 25.13            | 17.61                    | 15.80            |
| Interest cost   | 5.65                           | 5.07             | 2.42                       | 2.09             | 1.53                     | 1.39             |
| Current service cost  | 4.55                           | 4.26             | 4.89                       | 3.02             | 1.53                     | 1.58             |
| Benefits paid   | (6.01)                         | (5.57)           | (5.15)                     | (3.96)           | -                        | -                |
| Actuarial (gains) / losses on obligation                              | 2.81                           | 3.37             | 0.71                       | 1.67             | (1.35)                   | (1.16)           |
| Transfer to SBM Yarn Ltd pursuant to slump sale \$                    | (1.54)                         | -                | (0.77)                     | -                | (0.42)                   | -                |
| Past service cost   | -                              | -                | -                          | -                | -                        | -                |
| Present value of obligation as at the end of the year                 | 74.49                          | 69.03            | 30.05                      | 27.95            | 18.90                    | 17.61            |
| <b>IV. Change in the fair value of assets during the year</b>         |                                |                  |                            |                  |                          |                  |
| Fair value of plan assets at the beginning of the year                | 0.63                           | 0.48             | -                          | -                | -                        | -                |
| Expected return on plan assets  | 0.06                           | 0.05             | -                          | -                | -                        | -                |
| Employer contribution   | 0.27                           | 0.11             | -                          | -                | -                        | -                |
| Actual benefits paid  | (0.01)                         | (0.02)           | -                          | -                | -                        | -                |
| Actuarial gain/(loss) on plan assets                                  | -                              | 0.01             | -                          | -                | -                        | -                |
| Fair value of plan assets at the end of the year                      | 0.95                           | 0.63             | -                          | -                | -                        | -                |
| Actual return on plan assets  | -                              | -                | -                          | -                | -                        | -                |

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

\*LIC (1994-96) duly modified

\$ Refer Note 12

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

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

| Particulars   | 2012-13  |              |            | 2011-12  |              |            | 2010-11  |              |            | 2009-10  |              |            | 2008-09  |              |            |
|---|----------|--------------|------------|----------|--------------|------------|----------|--------------|------------|----------|--------------|------------|----------|--------------|------------|
|   | Gratuity | Earned leave | Sick leave | Gratuity | Earned leave | Sick leave | Gratuity | Earned leave | Sick leave | Gratuity | Earned leave | Sick leave | Gratuity | Earned leave | Sick leave |
| Present value of obligation as at the end of the year   | 74.49    | 30.05        | 18.90      | 69.03    | 27.95        | 17.61      | 61.90    | 25.13        | 15.80      | 53.28    | 20.81        | 13.87      | 46.70    | 17.57        | 12.33      |
| Fair value of plan assets at the end of the year        | 0.95     | -            | -          | 0.63     | -            | -          | 0.47     | -            | -          | -        | -            | -          | -        | -            | -          |
| Surplus/(Defecit) in plan assets                        | (73.54)  | (30.05)      | (18.90)    | (68.40)  | (27.95)      | (17.61)    | (61.43)  | (25.13)      | (15.80)    | (53.28)  | (20.81)      | (13.87)    | (46.70)  | (17.57)      | (12.33)    |
| Experience adjustment on plan assets {Gain/(loss)}      | -        | -            | -          | -        | -            | -          | -        | -            | -          | -        | -            | -          | -        | -            | -          |
| Experience adjustment on plan liabilities {Gain/(loss)} | 2.75     | 0.71         | (1.35)     | 3.42     | 1.67         | (1.16)     | 4.56     | 2.28         | (0.61)     | -        | -            | -          | -        | -            | -          |

### 11. Secured loan

|           |  |   |
|-----------|--|---|
| <b>a.</b> | <b>Short term working capital borrowings from banks:</b>   |   |
| 1.        | Loans from banks on cash credit account of Rs. 179.45 Crores (2011-12 – Rs. 36.77 Crores) are secured by first pari passu charge on whole of the current assets of the company (except Shriram Bioseed Genetics, Hyderabad), both present and future. These loans are further secured by a third charge by way of mortgage/hypothecation of all the immovable/movable properties (other than current assets) of the Company's undertakings at Kota in Rajasthan and Ajbapur, Rupapur, Loni & Hariawan in Uttar Pradesh. Amount of Rs. 1.63 Crores (2011-12-Rs. 1.36 Crores) is secured by exclusive charge by way of hypothecation on current assets and mortgage/hypothecation on the immovable and movable properties, both present and future of the Company's undertakings at Shriram Bioseed Genetics, Hyderabad. |   |
| 2.        | Short Term Loan of Rs.309.02 Crores (2011-12- Rs. 529.11 Crores) are secured by first pari passu charge on whole of the current assets of the Company (except Shriram Bioseed Genetics, Hyderabad) both present and future and a third charge by way of mortgage/hypothecation of all the immovable/movable properties (other than current assets) of the Company's undertakings at Kota in Rajasthan and Ajbapur, Rupapur, Loni & Hariawan in Uttar Pradesh.  |   |
| <b>b.</b> | <b>Long term borrowings from banks:</b>  |   |
|           | <b>Nature of Security</b>  | <b>Terms of Repayment</b>   |
| 1.        | Term loans of Rs. 147.26 Crores (2011-12– Rs. 151.32 Crores) are secured by way of first pari passu mortgage/charge created on immovable/movable fixed assets, both present and future, of the Company's undertakings at Jhagadia, Distt Bharuch, Gujarat (Rs. 11.89 Crores due within 1 year; 2011-12-Rs. 8.84 Crores)  | - Rs. 71.25 Crores repayable in 10 Semi-Annual Installments<br>- Rs. 76.01 Crores repayable in 8 Semi-Annual Installments |
| 2.        | Term loan of Rs. 16.00 Crores (2011-12– Rs. 58.07 Crores) are secured by way of first pari passu mortgage/charge created on immovable/movable fixed asset both present and future, of the Company's undertakings at Kota, Rajasthan (Rs. 8.00 Crores due within 1 year; 2011-12-Rs. 42.07 Crores)  | - Rs. 16.00 Crores repayable in 4 Equal Semi-Annual Installments.   |
| 3.        | Term loan of Rs. 23.68 Crores (2011-12- Rs. 76.53 Crores) 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 pertaining to the Company's Ajbapur Sugar Complex, Uttar Pradesh and Hariawan Sugar Complex, Uttar Pradesh in equal proportion (Rs. 23.68 Crores due within 1 year; 2011-12-Rs. 51.01 Crores)   | - Rs. 23.68 Crores repayable in 1 Semi-Annual Installments  |



## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 11. Secured loan (Continued)

|    | Nature of Security   | Terms of Repayment   |
|----|--|--|
| 4. | Term loan of Rs. 108.59 Crores (2011-12- Rs. 101.76 Crores) 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, both present and future, pertaining to the Company's Loni Sugar Complex, Uttar Pradesh (Rs. 36.20 Crores due within 1 year; 2011-12-Rs. Nil)   | - Rs. 108.59 Crores repayable in 6 Equal Semi-Annual Installments starting from June 2013.   |
| 5. | Term Loan of Rs. 9.43 Crores (2011-12- Rs 11.15 Crores) is secured by way of equitable mortgage of Land/Building, both present and future, of SBM unit of the Company at Tonk, Rajasthan (Rs. 1.71 Crores due within 1 year; 2011-12-Rs. 1.72 Crores)  | - Rs. 9.43 Crores repayable in 11 Equal Semi-Annual Installments   |
| 6. | Term Loans of Rs. 81.44 Crores (2011-12-Rs. 76.32 Crores) & Rs. 27.14 Crores (2011-12 -Rs. 25.44 Crores) are secured by way of equitable mortgage/charge created on Immovable Properties of the Sugar Units located at Ajbapur Sugar Complex, Uttar Pradesh and Loni Sugar Complex, Uttar Pradesh respectively (Rs. Nil Due within 1 year; 2011-12- Rs. Nil)   | - Rs. 108.58 Crores repayable in 8 Semi Annual Installments starting from October 2014   |
| c. | <b>Long term borrowings from others:</b>   |  |
| 1. | Term loans of Rs. Nil (2011-12 – Rs. 4.50 Crores) & Rs. Nil (2011-12- Rs. 3.00 Crores) are 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 of the Company's undertakings at Kota, Rajasthan and Jhagadia, Distt Bharuch, Gujarat respectively (Rs. Nil due within 1 year; 2011-12-Rs. 7.50 Crores) |  |
| 2. | Term loan of Rs. 250.57 Crores (2011-12- Rs. 254.40 Crores) is secured by way of first pari passu mortgage/charge created on immovable and movable assets (excluding current assets), both present and future and a second charge ranking pari passu on the current assets, both present and future, of the Company's undertakings at Kota, Rajasthan and Jhagadia, Distt Bharuch in equal proportion (Rs. 41.76 Crores due within 1 year; 2011-12-Rs. 19.58 Crores)   | - Rs. 250.57 Crores repayable in 12 equal Semi-Annual Installments   |
| 3. | Term loan of Rs. 54.29 Crores (2011-12- Rs 71.23 Crores) is secured by way of first pari passu mortgage/charge created on immovable and movable assets (excluding current assets), both present and future and a second charge ranking pari passu on the current assets, both present and future of the Company's undertakings at Kota, Rajasthan (Rs. 21.72 Crores due within 1 year; 2011-12-Rs. 20.35 Crores)   | - Rs. 54.29 Crores repayable in 5 Equal Semi-Annual Installments   |
| 4. | Term loans of Rs. 27.83 Crores (2011-12- Rs. 30.96 Crores) are secured by way of a exclusive second charge on all immovable and movable assets (save and except book debts) both present and future, pertaining to the Company's Ajbapur Sugar Complex, Uttar Pradesh (Rs. 1.19 Crores due within 1 year; 2011-12-Rs. 3.13 Crores)   | - Rs. 1.19 Crores repayable in 2 Equal Semi- Annual Installments<br>- Rs. 26.64 Crores repayable in 5 Equal Annual Installments starting from May 2014 |

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 11. Secured loan (Continued)

|    | Nature of Security   | Terms of Repayment  |
|----|--|---|
| 5. | Term loan of Rs. 16.72 Crores (2011-12– Rs. 20.15 Crores ) 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 pertaining to the Company's Hariawan Sugar Complex, Uttar Pradesh (Rs. 4.79 Crores due within 1 year; 2011-12- Rs. 4.48 Crores).   | - Rs. 16.72 Crores repayable in 7 Equal Semi-Annual Installments                            |
| 6. | Term loan of Rs. 13.12 Crores (2011-12– Rs. 16.40 Crores) is secured by way of a exclusive second charge on all immovable and movable assets (save and except book debts) both present and future, pertaining to the Company's Hariawan Sugar Complex, Uttar Pradesh (Rs. 3.28 Crores due within 1 year; 2011-12-Rs. 3.28 Crores)  | - Rs. 13.12 Crores repayable in 16 Quarterly Installments                                   |
| 7. | Term loan of Rs. 14.24 Crores (2011-12– Rs. 14.24 Crores) is secured by way of an exclusive second charge on all immovable and 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 1 year; 2011-12-Rs. Nil)  | - Rs. 14.24 Crores repayable in 5 Annual Equal Installments starting from December 2016     |
| 8. | Term loans of Rs. 2.32 Crores (2011-12- Rs. 4.65 Crores) are secured by way of Bank Guarantee which in turn is secured by first charge on whole of the current assets (except Shriram Bioseed Genetics, Hyderabad) of the Company, both present and future and a third charge by way of mortgage/hypothecation of all the immovable/movable properties (other than current assets) of the Company's undertakings at Kota in Rajasthan and Ajbapur, Rupapur, Loni & Hariawan in Uttar Pradesh (Rs. 2.32 Crores due within 1year; 2011-12-Rs. 2.32 Crores) | - Rs. 2.32 Crores repayable in 1 Annual Installment   |
| 9. | Term Loan of Rs. 10.75 Crores (2011-12- Rs. 10.75 Crores) is secured by way of a exclusive second charge on all immovable and movable assets (save and except book debts) both present and future, pertaining to the Company's Loni Sugar Complex, Uttar Pradesh (Rs. Nil due within 1year; 2011-12-Rs. Nil)   | - Rs. 10.75 Crores repayable in 10 Equal Semi- Annual Installments starting from March 2015 |

12. The PVC Compounds business of the Company has been transferred to Shriram Vinyl Polytech Ltd (Formerly SBM Yarn Limited) (a 100% subsidiary), as a going concern, on slump sale basis for a lump-sum consideration of Rs 33 crores w.e.f. closing date i.e. 15th March 2013. Consequent to the above, Rs. 0.26 crores representing the excess of sales consideration over the net assets transferred has been shown as 'other income' in note 2.21.

### 13. Employee share based payments

The Company has an Employees Stock Purchase Scheme ('Scheme') 2010, which is administered through DSCIL Employees Benefits Trust based on acquisition of shares from the market to provide equity based incentives to employees. Under the Scheme, the Company has granted shares to employees with specified lock in period. The expenses on the Scheme is accounted for at intrinsic value i.e. excess of market price on the date of grant over the exercise price of the shares granted and is amortized on a straight line basis over the lock-in period, if any.

### 14. Exceptional items represents:

- (a) Financial year 2012-13: Charge on account of expenses incurred, losses on sale and provision for impairment of surplus assets consequent to restructuring and rationalization of Hariyali Kisaan Bazaar's operations during the year.

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

(b) Financial Year 2011-12: Differential cane price for the sugar season 2007-08 accounted for pursuant to the Hon'ble Supreme Court Order.

15. The Hon'ble High Court of Delhi vide its order dated March 22, 2013 has approved the Scheme of Amalgamation for merger of Bioseed Research India Limited (a 100% subsidiary) with the Company w.e.f. Appointed date April 1, 2013.
16. Deposits received under Section 58A of the Companies Act, 1956 are repayable upto March 2015 based on the maturity dates. (Rs. 15.90 crores due within 1 year; 2011-12 Rs. 8.76 crores)
17. There are no disputed dues of wealth tax, customs duty and cess matters. The details of disputed Excise duty, Service tax, Income-Tax and Sales-tax dues as on March 31, 2013 are as follows:

| Nature of the statute | Nature of the dues | Forum where pending                               | Amount* (Rs. in Crores) | Amount paid under protest (Rs. in Crores) | Period to which the amount relates                                     |
|-----------------------|--------------------|---|-------------------------|---|--|
| Central Excise Law    | Excise duty        | Appellate authority up to Commissioners' level    | 2.90                    | 0.12                                      | 1995-96, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12          |
|                       |                    | Central Excise and Service Tax Appellate Tribunal | 6.59                    | 1.75                                      | 1997-98, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 |
| Finance Act, 1994     | Service Tax        | Appellate authority up to Commissioners' level    | 0.09                    | #   | 2007-08, 2008-09, 2009-10, 2010-11                                     |
|                       |                    | Central Excise and Service Tax Appellate Tribunal | 0.22                    | 0.05                                      | 2005-06, 2006-07, 2007-08, 2008-09, 2009-10                            |
| Income Tax Act, 1961  | Income tax         | Appellate authority up to Commissioners' level    | 0.55                    | 0.55                                      | 2009-10  |
|                       |                    | Income Tax Appellate Tribunal                     | 0.71                    | 0.71                                      | 2007-08, 2008-09   |
| Sales Tax Laws        | Sales tax          | Appellate authority up to Commissioners' level    | 1.73                    | 0.55                                      | 1983-84, 2001-02, 2006-07, 2007-08, 2011-12                            |
|                       |                    | Appellate Tribunal                                | 2.47                    | 0.80                                      | 1994-95  |

# Rs.15000/-

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

18. Provision for contingencies aggregating to Rs. 12.09 crores (2011-12 - Rs. 12.09 crores) in note 2.6 represents the maximum possible exposure on ultimate settlement of issues relating to reconstruction arrangement of the companies.
19. Research and development expenses included under relevant heads in the statement of profit and loss Rs. 0.95 crores (2011-12- Rs. 1.13 crores).
20. 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 | 7               | 4             | Hedging       | Hedging       | USD 3.90                               | USD 2.00      | 211.73                 | 101.76        |
| Currency swap                | 10              | 9             | Hedging       | Hedging       | USD 5.89                               | USD 6.64      | 319.68                 | 337.91        |
| Currency swap                | 1               | 3             | Hedging       | Hedging       | JPY 11.11                              | JPY 88.24     | 6.40                   | 54.75         |
| Options                      | 1               | 2             | Hedging       | Hedging       | USD 0.50                               | USD 0.97      | 27.15                  | 49.35         |
| Commodity Futures            | -               | 2             | Sale/Purchase | Sale/Purchase | -                                      | -             | -                      | 0.58          |
| Commodity Futures            | -               | 2             | Hedging       | Hedging       | -                                      | -             | -                      | 2.16          |

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

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 0.01                               | 0.36                 | USD 0.01                               | 0.45                 |
| Current liabilities | USD 0.36                               | 19.80                | USD 0.01                               | 0.70                 |
|                     | EUR 0.001                              | 0.04                 | EUR 0.002                              | 0.16                 |
|                     | JPY 0.02                               | 0.01                 |  |                      |
| Current Assets      | USD 0.003                              | 0.18                 | USD 0.01                               | 0.45                 |

21. 'Excise duty' on sales has been deducted from gross sales on the face of statement of profit and loss. 'Increase/ (decrease) in excise duty on finished goods' has been shown under the head 'Other expenses' in note 2.26.

22. Disclosure in respect of operating leases under Accounting Standards - 19 "Leases" are as under:

**a. Assets taken on lease:-**

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

(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 the statement of profit and loss for the year

| This Year | Previous Year |
|-----------|---------------|
| 0.69      | 2.68          |
| 0.68      | 1.86          |
| 0.01      | 0.82          |
| -         | -             |
| 20.29     | 29.59         |

**b. Assets given on lease:-**

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

Rs. Crores

|                        | Gross Block |               | Accumulated depreciation |               | Depreciation for the year |               |
|------------------------|-------------|---------------|--------------------------|---------------|---------------------------|---------------|
|                        | This year   | Previous year | This year                | Previous year | This year                 | Previous year |
| Land and building      | 20.50       | 20.47         | 1.70                     | 1.41          | 0.29                      | 0.28          |
| Plant and Machinery    | 0.37        | 0.37          | 0.13                     | 0.10          | 0.03                      | 0.04          |
| Furniture and Fittings | 1.22        | 1.22          | 0.85                     | 0.72          | 0.13                      | 0.13          |
| Office equipments      | 0.05        | 0.05          | 0.04                     | 0.03          | 0.01                      | 0.01          |
|                        | 22.14       | 22.11         | 2.72                     | 2.26          | 0.46                      | 0.46          |

(ii)

Rs. Crores

Future minimum lease rent receivables in respect of non-cancellable lease

- Not later than one year
- Later than one year and not later than five years
- Later than five years

| This Year | Previous Year |
|-----------|---------------|
| 12.25     | 11.65         |
| 0.39      | 0.34          |
| 1.59      | 1.46          |
| 10.27     | 9.85          |

23. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

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

### Statement of Additional Information

#### 1. Particulars of stocks and sales

Rs. Crores

| Description                           | Stocks         |               |                |                | Sales          |                |
|---------------------------------------|----------------|---------------|----------------|----------------|----------------|----------------|
|                                       | Opening        |               | Closing        |                |                |                |
|                                       | 2012-13        | 2011-12       | 2012-13        | 2011-12        | 2012-13        | 2011-12        |
| Urea                                  | -              | -             | -              | -              | 525.06         | 500.79         |
| PVC resins                            | 0.56           | 1.85          | 6.70           | 0.56           | 285.81         | 230.78         |
| Caustic soda                          | 2.20           | 1.04          | 2.14           | 2.20           | 772.26         | 580.11         |
| Chlorine                              | -              | 0.06          | 0.10           | -              | (12.42)        | 32.27          |
| Compressed Hydrogen                   | -              | -             | -              | -              | 22.66          | 16.72          |
| Stable Bleaching Powder               | 0.01           | 0.01          | 0.01           | 0.01           | 11.42          | 10.35          |
| Marketable Calcium carbide            | 1.21           | -             | 0.35           | 1.21           | 160.40         | 168.20         |
| D.A.P.                                | 6.82           | 2.82          | 0.47           | 6.82           | 307.32         | 134.30         |
| M.O.P.                                | 8.60           | 0.73          | 2.20           | 8.60           | 83.03          | 184.86         |
| Super Phosphate                       | 0.41           | 1.16          | -              | 0.41           | 459.35         | 415.37         |
| Zinc Sulphate                         | 1.09           | 0.76          | 0.93           | 1.09           | 33.78          | 31.23          |
| Traded Urea                           | 0.68           | 6.12          | -              | 0.68           | 0.69           | 35.91          |
| Cement                                | 2.49           | 1.48          | 2.41           | 2.49           | 154.29         | 159.98         |
| Yarn                                  | 0.38           | 4.96          | 0.72           | 0.38           | 22.92          | 43.97          |
| Sugar                                 | 757.13         | 560.63        | 784.79         | 757.13         | 1193.21        | 800.71         |
| Molasses                              | 36.46          | 28.85         | 38.77          | 36.46          | 81.64          | 57.15          |
| UPVC Windows                          | 4.18           | 2.28          | 4.82           | 4.18           | 165.73         | 186.15         |
| PVC Compounds                         | 1.77           | 1.44          | -              | 1.77           | 114.38         | 123.81         |
| Power Sale                            | -              | -             | -              | -              | 87.33          | 61.72          |
| Petrol / Diesel                       | 5.96           | 3.47          | 5.41           | 5.96           | 400.25         | 346.64         |
| Other sales/stocks<br>and adjustments | 307.84         | 199.41        | 331.83         | 307.84         | 763.11         | 999.80         |
| <b>Total</b>                          | <b>1137.79</b> | <b>817.07</b> | <b>1181.65</b> | <b>1137.79</b> | <b>5632.22</b> | <b>5120.82</b> |

#### 2. Particulars of raw materials consumed

Rs. Crores

| Description                                    | 2012-13        | 2011-12        |
|--|----------------|----------------|
| Liquidated natural gas                         | 250.11         | 229.20         |
| Lime and lime stone                            | 41.37          | 41.93          |
| Hard coke/SLV/Pearl/Nut coke/Met coke/Pet coke | 55.52          | 48.56          |
| Charcoal                                       | 9.11           | 34.08          |
| Salt   | 55.81          | 50.65          |
| Lime stone                                     | 11.62          | 12.29          |
| Kapas, cotton, synthetic yarn etc.             | 15.83          | 35.31          |
| Sugarcane                                      | 1103.03        | 911.55         |
| PVC Resin                                      | 7.24           | 5.49           |
| Plasticizers                                   | 23.73          | 26.57          |
| Other miscellaneous raw materials              | 344.50         | 333.04         |
| <b>Total</b>                                   | <b>1917.87</b> | <b>1728.67</b> |

## Notes to the Accounts (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 3. Particulars of goods purchased for resale

Rs. Crores

| Description     | 2012-13        | 2011-12        |
|-----------------|----------------|----------------|
| D.A.P.          | 274.83         | 128.28         |
| M.O.P.          | 74.04          | 190.36         |
| Super Phosphate | 441.55         | 401.47         |
| Petrol / Diesel | 391.94         | 342.99         |
| Others          | 302.47         | 664.11         |
| <b>Total</b>    | <b>1484.83</b> | <b>1727.21</b> |

### 4. Other Additional Information

| Description  | 2012-13<br>Rs. Crores | 2011-12<br>Rs. Crores |
|--|-----------------------|-----------------------|
| (a) Value of imports on CIF basis  |                       |                       |
| Raw materials  | 37.59                 | 61.94                 |
| Components and spare parts   | 12.53                 | 17.37                 |
| Capital goods  | 87.15                 | 94.02                 |
| Others   | 600.57                | 304.80                |
| (b) Expenditure in foreign currency on cash basis  |                       |                       |
| Travelling   | 1.33                  | 1.02                  |
| Interest   | 27.03                 | 22.04                 |
| Consultation fees  | 1.41                  | 1.01                  |
| Others   | 0.82                  | 1.05                  |
| (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 | 13.14                 | 20.54                 |
| Others   | 0.65                  | 0.78                  |

|   | 2012-13    |        | 2011-12    |        |
|---|------------|--------|------------|--------|
|   | Rs. Crores | %      | Rs. Crores | %      |
| (d) Value of imported/indigenous raw materials, spare parts, components and stores consumed |            |        |            |        |
| (i) Raw materials   |            |        |            |        |
| Imported  | 43.44      | 2.26   | 50.69      | 2.93   |
| Indigenous  | 1874.43    | 97.74  | 1677.98    | 97.07  |
|   | 1917.87    | 100.00 | 1728.67    | 100.00 |
| (ii) Spare parts, components and stores   |            |        |            |        |
| Imported  | 20.81      | 9.26   | 26.23      | 12.54  |
| Indigenous  | 203.84     | 90.74  | 182.91     | 87.46  |
|   | 224.65     | 100.00 | 209.14     | 100.00 |

Signatures to Notes 1 to 24 and Statement of Additional information.

B.L. SACHDEVA  
Company Secretary

S.S. BAIJAL  
Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

New Delhi  
May 2, 2013



## Independent Auditors' Report

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

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

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

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

#### Auditors' Responsibility

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

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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

#### Other Matter

We did not audit the financial statements of subsidiaries viz., DCM Shriram Credit and Investments Limited, Bioseed India Limited, DCM Shriram Infrastructure Limited, DCM Shriram Thermal Energy Limited, DCM Shriram Energy and Infrastructure Limited, Hariyali Rural Ventures Limited, DCM Shriram Aqua Foods Limited, Bioseeds Limited, Bioseed Vietnam Limited, Bioseed Holding PTE Limited, Bioseed Research Phillipines Inc., Shriram Bioseed (Thailand) Limited, Shriram Bioseed Ventures Limited, Shriram Bioseed Limited, Zeus Investments Limited, DCM Shriram Hydro Energy Limited, Fenesta India Limited (Formerly known as Fenesta Building Systems Limited), Shriram Vinyl PolyTech Limited (Formerly known as SBM Yarn Limited), Hariyali India Limited, Hariyali Insurance Broking Limited, Shri Ganpati Fertilizers Limited, Bioseed Research USA, Inc. and PT. Shriram Seed Indonesia., whose financial statements reflect total assets (net) of Rs. 348.52 crores as at 31st March, 2013, total revenues of Rs. 154.65 crores and net cash outflows amounting to Rs. 10.03 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 by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

Our report is not qualified in respect of this matter.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 015125N)  
Jaideep Bhargava  
Partner  
(Membership No.: 90295)

Gurgaon

Date: 02<sup>nd</sup> May, 2013

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

DCM SHRIRAM  
CONSOLIDATED LIMITED

|                                     | Notes | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|-------------------------------------|-------|---------------------------------------|---------------------------------------|
| <b>EQUITY AND LIABILITIES</b>       |       |                                       |                                       |
| <b>Shareholders' funds</b>          |       |                                       |                                       |
| Share capital                       | 2.1   | 33.34                                 | 33.34                                 |
| Reserves and surplus                | 2.2   | 1,462.05                              | 1,281.87                              |
|                                     |       | 1,495.39                              | 1,315.21                              |
| <b>Non-current liabilities</b>      |       |                                       |                                       |
| Long-term borrowings                | 2.3   | 663.54                                | 791.33                                |
| Deferred tax liabilities (net)      | 2.4   | 155.13                                | 152.12                                |
| Other long-term liabilities         | 2.5   | 33.08                                 | 27.85                                 |
| Long-term provisions                | 2.6   | 118.69                                | 109.34                                |
|                                     |       | 970.44                                | 1,080.64                              |
| <b>Current liabilities</b>          |       |                                       |                                       |
| Short-term borrowings               | 2.7   | 720.41                                | 852.71                                |
| Trade payables                      | 2.8   | 1,075.48                              | 861.68                                |
| Other current liabilities           | 2.9   | 443.78                                | 492.03                                |
| Short-term provisions               | 2.10  | 45.66                                 | 26.36                                 |
|                                     |       | 2,285.33                              | 2,232.78                              |
| <b>Total</b>                        |       | <b>4,751.16</b>                       | <b>4,628.63</b>                       |
| <b>ASSETS</b>                       |       |                                       |                                       |
| <b>Non-current assets</b>           |       |                                       |                                       |
| Fixed assets                        | 2.11  |                                       |                                       |
| Tangible assets                     |       | 1,499.47                              | 1,843.43                              |
| Intangible assets                   |       | 65.37                                 | 66.94                                 |
| Assets on lease                     |       | 0.59                                  | 0.68                                  |
| Capital work in progress            |       | 44.25                                 | 53.49                                 |
| Intangible assets under development |       | 0.17                                  | 0.39                                  |
|                                     |       | 1,609.85                              | 1,964.93                              |
| Non-current investments             | 2.12  | 5.88                                  | 10.60                                 |
| Long-term loans and advances        | 2.13  | 132.77                                | 94.21                                 |
| Other non-current assets            | 2.14  | 8.76                                  | 4.55                                  |
|                                     |       | 1,757.26                              | 2,074.29                              |
| <b>Current assets</b>               |       |                                       |                                       |
| Current investments                 | 2.15  | 1.27                                  | -                                     |
| Inventories                         | 2.16  | 1,381.15                              | 1,335.58                              |
| Trade receivables                   | 2.17  | 1,033.57                              | 719.19                                |
| Cash and Bank balances              | 2.18  | 135.62                                | 241.26                                |
| Short-term loans and advances       | 2.19  | 171.08                                | 226.35                                |
| Other current assets                | 2.20  | 271.21                                | 31.96                                 |
|                                     |       | 2,993.90                              | 2,554.34                              |
| <b>Total</b>                        |       | <b>4,751.16</b>                       | <b>4,628.63</b>                       |

Significant accounting policies and Notes to the consolidated accounts 1 to 22

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

Jaideep Bhargava  
Partner

B.L. SACHDEVA  
Company Secretary

S.S. BAIJAL  
Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

New Delhi  
May 2, 2013

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED MARCH 31, 2013

DCM SHRIRAM  
CONSOLIDATED LIMITED

|   | Notes | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|---|-------|--|--|
| <b>Revenue from operations</b>  |       |  |  |
| Sale of Products  |       | 5,770.16                                   | 5,203.61                                   |
| Less: Excise duty   |       | 253.26                                     | 197.40                                     |
|   |       | 5,516.90                                   | 5,006.21                                   |
| Other operating revenues  | 2.21  | 21.95                                      | 32.99                                      |
|   |       | 5,538.85                                   | 5,039.20                                   |
| Other income  | 2.22  | 34.02                                      | 29.08                                      |
| <b>Total Revenue</b>  |       | <b>5,572.87</b>                            | <b>5,068.28</b>                            |
| <b>Expenses</b>   |       |  |  |
| Cost of materials consumed  |       | 2,018.40                                   | 1,793.83                                   |
| Purchases of Stock-in-Trade   |       | 1,451.72                                   | 1,688.33                                   |
| Change in inventories of finished goods,<br>Work-in-progress and Stock-in-Trade | 2.23  | (61.91)                                    | (322.12)                                   |
| Employee benefits expense   | 2.24  | 395.27                                     | 377.43                                     |
| Finance costs   | 2.25  | 154.83                                     | 160.29                                     |
| Depreciation and amortisation expense   | 2.11  | 146.79                                     | 156.88                                     |
| Other expenses  | 2.26  | 1,195.32                                   | 1,166.03                                   |
| <b>Total Expenses</b>   |       | <b>5,300.42</b>                            | <b>5,020.67</b>                            |
| <b>Profit before exceptional item and tax</b>                                   |       | <b>272.45</b>                              | <b>47.61</b>                               |
| Exceptional items   | 19    | (53.58)                                    | (38.06)                                    |
| <b>Profit before tax</b>  |       | <b>218.87</b>                              | <b>9.55</b>                                |
| Provision for taxation  | 2.27  | 15.98                                      | (2.37)                                     |
| <b>Profit after tax</b>   |       | <b>202.89</b>                              | <b>11.92</b>                               |
| <b>Earnings per equity share-basic/diluted (Rs.)</b><br>(refer note 8)          |       |  |  |
| -Before exceptional item  |       | 15.30                                      | 2.57                                       |
| -After exceptional item   |       | 12.23                                      | 0.72                                       |
| Significant accounting policies and Notes to the consolidated accounts 1 to 22  |       |  |  |

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

Jaideep Bhargava  
Partner

B.L. SACHDEVA  
Company Secretary

S.S. BAIJAL  
Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

New Delhi  
May 2, 2013

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2013

DCM SHRIRAM  
CONSOLIDATED LIMITED

|  | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|--|--|--|
| <b>A. Cash flow from operating activities</b>  |  |  |
| Net profit before tax and exceptional items  | 272.45                                     | 47.61                                      |
| Adjustments for :  |  |  |
| Depreciation   | 146.79                                     | 156.88                                     |
| Permanent diminution in value of Investment  | 3.28                                       | 1.08                                       |
| Contingent provision for standard asset  | -  | 0.01                                       |
| (Profit)/ loss on sale/ write off of Fixed Assets  | (3.26)                                     | 10.48                                      |
| (Profit) on sale of non trade non-current investments  | (0.44)                                     | (1.65)                                     |
| Exchange differences on conversion   | 0.54                                       | (1.81)                                     |
| Finance cost   | 154.83                                     | 160.29                                     |
| Less: interest and dividend income   | (25.04)                                    | (20.58)                                    |
| <b>Operating profit before working capital changes</b>   | <b>549.15</b>                              | <b>352.31</b>                              |
| Adjustments for :  |  |  |
| Trade receivables  | (314.38)                                   | (309.51)                                   |
| Long term loans and advances   | (5.65)                                     | (12.72)                                    |
| Short term loans and advances  | 55.58                                      | 28.37                                      |
| Other non current assets   | (4.18)                                     | 0.06                                       |
| Other current assets   | (13.90)                                    | (0.41)                                     |
| Inventories  | (45.57)                                    | (318.88)                                   |
| Trade payables   | 213.80                                     | 473.85                                     |
| Long term provisions   | 9.35                                       | 5.71                                       |
| Short term provisions  | 2.20                                       | 2.15                                       |
| Other long term liabilities  | 3.77                                       | (0.11)                                     |
| Other current liabilities  | (40.24)                                    | 117.65                                     |
| <b>Cash generated from operations</b>  | <b>409.93</b>                              | <b>338.47</b>                              |
| Income taxes refund/(paid)   | (37.82)                                    | (1.90)                                     |
| <b>Net cash from/ (used) in operating activities before exceptional item</b>   | <b>372.11</b>                              | <b>336.57</b>                              |
| Exceptional item   | (53.58)                                    | (38.06)                                    |
| <b>Net cash from/ (used) in operating activities</b>   | <b>318.53</b>                              | <b>298.51</b>                              |
| <b>B. Cash flow from investing activities</b>  |  |  |
| Purchase of fixed assets   | (77.50)                                    | (66.87)                                    |
| Sale of fixed assets   | 66.35                                      | 13.08                                      |
| Fixed deposits with banks (earmarked)  | 21.38                                      | (50.71)                                    |
| Purchase of trade non current investments  | -  | (0.34)                                     |
| Purchase of non trade non current investments  | -  | (0.02)                                     |
| Purchase of non trade current investments  | (2,758.08)                                 | (3,970.56)                                 |
| Sale of non-trade current Investment   | 2,758.08                                   | 3,970.56                                   |
| Sale of non-trade non current Investment   | 0.57                                       | 2.91                                       |
| Interest received  | 28.34                                      | 18.44                                      |
| Dividend received  | 0.87                                       | 1.28                                       |
| <b>Net cash from/(used) in investing activities</b>  | <b>40.01</b>                               | <b>(82.23)</b>                             |
| <b>C. Cash flow from financing activities</b>  |  |  |
| Proceeds from long term borrowings   | -  | 114.60                                     |
| Proceeds from short term borrowings  | 4,303.59                                   | 5,065.91                                   |
| Repayment of long term borrowings  | (129.00)                                   | (161.31)                                   |
| Repayment of short term borrowings   | (4,575.76)                                 | (4,902.88)                                 |
| Changes in working capital borrowings  | 139.87                                     | (73.17)                                    |
| Dividends paid   | (19.91)                                    | (6.64)                                     |
| Corporate dividend tax paid  | (2.14)                                     | (1.08)                                     |
| Finance cost paid  | (159.26)                                   | (135.40)                                   |
| <b>Net cash (used) in financing activities</b>   | <b>(442.61)</b>                            | <b>(99.97)</b>                             |
| <b>Net increase/(decrease) in cash and cash equivalents</b>  | <b>(84.07)</b>                             | <b>116.31</b>                              |
| Cash and cash equivalents as at opening *  |  |  |
| Cash and cheques in hand and balances with banks   | 185.76                                     | 69.45                                      |
| Cash and cash equivalents as at closing *  |  |  |
| Cash and cheques in hand and balances with banks   | 101.69                                     | 185.76                                     |
| * excludes Rs. 2.44 crores (2011-12 - Rs.2.08 crores) held in dividend accounts, and Rs. 27.91 crores (2011-12 - Rs. 27.09 crores) earmarked for specific purposes |  |  |

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

Jaideep Bhargava  
Partner

B.L. SACHDEVA  
Company Secretary

S.S. BAIJAL  
Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

New Delhi  
May 2, 2013

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED ACCOUNTS

### 1. Statement of accounting policies

#### (i) Basis of accounting

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

#### (ii) Principles of consolidation

- a) The consolidated financial statements relate to DCM Shriram Consolidated Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:
- the financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
  - the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
  - the excess of cost to the Company of its investment in a subsidiary company over the Company's portion of the equity of the subsidiary at the date on which investment in subsidiary is made is recognised in the financial statements as goodwill.
- b) The companies considered in the consolidated financial statements are:

| Name of the Company  | Country of incorporation | % voting power held as at March 31, 2013 | % voting power held as at March 31, 2012 |
|--|--------------------------|--|--|
| <b>Subsidiary companies</b>  |                          |  |  |
| DCM Shriram Credit and Investments Limited (DSCIL)                               | India                    | 100                                      | 100                                      |
| Bioseed India Limited  | India                    | 100                                      | 100                                      |
| DCM Shriram Infrastructure Limited (100 % subsidiary of DSCIL)                   | India                    | 100                                      | 100                                      |
| DCM Shriram Thermal Energy Limited (100 % subsidiary of DSCIL)                   | India                    | 100                                      | 100                                      |
| Hariyali India Limited (100% subsidiary of DSCIL)                                | India                    | 100                                      | 100                                      |
| Hariyali Rural Ventures Limited  | India                    | 100                                      | 100                                      |
| DCM Shriram Aqua Foods Limited   | India                    | 100                                      | 100                                      |
| Bioseeds Limited (BL)  | Mauritius                | 100                                      | 100                                      |
| Bioseed Holdings PTE Limited (BHP) (100% subsidiary of BL)                       | Singapore                | 100                                      | 100                                      |
| Bioseed Research Philippines Inc (100% subsidiary of BHP)                        | Philippines              | 100                                      | 100                                      |
| Bioseed Vietnam Limited (100% subsidiary of BHP)                                 | Vietnam                  | 100                                      | 100                                      |
| PT Shriram Seed Indonesia (95% subsidiary of BHP)                                | Indonesia                | 95                                       | 95                                       |
| Shriram Bioseed (Thailand) Limited (99.99% subsidiary of BHP)                    | Thailand                 | 99.99                                    | 99.99                                    |
| Bioseed Research India Limited (formerly Bioseed Research India Private Limited) | India                    | 100                                      | 100                                      |
| Shriram Bioseed Ventures Limited (SBVL)  | India                    | 100                                      | 100                                      |
| Shriram Bioseeds Limited (SBL) (100% subsidiary of SBVL)                         | Mauritius                | 100                                      | 100                                      |
| Bioseed Research USA Inc. (100% subsidiary of SBVL) @                            | USA                      | 100                                      | -  |
| Zeus Investments Limited (100% subsidiary of SBL)                                | Mauritius                | 100                                      | 100                                      |
| DCM Shriram Energy and Infrastructure Limited (DSEIL)                            | India                    | 100                                      | 100                                      |
| DCM Shriram Hydro Energy Limited (100% subsidiary of DSEIL)                      | India                    | 100                                      | 100                                      |
| Fenesta India Limited  | India                    | 100                                      | 100                                      |
| Shriram Vinyl Polytech Limited (formerly SBM Yarn Limited)                       | India                    | 100                                      | 100                                      |
| Hariyali Insurance Broking Limited   | India                    | 100                                      | 100                                      |
| Shri Ganpati Fertilizers Limited   | India                    | 81.41                                    | 81.41                                    |

@ subsidiary from current year

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

- 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.

## (iii) Fixed assets and depreciation

### a) Owned assets

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

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

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

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

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

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

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

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

### b. Assets taken on finance lease

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

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

## (iv) Foreign currency transactions and derivatives

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

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

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

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



- (b) In case of foreign subsidiaries, the assets and liabilities have been translated into Indian Rupees at the closing exchange rate at the year end whereas revenues and expenses reflected in the statement of profit and loss 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**

Inventories are valued at lower of cost or net realisable value. The basis for determining cost (which also includes taxes and duties wherever applicable) for different categories of inventory are as under:

- |   |  |
|---|--|
| Stores & spares, raw materials and stock-in-trade | - Weighted average rate.   |
| Work-In-Progress 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. |

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

By-products are valued at estimated net realisable value.

**(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 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.

**(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 statement of profit and loss. For the Provident Fund Trust administered by the Company, the Company is liable to meet the shortfall, if any, in payment of interest at the rates declared by the Central Government and such liability is recognised in the year of shortfall.

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

**(ix) Research and development**

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

**(x) Income-tax**

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the group in accordance with the provisions of applicable tax laws of the respective jurisdiction where the entities are located.

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.

# Consolidated Financial Statements

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 2.1 SHARE CAPITAL

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| <b>Authorised</b>   |                                       |                                       |
| 28,49,50,000 (2011-12 - 28,49,50,000) Equity shares of Rs.2 each with voting rights                 | 56.99                                 | 56.99                                 |
| 65,01,000 (2011-12 - 65,01,000) Cumulative redeemable preference shares of Rs.100 each              | 65.01                                 | 65.01                                 |
|   | <b>122.00</b>                         | <b>122.00</b>                         |
| <b>Issued</b>   |                                       |                                       |
| 16,98,03,320 (2011-12 - 16,98,03,320) Equity shares of Rs.2 each with voting rights                 | 33.96                                 | 33.96                                 |
| <b>Subscribed and fully paid up</b>   |                                       |                                       |
| 16,59,03,320 (2011-12 - 16,59,03,320) Equity shares of Rs.2 each with voting rights 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:

(i) There is no change in issued, subscribed and paid up share capital during the current year and corresponding previous year.

|   | As at 31.03.2013 |        | As at 31.03.2012 |        |
|---|------------------|--------|------------------|--------|
|   | No. of shares    | %      | No. of shares    | %      |
| (ii) Shares held by the holding company:                                |                  |        |                  |        |
| Sumant Investments Private Limited                                      | 97,868,812       | 58.99% | 96,178,793       | 57.97% |
| (iii) The shareholders holding more than 5% equity shares are as under: |                  |        |                  |        |
| Sumant Investments Private Limited                                      | 97,868,812       | 58.99% | 96,178,793       | 57.97% |
| Life Insurance Corporation of India                                     | 12,863,749       | 7.75%  | 12,863,749       | 7.75%  |

## 2.2 RESERVES AND SURPLUS

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| <b>Capital reserve</b>                             | 22.61                                 | 22.61                                 |
| <b>Capital redemption reserve</b>                  | 8.41                                  | 8.41                                  |
| <b>Securities premium account</b>                  | 65.07                                 | 65.07                                 |
| <b>General reserve</b>                             |                                       |                                       |
| Opening Balance                                    | 680.41                                | 677.79                                |
| Add: Movement related to ESPS                      | 0.03                                  | -                                     |
| Add: Transferred from statement of profit and loss | 75.00                                 | 2.62                                  |
|  | <b>755.44</b>                         | <b>680.41</b>                         |
| <b>Storage fund for molasses account</b>           |                                       |                                       |
| Opening Balance                                    | 0.77                                  | 0.64                                  |
| Add: Transferred from statement of profit and loss | 0.13                                  | 0.13                                  |
|  | <b>0.90</b>                           | <b>0.77</b>                           |

## Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.2 RESERVES AND SURPLUS (Continued)

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| <b>Statutory reserve *</b>                     | <b>0.77</b>                           | <b>0.77</b>                           |
| <b>Foreign currency translation reserve</b>    |                                       |                                       |
| Opening Balance                                | 8.94                                  | 3.21                                  |
| Add: adjustments during the year               | 7.12                                  | 5.73                                  |
|  | <b>16.06</b>                          | <b>8.94</b>                           |
| <b>Balance in Statement of Profit and loss</b> |                                       |                                       |
| Opening Balance                                | 494.89                                | 494.53                                |
| Add: Profit during the year                    | 202.89                                | 11.92                                 |
| Amount available for appropriation             | <b>697.78</b>                         | <b>506.45</b>                         |
| <b>Appropriations:</b>                         |                                       |                                       |
| Interim dividend on equity shares              | 13.27                                 | -                                     |
| Proposed final dividend on equity shares       | 13.27                                 | 6.64                                  |
| Corporate dividend tax                         | 3.32                                  | 2.17                                  |
| Transfer to general reserve                    | 75.00                                 | 2.62                                  |
| Storage fund for molasses account              | 0.13                                  | 0.13                                  |
|  | <b>592.79</b>                         | <b>494.89</b>                         |
|  | <b>1,462.05</b>                       | <b>1,281.87</b>                       |

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

### 2.3 LONG-TERM BORROWINGS

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| <b>Secured</b>                         |                                       |                                       |
| Term loans                             |                                       |                                       |
| From banks [refer note 13 (b)]         | 332.06                                | 396.95                                |
| From others [refer note 13 (c)]        | 317.28                                | 372.42                                |
|  | <b>649.34</b>                         | <b>769.37</b>                         |
| <b>Unsecured</b>                       |                                       |                                       |
| Deposits                               |                                       |                                       |
| Fixed                                  | 7.06                                  | 3.08                                  |
| Others                                 | 6.52                                  | 18.18                                 |
| Finance lease liability (refer note 7) | 0.62                                  | 0.70                                  |
|  | <b>14.20</b>                          | <b>21.96</b>                          |
|  | <b>663.54</b>                         | <b>791.33</b>                         |

## Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.4 DEFERRED TAX LIABILITIES ( NET )

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| <b>Deferred tax liabilities</b>             |                                       |                                       |
| Depreciation                                | 219.82                                | 222.17                                |
|   | <b>219.82</b>                         | <b>222.17</b>                         |
| <b>Deferred tax assets</b>                  |                                       |                                       |
| Unabsorbed depreciation                     | -                                     | 13.59                                 |
| Provision for gratuity and leave encashment | 42.94                                 | 37.25                                 |
| Provision for doubtful debts and advances   | 7.28                                  | 5.57                                  |
| Others                                      | 14.47                                 | 13.64                                 |
|   | <b>64.69</b>                          | <b>70.05</b>                          |
|   | <b>155.13</b>                         | <b>152.12</b>                         |

### 2.5 OTHER LONG TERM LIABILITIES

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| Ex-gratia payable under voluntary retirement schemes | 0.34                                  | 0.56                                  |
| Interest accrued but not due on loans and deposits   | 8.13                                  | 6.67                                  |
| Security deposits                                    | 24.61                                 | 20.62                                 |
|  | <b>33.08</b>                          | <b>27.85</b>                          |

### 2.6 LONG-TERM PROVISIONS

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| Provision for employee benefits            |                                       |                                       |
| Gratuity                                   | 63.96                                 | 57.62                                 |
| Compensated absences                       | 42.64                                 | 39.63                                 |
| Provision for contingencies (refer note 5) | 12.09                                 | 12.09                                 |
|  | <b>118.69</b>                         | <b>109.34</b>                         |
|  | <b>970.44</b>                         | <b>1,080.64</b>                       |

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## CURRENT LIABILITIES

### 2.7 SHORT-TERM BORROWINGS

|                                      | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--------------------------------------|---------------------------------------|---------------------------------------|
| <b>Secured *</b>                     |                                       |                                       |
| Loans repayable on demand from banks | 194.65                                | 54.78                                 |
| Others loans and advances from banks | 309.02                                | 529.11                                |
|                                      | 503.67                                | 583.89                                |
| <b>Unsecured</b>                     |                                       |                                       |
| Loans repayable on demand            |                                       |                                       |
| From banks                           | 214.74                                | 265.82                                |
| From other                           | 2.00                                  | 3.00                                  |
|                                      | 216.74                                | 268.82                                |
|                                      | 720.41                                | 852.71                                |

### 2.8 TRADE PAYABLES

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| Total outstanding dues of micro and small enterprise            | 2.89                                  | 0.99                                  |
| Total outstanding dues of other than micro and small enterprise | 1,072.59                              | 860.69                                |
|   | 1,075.48                              | 861.68                                |

### 2.9 OTHER CURRENT LIABILITIES

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| Current maturities of long-term debt (Secured)                 |                                       |                                       |
| From banks [Refer note 13 (b)]                                 | 81.48                                 | 103.64                                |
| From others [Refer note 13 (c)]                                | 75.50                                 | 61.08                                 |
| Current maturities of long-term debt (Unsecured)               |                                       |                                       |
| From banks   | -                                     | 0.61                                  |
| From other parties   | 15.90                                 | 8.76                                  |
| Current maturities of finance lease obligations (Refer note 7) | 0.30                                  | 0.24                                  |
| Interest accrued but not due on borrowings                     | 8.73                                  | 14.62                                 |
| Advances received from customers                               | 161.87                                | 201.92                                |
| Unpaid dividends   | 1.82                                  | 1.66                                  |
| Unpaid matured deposits and interest accrued thereon           | 0.08                                  | 0.33                                  |
| Unpaid matured debentures and interest accrued thereon         | 0.21                                  | 0.21                                  |
| Ex-gratia payable under voluntary retirement schemes           | 0.24                                  | 0.12                                  |
| Statutory dues payable   | 80.55                                 | 81.83                                 |
| Others miscellaneous payable                                   | 17.10                                 | 17.01                                 |
|  | 443.78                                | 492.03                                |

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 2.10 SHORT-TERM PROVISIONS

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| Provision for employee benefits          |                                       |                                       |
| Gratuity                                 | 11.42                                 | 11.01                                 |
| Compensated absences                     | 8.32                                  | 6.53                                  |
| Contingent provision for standard assets | 0.01                                  | 0.01                                  |
| Provision for tax (net of tax paid)      | 10.38                                 | -                                     |
| Proposed dividend                        | 13.27                                 | 6.64                                  |
| Corporate dividend tax                   | 2.26                                  | 2.17                                  |
|  | 45.66                                 | 26.36                                 |
|  | 2,285.33                              | 2,232.78                              |

\* Also refer note 13(a)

## NON-CURRENT ASSETS

### 2.11 FIXED ASSETS

(Rs. Crores)

| Description                         | GROSS BLOCK                |                 |                            |                            | DEPRECIATION AND AMORTISATION |                 |                                  |                            | NET BLOCK                  |                            |
|-------------------------------------|----------------------------|-----------------|----------------------------|----------------------------|-------------------------------|-----------------|----------------------------------|----------------------------|----------------------------|----------------------------|
|                                     | As at<br>March 31,<br>2012 | Additions       | Deductions/<br>adjustments | As at<br>March 31,<br>2013 | Up to<br>March 31,<br>2012    | For<br>the year | On<br>deductions/<br>adjustments | Up to<br>March 31,<br>2013 | As at<br>March 31,<br>2013 | As at<br>March 31,<br>2012 |
| <b>Tangibles</b>                    |                            |                 |                            |                            |                               |                 |                                  |                            |                            |                            |
| Land - Freehold                     | 140.02                     | 0.83            | 73.56 \$                   | 67.29 *                    | -                             | -               | -                                | -                          | 67.29                      | 140.02                     |
| - Leasehold                         | 19.21                      |                 | 1.60 \$                    | 17.61                      | -                             | -               | -                                | -                          | 17.61                      | 19.21                      |
| Buildings                           | 434.75                     | 4.87            | 181.46 \$                  | 258.16                     | 61.16                         | 9.78            | 16.11                            | 54.83                      | 203.33                     | 373.59                     |
| Leasehold improvements              | 11.11                      | 0.07            | 7.70                       | 3.48                       | 5.44                          | 0.33            | 3.85                             | 1.92                       | 1.56                       | 5.67                       |
| Plant and equipment                 | 2,283.08                   | 63.62           | 56.10                      | 2,290.60                   | 1,026.45                      | 123.99          | 37.71                            | 1,112.73                   | 1,177.87                   | 1,256.63                   |
| Furniture and Fixtures              | 53.58                      | 0.93            | 37.32                      | 17.19                      | 31.57                         | 1.75            | 20.75                            | 12.57                      | 4.62                       | 22.01                      |
| Office equipment                    | 25.18                      | 3.25            | 4.14                       | 24.29                      | 17.75                         | 2.22            | 2.90                             | 17.07                      | 7.22                       | 7.43                       |
| Vehicles                            | 37.88                      | 9.15            | 7.06                       | 39.97                      | 19.01                         | 5.68            | 4.69                             | 20.00                      | 19.97                      | 18.87                      |
| <b>Sub total (This year)</b>        | <b>3,004.81</b>            | <b>82.72</b>    | <b>368.94</b>              | <b>2,718.59</b>            | <b>1,161.38</b>               | <b>143.75</b>   | <b>86.01</b>                     | <b>1,219.12</b>            | <b>1,499.47</b>            |                            |
| Previous year                       | 2,990.67                   | 62.62           | 48.48                      | 3,004.81                   | 1,035.15                      | 152.89          | 26.66                            | 1,161.38                   |                            | 1,843.43                   |
| <b>Intangibles</b>                  |                            |                 |                            |                            |                               |                 |                                  |                            |                            |                            |
| Goodwill                            | 65.54                      | 4.12            | 0.36                       | 69.30                      | 9.15                          | -               | -                                | 9.15                       | 60.15                      | 56.39                      |
| Technical Know how                  | 23.79                      | -               | 15.08                      | 8.71                       | 20.86                         | 0.88            | 15.06                            | 6.68                       | 2.03                       | 2.93                       |
| Brand                               | 8.22                       | -               | 8.22                       | -                          | 6.51                          | 0.66            | 7.17                             | -                          | -                          | 1.71                       |
| Computer Software                   | 14.42                      | 0.99            | 7.61                       | 7.80                       | 8.51                          | 1.34            | 5.24                             | 4.61                       | 3.19                       | 5.91                       |
| <b>Sub total (This year)</b>        | <b>111.97</b>              | <b>5.11</b>     | <b>31.27</b>               | <b>85.81</b>               | <b>45.03</b>                  | <b>2.88</b>     | <b>27.47</b>                     | <b>20.44</b>               | <b>65.37</b>               |                            |
| Previous year                       | 103.47                     | 9.37            | 0.87                       | 111.97                     | 41.49                         | 3.68            | 0.14                             | 45.03                      |                            | 66.94                      |
| <b>Asset on Lease</b>               |                            |                 |                            |                            |                               |                 |                                  |                            |                            |                            |
| Motor Vehicles                      | 1.48                       | 0.23            | 0.10                       | 1.61 \$\$                  | 0.80                          | 0.23            | 0.01                             | 1.02                       | 0.59                       | 0.68                       |
| <b>Sub total (This year)</b>        | <b>1.48</b>                | <b>0.23</b>     | <b>0.10</b>                | <b>1.61</b>                | <b>0.80</b>                   | <b>0.23</b>     | <b>0.01</b>                      | <b>1.02</b>                | <b>0.59</b>                |                            |
| Previous year                       | 0.97                       | 0.60            | 0.09                       | 1.48                       | 0.43                          | 0.37            | -                                | 0.80                       |                            | 0.68                       |
| <b>Total This year</b>              | <b>3,118.26</b>            | <b>88.06 **</b> | <b>400.31</b>              | <b>2,806.01</b>            | <b>1,207.21</b>               | <b>146.86 #</b> | <b>113.49</b>                    | <b>1,240.58</b>            | <b>1,565.43</b>            |                            |
| Total Previous year                 | 3,095.11                   | 72.59 **        | 49.44                      | 3,118.26                   | 1,077.07                      | 156.94 #        | 26.80                            | 1,207.21                   |                            | 1,911.05                   |
| Capital work in progress            |                            |                 |                            |                            |                               |                 |                                  |                            | 44.25                      | 53.49                      |
| Intangible assets under development |                            |                 |                            |                            |                               |                 |                                  |                            | 0.17                       | 0.39                       |
|                                     |                            |                 |                            |                            |                               |                 |                                  |                            | 1,609.85                   | 1,964.93                   |

\* Includes Rs.0.17 crores (2011-12 - Rs. 0.17 crores) pertaining to land situated at Hardoi pending registration in favour of the Company.

# Includes Rs. 0.07 crore (2011-12 - Rs. 0.06 crore) included in addition to capital work in progress

\*\* Includes addition of Rs. 0.19 crore (2011-12 - Rs. 0.02 crore) on account of foreign exchange fluctuation

\$ Includes adjustment on account of reclassification of 'fixed assets held for sale' as other current assets (Refer note 2.20)

\$\$ Refer note 7



## Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.12 NON-CURRENT INVESTMENTS

(valued at cost unless there is permanent fall in value thereof)

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| <b>(a) TRADE INVESTMENTS</b>   |                                       |                                       |
| <b>(i) Investment in Equity Shares</b>   |                                       |                                       |
| <b>Unquoted</b>  |                                       |                                       |
| 11,32,134 (2011-12 - 11,32,134) Equity shares of Rs.10 each fully paid up of Narmada Clean Tech Ltd (Formerly Bharuch Eco Aqua Infrastructure Limited) | 1.13                                  | 1.13                                  |
| Nil (2011-12 - 45,50,000) Equity shares of Rs. 10 each fully paid up of Forum I Aviation Private Limited.  | 4.55                                  | 4.55                                  |
| Less : Provision for diminution in value of investment   | (3.28)                                | -                                     |
|  | 1.27                                  | 4.55                                  |
| Less : Transferred to current investment during the year   | (1.27)                                | -                                     |
|  | 1.13                                  | 4.55                                  |
|  |                                       | 5.68                                  |
| <b>(b) NON-TRADE INVESTMENTS</b>   |                                       |                                       |
| <b>(i) Investment in Equity Shares</b>   |                                       |                                       |
| <b>Subsidiaries</b>  |                                       |                                       |
| <b>Unquoted</b>  |                                       |                                       |
| 10,000 ( 2011-12 - 10,000) Equity shares of Hariyali Rural Foundation of Rs. 10/- each fully paid up.  | 0.01                                  | 0.01                                  |
| 50,000 (2011-12 - 50,000) Equity shares of Rs. 10 each fully paid up of Shridhar Shriram Foundation  | 0.05                                  | 0.05                                  |
|  | 0.06                                  | 0.06                                  |
| <b>Others</b>  |                                       |                                       |
| <b>Quoted</b>  |                                       |                                       |
| 1,40,000 (2011-12 - 140,000 ) Equity shares of IFCI Limited of Rs.10/- each fully paid up. 10,000 shares sold during the year                          | 0.06                                  | 0.06                                  |
| 5,400 (2011-12 - 5,400) Master Gains 92 of Unit Trust of India of Rs. 10/- each fully paid up (@ Rs.47,000)  | @                                     | @                                     |
| 59,359 (2011-12 - 66,037) Equity shares of Bank of Baroda of Rs. 10/- each fully paid up. 6,678 shares sold during the year                            | 1.37                                  | 1.52                                  |
| 20,108 (2011-12 - 20,108) Equity shares of Gujarat State Petronet Limited of Rs. 10/- each fully paid up.  | 0.05                                  | 0.05                                  |
| 3,430 (2011-12 - 3,430) Equity shares of Punjab National Bank of Rs.10/- each fully paid up  | 0.13                                  | 0.13                                  |
| 17,870 (2011-12 - 17,870) Equity shares of Yes Bank Ltd of Rs 10/- each fully paid up.   | 0.08                                  | 0.08                                  |
| 6,53,592 (2011-12 - 6,53,592) Equity shares of Nicco Corporation Ltd of Rs. 2/-each fully paid up  | 0.40                                  | 0.40                                  |
|  | 2.09                                  | 2.24                                  |

## Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.12 NON-CURRENT INVESTMENTS (Continued)

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| <b>Unquoted</b>  |                                       |                                       |
| 49,950(2011-12 - 49,950) Equity shares of Pacific Land Development Private Limited of Rs.10/- each fully paid up | 0.05                                  | 0.05                                  |
| 5,00,000 (2011-12- 5,00,000) Equity shares of Forech India Ltd. of Rs. 10/- each, Rs. 4 paid up                  | 1.75                                  | 1.75                                  |
| 3,00,000 (2011-12 - 3,00,000) Equity shares of E Commodities Limited of Rs.10/- each fully paid up               | 0.30                                  | 0.30                                  |
| 2,00,000 (2011-12 - 2,00,000) Equity shares of Ellenbarie Commercial Limited of Rs.10/- each fully paid up       | 1.50                                  | 1.50                                  |
| Less : Provision for diminution in value of investment   | (1.08)                                | (1.08)                                |
| 40,000 (2011-12 - 40,000) Equity shares of BMD Estate Private Limited of Rs.10/- each fully paid up              | 0.75                                  | 0.75                                  |
| Less : Provision for diminution in value of investment   | (0.75)                                | (0.75)                                |
|  | 2.52                                  | 2.52                                  |
| <b>(ii) Investment in Government securities</b>  |                                       |                                       |
| <b>Unquoted</b>  |                                       |                                       |
| National savings certificates*   | 0.08                                  | 0.10                                  |
| <b>(iii) Other non current investments</b>   |                                       |                                       |
| <b>Quoted</b>  |                                       |                                       |
| Nil (2011-12 - 763.959) US-2002 of Unit Trust of India of Rs. 10/- each fully paid up (# Rs.5,000)               | -                                     | #                                     |
| <b>TOTAL:</b>  | <b>5.88</b>                           | <b>10.60</b>                          |
| Aggregate book value - Quoted  | 2.09                                  | 2.24                                  |
| - Unquoted   | 3.79                                  | 8.36                                  |
| Aggregate provision for diminution in value of investments   | 1.83                                  | 1.83                                  |
| Aggregate market value - Quoted  | 5.57                                  | 7.01                                  |

\* Lodged with Sales Tax authorities Rs. Nil (2011-12 - Rs. 9,000)

### 2.13 Long-term loans and advances

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| (Unsecured considered good unless otherwise stated) |                                       |                                       |
| Capital advances                                    | 10.58                                 | 12.59                                 |
| Security deposit                                    | 36.65                                 | 37.48                                 |
| Employee loans and advances                         | 8.96                                  | 7.31                                  |
| MAT credit entitlement                              | 70.51                                 | 35.59                                 |
| Others loans and advances                           | 6.07                                  | 1.24                                  |
|   | 132.77                                | 94.21                                 |

## Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.14. Other non-current assets

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| Long-term trade receivables                    |                                       |                                       |
| Unsecured considered good                      | 6.82                                  | 4.19                                  |
| Fixed Deposits with banks*                     | 1.90                                  | 0.36                                  |
| Interest accrued on investments, deposits etc. | 0.04                                  | -                                     |
|  | 8.76                                  | 4.55                                  |

\* Includes Rs. 1.76 crore (2011-12 - Rs. 0.26 crores) earmarked for specific purposes.

### CURRENT ASSETS

### 2.15 CURRENT INVESTMENTS

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| <b>Investment in equity instruments - unquoted</b>  |                                       |                                       |
| 45,50,000 (2011-12 - Nil) Equity shares of Rs. 10 each fully paid up of Forum I Aviation Private Limited, transferred in from non current investments during the year | 1.27                                  | -                                     |
|   | 1.27                                  | -                                     |

### 2.16 INVENTORIES

|                   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|-------------------|---------------------------------------|---------------------------------------|
| Raw materials *   | 31.81                                 | 47.00                                 |
| Work-in-progress  | 49.17                                 | 32.30                                 |
| Finished goods ** | 1,151.47                              | 1,001.45                              |
| Stock-in-trade    | 40.99                                 | 152.76                                |
| Stores and spares | 107.70                                | 102.06                                |
| Securities        | 0.01                                  | 0.01                                  |
|                   | 1,381.15                              | 1,335.58                              |

### 2.17 TRADE RECEIVABLES

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| Outstanding for a period exceeding six months from due date for payment |                                       |                                       |
| Secured - considered good   | 0.08                                  | 0.06                                  |
| Unsecured - considered good   | 192.93                                | 77.00                                 |
| - considered doubtful   | 15.85                                 | 12.61                                 |
|   | 208.86                                | 89.67                                 |

## Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.17 TRADE RECEIVABLES (Continued)

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| Less: Provision for doubtful receivables | 15.85                                 | 12.61                                 |
|  | 193.01                                | 77.06                                 |
| Others                                   |                                       |                                       |
| Secured - considered good                | 1.66                                  | 0.77                                  |
| Unsecured - considered good              | 838.90                                | 641.36                                |
|  | 1,033.57                              | 719.19                                |

### 2.18 CASH AND BANK BALANCES

|                                  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|----------------------------------|---------------------------------------|---------------------------------------|
| <b>Cash and cash equivalents</b> |                                       |                                       |
| Balances with banks on           |                                       |                                       |
| - current accounts \$            | 98.46                                 | 179.26                                |
| - deposit accounts#              | 29.10                                 | 28.76                                 |
| Cheques on hand                  | 1.86                                  | 5.27                                  |
| Cash on hand                     | 2.62                                  | 1.64                                  |
| <b>Other bank balances</b>       |                                       |                                       |
| - deposit accounts#              | 3.58                                  | 26.33                                 |
|                                  | 135.62                                | 241.26                                |

### 2.19 SHORT-TERM LOANS AND ADVANCES

(Unsecured Considered good unless otherwise stated)

|   | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| Advances recoverable in cash or in kind or for value to be received |                                       |                                       |
| Considered good ##  | 144.77                                | 197.76                                |
| Considered doubtful   | 3.97                                  | 3.28                                  |
|   | 148.74                                | 201.04                                |
| Less: Provision for doubtful advances                               | 3.97                                  | 3.28                                  |
|   | 144.77                                | 197.76                                |
| Employee loans and advances   | 5.31                                  | 6.90                                  |
| Deposits  | 5.22                                  | 5.28                                  |
| Balances with customs, excise etc.                                  | 12.54                                 | 13.48                                 |
| Tax payments (net of provision of current tax)                      | 3.24                                  | 2.93                                  |
|   | 171.08                                | 226.35                                |

## Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.20 OTHER CURRENT ASSETS

(Unsecured Considered good unless otherwise stated)

|  | As at<br>March 31, 2013<br>Rs. Crores | As at<br>March 31, 2012<br>Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| Considered good                                | 31.86                                 | 13.81                                 |
| Considered doubtful                            | 1.60                                  | 0.85                                  |
|  | 33.46                                 | 14.66                                 |
| Less: Provision for doubtful claims            | 1.60                                  | 0.85                                  |
|  | 31.86                                 | 13.81                                 |
| Unbilled revenue                               | 12.79                                 | 11.11                                 |
| Interest accrued on investments, deposits etc. | 0.09                                  | 4.30                                  |
| Fixed assets held for sale                     | 226.47                                | 2.74                                  |
|  | 271.21                                | 31.96                                 |
|  | 2,993.90                              | 2,554.34                              |

\* Includes goods-in-transit Rs. Nil (2011-12 - Rs. 1.23 crores)

\*\* Includes goods-in-transit Rs. 0.04 crores (2011-12 - Rs. Nil)

\$ Includes Rs.2.44 crores (2011-12 - Rs. 2.08 crores) balances with banks earmarked for unpaid dividends, debentures interest etc.

# - Includes Rs. 31.49 crores (2011-12 - Rs. 53.42 crores) earmarked for specific purposes

- Includes Rs. Nil (2011-12 - Rs. 10,000) lodged with sales tax authority

## Includes Rs. Nil (2011-12 - Rs. 0.28 crores) advance to a director and his relative (refer note 9)

### 2.21 OTHER OPERATING REVENUES

|   | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|---|--|--|
| Rent  | 0.53                                       | 1.08                                       |
| Liabilities/ provisions no longer required written back | 3.18                                       | 6.96                                       |
| Income from services                                    | 0.65                                       | 0.51                                       |
| Interest income #                                       | 0.32                                       | 0.31                                       |
| Scrap sales and other miscellaneous income              | 17.27                                      | 24.13                                      |
|   | 21.95                                      | 32.99                                      |

# Income-tax deducted at source - Rs. 0.03 crore (2011-2012 - Rs.0.03 crore)

### 2.22 OTHER INCOME

|  | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|--|--|--|
| Interest income #                                    | 24.17                                      | 19.30                                      |
| Dividend income on non-trade non-current investments | 0.14                                       | 0.17                                       |
| Dividend income on non-trade current investments     | 0.73                                       | 1.11                                       |
| Profit on sale of non trade non-current investment   | 0.44                                       | 1.65                                       |
| Profit on sale of Fixed assets (net)                 | 3.26                                       | -  |
| Rent   | 4.20                                       | 3.91                                       |
| Miscellaneous income                                 | 1.08                                       | 2.94                                       |
|  | 34.02                                      | 29.08                                      |

# Income-tax deducted at source - Rs. 1.41 crore (2011-2012 - Rs.1.01 crore)

## Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.23 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

|   | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|---|--|--|
| Closing stock   | 1,241.64                                   | 1,186.52                                   |
| Less: Translation difference transferred to Foreign Currency<br>Translation Reserve   | 1.52                                       | -  |
| Adjusted closing stock  | 1,240.12                                   | 1,186.52                                   |
| Opening stock   | 1,186.52                                   | 864.40                                     |
| Change in inventories   | (53.60)                                    | (322.12)                                   |
| Less: Loss on inventory of finished goods on restructuring<br>and rationalization of Hariyali Kisaan Bazaar's operation<br>included in exceptional item | 8.31                                       | -  |
|   | (61.91)                                    | (322.12)                                   |

### 2.24 EMPLOYEE BENEFITS EXPENSES

|  | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|--|--|--|
| Salaries, wages, bonus, gratuity, commission, etc. | 352.78                                     | 336.90                                     |
| Expense on Employee stock purchase scheme*         | 1.33                                       | -  |
| Provident and other funds                          | 22.87                                      | 22.41                                      |
| Welfare  | 18.29                                      | 18.12                                      |
|  | 395.27                                     | 377.43                                     |

\*Refer note 18

### 2.25 FINANCE COSTS

|   | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|---|--|--|
| Interest expense  | 104.40                                     | 108.71                                     |
| Other borrowing costs                                     | 4.43                                       | 3.43                                       |
| Net loss on foreign currency transactions and translation | 46.00                                      | 48.15                                      |
|   | 154.83                                     | 160.29                                     |



## Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

### 2.26 OTHER EXPENSES

|  | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|--|--|--|
| Consumption of stores and spare parts                            | 233.09                                     | 215.19                                     |
| Power, fuel etc  | 569.36                                     | 568.63                                     |
| Rent   | 20.96                                      | 29.47                                      |
| Repairs  |  |  |
| Buildings  | 6.85                                       | 7.99                                       |
| Plant and machinery  | 31.58                                      | 28.44                                      |
| Donation   | 0.16                                       | 0.19                                       |
| Insurance  | 9.10                                       | 9.02                                       |
| Rates and taxes  | 4.42                                       | 2.87                                       |
| Auditors' remuneration   |  |  |
| Audit fee  | 0.98                                       | 0.90                                       |
| Tax audit  | 0.09                                       | 0.08                                       |
| Limited reviews  | 0.35                                       | 0.35                                       |
| Other services *   | 0.67                                       | 0.65                                       |
| Out-of-pocket expenses   | 0.04                                       | 0.04                                       |
| Directors' fees  | 0.10                                       | 0.09                                       |
| Bad debts and advances written off                               | 3.73                                       | 2.59                                       |
| Less: adjusted against provision for doubtful debts and advances | (2.43)                                     | (0.57)                                     |
| Permanent diminution in value of non current investments         | 3.28                                       | 1.08                                       |
| Provision for doubtful debts and advances                        | 5.80                                       | 4.38                                       |
| Freight and transport  | 54.99                                      | 52.65                                      |
| Commission to selling agents                                     | 6.71                                       | 4.78                                       |
| Brokerage, discounts (other than trade discounts), etc.          | 2.39                                       | 4.26                                       |
| Selling expenses   | 78.27                                      | 65.06                                      |
| Royalty  | 35.13                                      | 36.05                                      |
| Loss on sale/write off of fixed assets (net)                     | -  | 10.48                                      |
| Increase/(decrease) in excise duty on finished goods             | (1.16)                                     | 6.18                                       |
| Exchange fluctuation   | 9.10                                       | (10.43)                                    |
| Miscellaneous expenses   | 121.84                                     | 125.70                                     |
|  | 1,195.40                                   | 1,166.12                                   |
| Less:- Cost of own manufactured goods capitalised                | (0.08)                                     | (0.09)                                     |
|  | 1,195.32                                   | 1,166.03                                   |

\*Includes service tax

### 2.27 CURRENT/ DEFERRED TAX

|                               | Year ended<br>March 31, 2013<br>Rs. Crores | Year ended<br>March 31, 2012<br>Rs. Crores |
|-------------------------------|--|--|
| Current tax                   | 47.89                                      | 6.88                                       |
| Less:- MAT credit entitlement | (34.92)                                    | (5.24)                                     |
| Deferred Tax                  | 3.01                                       | (4.01)                                     |
|                               | 15.98                                      | (2.37)                                     |

## Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

|   | This Year<br>(Rs. Crores) | Previous Year<br>(Rs. Crores) |
|---|---------------------------|-------------------------------|
| 3. (i) Contingent liabilities not provided for:   |                           |                               |
| Claims* (excluding claims by employees where amount not ascertainable) not acknowledged as debts: |                           |                               |
| Sales tax matters   | 1.33                      | 1.36                          |
| Excise Matters  | 2.12                      | 2.12                          |
| Additional Premium on Land  | 8.11                      | 8.11                          |
| Others  | 6.23                      | 5.91                          |
| Total   | 17.79                     | 17.50                         |

\* 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)  | 5.74 | 6.46 |
| (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   | 0.10 | 0.15 |
| (iv) Guarantees given for dealers in respect of short term financing arrangement  | 7.81 | -    |
| Amount of loans outstanding   | 7.81 | -    |

4. In accordance with past practice, the Company has taken revenue credits aggregating Rs Nil (2011-12 - Rs. 9.15 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. Necessary adjustment to revenue credits so accrued will be made on issuance of notification by FICC, Government of India.
5. Provision for contingencies aggregating to Rs. 12.09 crores (2011-12 - Rs. 12.09 crores) in Note 2.6 represents the maximum possible exposure on ultimate settlement of issues relating to reconstruction arrangement of the companies.

### 6. Segment reporting

#### A. Business segments :

Based on the guiding principles given in Accounting Standard 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), Shriram Farm Solution (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 (textiles, UPVC Window Systems, 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:

##### 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

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

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:

Rs. Crores

| PARTICULARS                                   | Fertiliser |               | Shriram Farm Solutions |               | Bioseed   |               | Sugar     |               | Hariyali Kisaan Bazaar |               | Chloro-Vinyl |               | Cement    |               | Others    |               | Elimination |               | Total     |               |
|---|------------|---------------|------------------------|---------------|-----------|---------------|-----------|---------------|------------------------|---------------|--------------|---------------|-----------|---------------|-----------|---------------|-------------|---------------|-----------|---------------|
|   | This Year  | Previous Year | This Year              | Previous Year | This Year | Previous Year | This Year | Previous Year | This Year              | Previous Year | This Year    | Previous Year | This Year | Previous Year | This Year | Previous Year | This Year   | Previous Year | This Year | Previous Year |
| <b>1. REVENUE</b>                             |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               |           |               |
| External sales (Gross)                        | 525.06     | 500.79        | 1291.44                | 1074.14       | 318.97    | 262.99        | 1391.87   | 928.64        | 510.08                 | 846.92        | 1257.50      | 1055.58       | 154.76    | 160.33        | 320.48    | 374.22        |             |               | 5770.16   | 5203.61       |
| Other Operating Income                        | 2.92       | 4.96          | 0.78                   | 0.92          | 3.38      | 1.48          | 5.82      | 13.67         | 3.10                   | 3.34          | 3.80         | 6.52          | 0.64      | 0.38          | 1.51      | 1.72          |             |               | 21.95     | 32.99         |
| Inter segment sales                           |            |               | 10.47                  | 12.78         | 118.29    | 126.94        |           | 6.03          | 2.38                   | 3.15          | 48.02        | 53.46         | 0.12      | -             | 0.30      | 0.33          | 179.58      | 202.69        |           |               |
| Total revenue                                 | 527.98     | 505.75        | 1302.69                | 1087.84       | 440.64    | 391.41        | 1397.69   | 948.34        | 515.56                 | 853.41        | 1309.32      | 1115.56       | 155.52    | 160.71        | 322.29    | 376.27        | 179.58      | 202.69        | 5792.11   | 5236.60       |
| <b>2. RESULTS</b>                             |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               |           |               |
| Segment results                               | 11.06      | 20.03         | 50.82                  | 60.47         | 51.57     | 61.82         | 64.52     | 30.63         | (34.78)                | (105.22)      | 344.14       | 178.18        | 17.32     | 15.06         | (32.83)   | (15.72)       |             |               | 471.82    | 245.25        |
| Unallocated expenses (net of income)          |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               | 44.54     | 37.35         |
| Operating Profit                              | 11.06      | 20.03         | 50.82                  | 60.47         | 51.57     | 61.82         | 64.52     | 30.63         | (34.78)                | (105.22)      | 344.14       | 178.18        | 17.32     | 15.06         | (32.83)   | (15.72)       |             |               | 427.28    | 207.90        |
| Interest expense and finance cost             |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               | 154.83    | 160.29        |
| Profit/(loss) before tax and exceptional item |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               | 272.45    | 47.61         |
| Exceptional item                              |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               | 53.58     | 38.06         |
| Profit/(loss) before tax                      |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               | 218.87    | 9.55          |
| Provision for taxation                        |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               | 15.98     | (2.37)        |
| Net Profit/(loss)                             |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               | 202.89    | 11.92         |
| <b>3. OTHER INFORMATION</b>                   |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               |           |               |
| <b>A. ASSETS</b>                              |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               |           |               |
| Segment assets                                | 340.36     | 341.39        | 624.09                 | 443.47        | 679.05    | 423.91        | 1590.09   | 1595.78       | 239.88                 | 405.28        | 735.30       | 779.92        | 50.34     | 47.44         | 263.34    | 374.35        |             |               | 4522.45   | 4,411.54      |
| Unallocated assets                            |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               | 228.71    | 217.09        |
| Total assets                                  | 340.36     | 341.39        | 624.09                 | 443.47        | 679.05    | 423.91        | 1590.09   | 1595.78       | 239.88                 | 405.28        | 735.30       | 779.92        | 50.34     | 47.44         | 263.34    | 374.35        |             |               | 4,751.16  | 4,628.63      |
| <b>B. LIABILITIES</b>                         |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               |           |               |
| Segment liabilities                           | 88.29      | 77.76         | 233.86                 | 213.85        | 276.79    | 206.14        | 564.96    | 467.72        | 11.19                  | 47.55         | 181.66       | 197.03        | 25.17     | 22.32         | 73.77     | 40.48         |             |               | 1455.69   | 1,272.85      |
| Share capital and reserves                    |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               | 1,495.39  | 1,315.21      |
| Secured and unsecured loans                   |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               | 1,557.17  | 1,818.77      |
| Unallocated liabilities                       |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               | 242.91    | 221.80        |
| Total liabilities                             | 88.29      | 77.76         | 233.86                 | 213.85        | 276.79    | 206.14        | 564.96    | 467.72        | 11.19                  | 47.55         | 181.66       | 197.03        | 25.17     | 22.32         | 73.77     | 40.48         |             |               | 4,751.16  | 4,628.63      |
| <b>C. OTHERS</b>                              |            |               |                        |               |           |               |           |               |                        |               |              |               |           |               |           |               |             |               |           |               |
| Capital expenditure                           | 5.62       | 9.49          | -                      | 0.40          | 15.65     | 6.14          | 13.33     | 10.17         | -                      | 5.59          | 11.42        | 21.98         | 3.88      | 4.92          | 6.06      | 11.03         |             |               |           |               |
| Depreciation                                  | 10.84      | 10.56         | 0.35                   | 0.34          | 3.06      | 2.59          | 45.63     | 45.62         | 5.22                   | 13.58         | 65.61        | 67.07         | 2.33      | 2.19          | 11.39     | 12.72         |             |               |           |               |
| Non cash expenses other than depreciation     | 1.38       | -             | 1.44                   | 0.33          | 1.21      | 4.84          | 0.20      | -             | 23.53                  | 6.14          | 1.23         | -             | 0.14      | -             | 5.25      | 5.39          |             |               |           |               |

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

### (i) General description of the finance lease:

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

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

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

(Rs. in 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         | 1.10      | 1.07          | 0.38                    | 0.28          | 0.72  | 0.79          |
| Less: Future finance charges                                      | 0.19      | 0.13          | 0.08                    | 0.04          | 0.11  | 0.09          |
| Present value of minimum lease payments at the balance sheet date | 0.91      | 0.94          | 0.30                    | 0.24          | 0.61  | 0.70          |

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

(iii) General description of the operating lease

**- Assets Taken on Lease:-**

(a) The Company has entered into lease agreements for lease of offices, retails 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. in crores)

|   | This Year | Previous Year |
|---|-----------|---------------|
| (b) Total of minimum lease payments                                       | 0.69      | 2.68          |
| The total of minimum lease payments for a period:                         |           |               |
| - Not later than one year   | 0.68      | 1.86          |
| - Later than one year and not later than five years                       | 0.01      | 0.82          |
| - Later than five years   | -         | -             |
| (c) Lease payment recognised in statement of profit and loss for the year | 23.54     | 32.07         |

**- Assets given on Lease:-**

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

(Rs. in crores)

|                        | Gross Block |               | Accumulated depreciation |               | Depreciation for the year |               |
|------------------------|-------------|---------------|--------------------------|---------------|---------------------------|---------------|
|                        | This year   | Previous year | This year                | Previous year | This year                 | Previous year |
| Land and building      | 34.59       | 34.56         | 3.59                     | 2.68          | 0.91                      | 0.90          |
| Plant and Machinery    | 0.37        | 0.37          | 0.13                     | 0.10          | 0.03                      | 0.04          |
| Furniture and Fittings | 1.22        | 1.22          | 0.85                     | 0.72          | 0.13                      | 0.13          |
| Office equipments      | 0.05        | 0.05          | 0.04                     | 0.03          | 0.01                      | 0.01          |
|                        | 36.23       | 36.20         | 4.61                     | 3.53          | 1.08                      | 1.08          |

(Rs. in crores)

|   | This Year | Previous Year |
|---|-----------|---------------|
| (b) Future minimum lease payments receivables in respect of non-cancellable lease | 12.25     | 11.65         |
| - Not later than one year   | 0.39      | 0.34          |
| - Later than one year and not later than five years                               | 1.59      | 1.46          |
| - Later than five years   | 10.27     | 9.85          |

## 8. Earnings per share

|   | This Year   | Previous Year |
|---|-------------|---------------|
| Net Profit after tax and exceptional item (Rs. Crores)  | 202.89      | 11.92         |
| Exceptional item, net of taxes of Rs. 2.68 Crores (Previous year Rs. 7.31 crores)(Rs. Crores) | (50.90)     | (30.75)       |
| Net Profit after tax but before exceptional item (Rs. Crores)                                 | 253.79      | 42.67         |
| 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   | 15.30       | 2.57          |
| - After exceptional item  | 12.23       | 0.72          |

## 9. Related party disclosures under Accounting Standard 18 "Related Party Disclosure"

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

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

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

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

| Nature of transactions                 | Name                                  | This year<br>(Rs. in crores) | Previous year<br>(Rs. in crores) |
|--|---------------------------------------|------------------------------|----------------------------------|
| Rent Paid                              | M/s Ajay S. Shriram (HUF)             | 1.40                         | 1.45                             |
|  | M/s Vikram S. Shriram (HUF)           | 1.18                         | 1.27                             |
|  | M/s Ajit S. Shriram (HUF)             | 1.23                         | 1.28                             |
|  | Mr. Rajiv Sinha                       | 0.45                         | 0.45                             |
|  | Relatives of Key management personnel | 0.66                         | 0.60                             |
|  |                                       | 4.92                         | 5.05                             |
| Security deposits received back        | Mr. Rajiv Sinha                       | 0.04                         | 0.04                             |
|  | Relatives of Key management personnel | 0.03                         | 0.03                             |
|  |                                       | 0.07                         | 0.07                             |
| Loans and advances received back       | Mr. Rajiv Sinha                       | 0.14                         | 0.14                             |
|  | Relatives of Key management personnel | 0.14                         | 0.14                             |
|  |                                       | 0.28                         | 0.28                             |
| Remuneration                           | Mr. Ajay S. Shriram                   | 2.86                         | 1.90                             |
|  | Mr. Vikram S. Shriram                 | 2.64                         | 1.72                             |
|  | Mr. Rajiv Sinha                       | 2.48                         | 1.69                             |
|  | Mr. Ajit S. Shriram                   | 2.13                         | 1.46                             |
|  | Mr. N.J. Singh                        | 0.60                         | 0.41                             |
|  | Relatives of Key management personnel | 0.27                         | 0.39                             |
|  |                                       | 10.98                        | 7.57                             |
| Balance outstanding as at the year end |                                       |                              |                                  |
| - Security deposits for premises hired |                                       | 8.73                         | 8.81                             |
| - Loans and advances                   |                                       | -                            | 0.28                             |
| - Commission Payable                   |                                       | 2.90                         | -                                |

## 10. Details of Pre-operative expenses pending allocation included under Capital work in progress in Note 2.11 is as under:

| Particulars                                       | This year<br>(Rs. in crores) | Previous year<br>(Rs. in crores) |
|---|------------------------------|----------------------------------|
| Salaries, wages, bonus, gratuity, commission etc. | 0.42                         | 0.49                             |
| Provident and other funds                         | 0.10                         | 0.05                             |
| Welfare   | 0.02                         | -                                |
| Rent  | -                            | 0.01                             |
| Depreciation                                      | 0.10                         | 0.06                             |
| Miscellaneous expenses                            | 0.63                         | 2.99                             |
|   | 1.27                         | 3.60                             |
| Add: Brought forward from the previous year       | 7.62                         | 4.21                             |
| Less: Capitalised during the year                 | -                            | 0.19                             |
| Less: Charged to statement of profit and loss     | 1.07                         | -                                |
| <b>Transferred to capital work-in-progress</b>    | <b>7.82</b>                  | <b>7.62</b>                      |

## 11. Research and development expenses included under relevant heads in the statement of profit and loss Rs.37.09 crores (2011-12 – Rs. 27.20 crores)

## 12. Category wise quantitative data about Derivative Instruments:

| Nature of Derivative         | Number of deals |               | Purpose        |                | Amount in foreign currency (in Crores) |               | Amount in Rs. Crores |               |
|------------------------------|-----------------|---------------|----------------|----------------|--|---------------|----------------------|---------------|
|                              | This Year       | Previous Year | This Year      | Previous Year  | This Year                              | Previous Year | This Year            | Previous Year |
| US Dollar Interest rate swap | 7               | 4             | Hedging        | Hedging        | USD 3.90                               | USD 2.00      | 211.73               | 101.76        |
| Currency swap                | 10              | 9             | Hedging        | Hedging        | USD 5.89                               | USD 6.64      | 319.68               | 337.91        |
| Currency swap                | 1               | 3             | Hedging        | Hedging        | JPY 11.11                              | JPY 88.24     | 6.40                 | 54.75         |
| Options                      | 1               | 2             | Hedging        | Hedging        | USD 0.50                               | USD 0.97      | 27.15                | 49.35         |
| Commodity Futures            | -               | 2             | Sale/ Purchase | Sale/ Purchase | -                                      | -             | -                    | 0.58          |
| Commodity Futures            | -               | 2             | Hedging        | Hedging        | -                                      | -             | -                    | 2.16          |

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

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 0.01                               | 0.36                 | USD 0.01                               | 0.45                 |
| Current liabilities | USD 0.36                               | 19.80                | USD 0.01                               | 0.70                 |
|                     | EUR 0.001                              | 0.04                 | EUR 0.002                              | 0.16                 |
|                     | JPY 0.02                               | 0.01                 |  |                      |
| Current Assets      | USD 0.003                              | 0.18                 | USD 0.01                               | 0.45                 |

## 13. Secured loan

|             |   |   |
|-------------|---|---|
| <b>a.</b>   | <b>Short term working capital borrowings from banks:</b>  |   |
| <b>(i)</b>  | <b>Company</b>  |   |
| 1.          | Loans from banks on cash credit account of Rs. 179.45 Crores (2011-12 - Rs. 36.77 Crores) are secured by first pari passu charge on whole of the current assets of the company (except Shriram Bioseed Genetics, Hyderabad, both present and future. These loans are further secured by a third charge by way of mortgage/hypothecation of all the immovable/movable properties (other than current assets) of the Company's undertakings at Kota in Rajasthan and Ajbapur, Rupapur, Loni & Hariawan in Uttar Pradesh. Amount of Rs. 1.63 Crores (2011-12-Rs. 1.36 Crores) is secured by exclusive charge by way of hypothecation on current assets and mortgage/hypothecation on the immovable and movable properties, both present and future of the Company's undertakings at Shriram Bioseed Genetics, Hyderabad. |   |
| 2.          | Short Term Loan of Rs.309.02 Crores (2011-12- Rs. 529.11 Crores) are secured by first pari passu charge on whole of the current assets of the Company (except Shriram Bioseed Genetics, Hyderabad) both present and future and a third charge by way of mortgage/hypothecation of all the immovable/movable properties (other than current assets) of the Company's undertakings at Kota in Rajasthan and Ajbapur, Rupapur, Loni & Hariawan in Uttar Pradesh.   |   |
| <b>(ii)</b> | <b>Subsidiaries</b>   |   |
| 1.          | <b>Bioseed Vietnam Limited</b><br>Loans from banks on cash credit account of Rs. 13.57 Crores (2011-12 - Rs. 16.65 Crores) are secured by way of mortgage/hypothecation of all the immovable/ movable properties.   |   |
| <b>b.</b>   | <b>Long term loans from banks:</b>  |   |
|             | <b>Nature of Security</b>   | <b>Terms of Repayment</b>   |
| <b>(i)</b>  | <b>Company</b>  |   |
| 1.          | Term loans of Rs. 147.26 Crores (2011-12- Rs. 151.32 Crores) are secured by way of first pari passu mortgage/charge created on immovable/movable fixed assets, both present and future, of the Company's undertakings at Jhagadia, Distt Bharuch, Gujarat (Rs. 11.89 Crores due within 1 year; 2011-12-Rs. 8.84 Crores)   | - Rs. 71.25 Crores repayable in 10 Semi-Annual Installments<br>- Rs. 76.01 Crores repayable in 8 Semi-Annual Installments |
| 2.          | Term loan of Rs. 16.00 Crores (2011-12- Rs. 58.07 Crores) are secured by way of first pari passu mortgage/charge created on immovable/movable fixed asset both present and future, of the Company's undertakings at Kota, Rajasthan (Rs. 8.00 Crores due within 1 year; 2011-12-Rs. 42.07 Crores)   | - Rs. 16.00 Crores repayable in 4 Equal Semi-Annual Installments  |
| 3.          | Term loan of Rs. 23.68 Crores (2011-12- Rs. 76.53 Crores) 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 pertaining to the Company's Ajbapur Sugar Complex, Uttar Pradesh and Hariawan Sugar Complex, Uttar Pradesh in equal proportion (Rs. 23.68 Crores due within 1 year; 2011-12-Rs. 51.01 Crores)  | - Rs. 23.68 Crores repayable in 1 Semi-Annual Installment   |
| 4.          | Term loan of Rs. 108.59 Crores (2011-12- Rs. 101.76 Crores) 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, both present and future, pertaining to the Company's Loni Sugar Complex, Uttar Pradesh (Rs. 36.20 Crores due within 1 year; 2011-12-Rs. Nil)  | - Rs. 108.59 Crores repayable in 6 Equal Semi-Annual Installments starting from June 2013.                                |
| 5.          | Term Loan of Rs. 9.43 Crores (2011-12- Rs 11.15 Crores) is secured by way of equitable mortgage of Land/Building, both present and future, of SBM unit of the Company at Tonk, Rajasthan (Rs. 1.71 Crores due within 1 year; 2011-12-Rs. 1.72 Crores)   | - Rs. 9.43 Crores repayable in 11 Equal Semi-Annual Installments  |
| 6.          | Term Loans of Rs. 81.44 Crores (2011-12-Rs. 76.32 Crores) & Rs. 27.14 Crores (2011-12 - Rs. 25.44 Crores) are secured by way of equitable mortgage/charge created on Immovable Properties of the Sugar Units located at Ajbapur Sugar Complex, Uttar Pradesh and Loni Sugar Complex, Uttar Pradesh respectively (Rs. Nil Due within 1 year; 2011-12- Rs. Nil)   | - Rs. 108.58 Crores repayable in 8 Semi Annual Installments starting from October 2014                                    |

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

## 13. Secured loan (Continued)

| c.   | Long term loans from others:  |  |
|------|---|--|
|      | Nature of Security  | Terms of Repayment   |
| (i)  | Company   |  |
| 1.   | Term loans of Rs. Nil (2011-12 - Rs. 4.50 Crores) & Rs. Nil (2011-12-Rs. 3.00 Crores) are 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 of the Company's undertakings at Kota, Rajasthan and Jhagadia, Distt Bharuch, Gujarat respectively (Rs. Nil due within 1 year; 2011-12-Rs. 7.50 Crores) |  |
| 2.   | Term loan of Rs. 250.58 Crores (2011-12- Rs. 254.40 Crores) is secured by way of first pari passu mortgage/charge created on immovable and movable assets (excluding current assets), both present and future and a second charge ranking pari passu on the current assets, both present and future, of the Company's undertakings at Kota, Rajasthan and Jhagadia, Distt Bharuch in equal proportion (Rs. 41.76 Crores due within 1 year; 2011-12-Rs. 19.58 Crores)  | - Rs. 250.58 Crores repayable in 12 equal Semi-Annual Installments   |
| 3.   | Term loan of Rs. 54.29 Crores (2011-12- Rs 71.23 Crores) 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 of the Company's undertakings at Kota, Rajasthan (Rs. 21.72 Crores due within 1 year; 2011-12-Rs. 20.35 Crores)  | - Rs. 54.29 Crores repayable in 5 Equal Semi-Annual Installments   |
| 4.   | Term loans of Rs. 27.83 Crores (2011-12- Rs. 30.96 Crores) are secured by way of a exclusive second charge on all immovable and movable assets (save and except book debts) both present and future, pertaining to the Company's Ajbapur Sugar Complex, Uttar Pradesh (Rs. 1.19 Crores due within 1 year; 2011-12-Rs. 3.13 Crores)  | - Rs. 1.19 Crores repayable in 2 Equal Semi- Annual Installments<br>- Rs. 26.64 Crores repayable in 5 Equal Annual Installments starting from May 2014   |
| 5.   | Term loan of Rs. 16.72 Crores (2011-12- Rs. 20.15 Crores) 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 pertaining to the Company's Hariawan Sugar Complex, Uttar Pradesh (Rs. 4.79 Crores due within 1 year; 2011-12-Rs. 4.48 Crores)  | - Rs. 16.72 Crores repayable in 7 Equal Semi-Annual Installments   |
| 6.   | Term loan of Rs. 13.12 Crores (2011-12- Rs. 16.40 Crores) is secured by way of a exclusive second charge on all immovable and movable assets (save and except book debts) both present and future, pertaining to the Company's Hariawan Sugar Complex, Uttar Pradesh (Rs. 3.28 Crores due within 1 year; 2011-12-Rs. 3.28 Crores)   | - Rs. 13.12 Crores repayable in 16 Quarterly Installments  |
| 7.   | Term loan of Rs. 14.24 Crores (2011-12- Rs. 14.24 Crores) is secured by way of an exclusive second charge on all immovable and 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 1 year; 2011-12-Rs. Nil)   | - Rs. 14.24 Crores repayable in 5 Annual Equal Installments starting from December 2016  |
| 8.   | Term loans of Rs. 2.32 Crores (2011-12- Rs. 4.65 Crores) are secured by way of Bank Guarantee which in turn is secured by first charge on whole of the current assets (except Shriram Bioseed Genetics, Hyderabad) of the Company, both present and future and a third charge by way of mortgage/hypothecation of all the immovable/movable properties (other than current assets) of the Company's undertakings at Kota in Rajasthan and Ajbapur, Rupapur, Loni & Hariawan in Uttar Pradesh (Rs. 2.32 Crores due within 1 year; 2011-12-Rs. 2.32 Crores)               | - Rs. 2.32 Crores repayable in 1 Annual Installment  |
| 9.   | Term Loan of Rs. 10.75 Crores (2011-12- Rs. 10.75 Crores) is secured by way of a exclusive second charge on all immovable and movable assets (save and except book debts) both present and future, pertaining to the Company's Loni Sugar Complex, Uttar Pradesh (Rs. Nil due within 1 year; 2011-12-Rs. Nil)   | - Rs. 10.75 Crores repayable in 10 Equal Semi- Annual Installments starting from March 2015  |
| (ii) | Subsidiaries  |  |
| 1.   | Bioseed Research India Limited  |  |
|      | Term loan of Rs. 2.78 Crores (2011-12 - Rs. 3.07 Crores) from Department of Biotechnology, Government of India is secured against hypothecation of plant and machinery, machinery spares, tools and accessories acquired from the loan proceeds. (Rs. 0.29 Crores due within 1 year; 2011-12- Rs. 0.29 Crores)  | - Rs.0. 23 Crores repayable in 9 equal annual installments<br>- Rs. 2.31 Crores repayable in 10 equal annual installments<br>- Rs.0. 24 Crores repayable in 10 equal annual installments to be commenced after completion of the project |
| 2.   | Shri Ganpati Fertilizers Limited<br>Loan of Rs. 0.15 Crore (2011-12 - Rs. 0.15 Crore) from a bank is secured by hypothecation of assets purchased (Rs. 0.15 crores due within 1 year; 2011-12- Rs. 0.15 crores)   | - Rs. 0.15 crores repayable in 12 monthly instalments  |



# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

14. Deposits received under Section 58 A of the Companies Act, 1956 are repayable upto March 2015 based on the maturity dates (Rs. 15.90 crores due within 1 year; 2011-12 - 8.76 crores).

## 15. Employee Benefits

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

### i) Defined contribution plans

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

(Rs. in crores)

|   | This Year | Previous Year |
|---|-----------|---------------|
| - Employers' contribution to provident fund                         | 16.10     | 15.84         |
| - Employers' contribution to superannuation fund                    | 6.77      | 6.57          |
| - Employers' contribution to employees' state insurance corporation | 0.43      | 0.50          |

### ii) Defined benefit plans

#### a) Gratuity

#### b) Compensated absences – Earned leave/ sick leave

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

(Rs. Crores)

|   | Gratuity<br>(Partially funded) |                | 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%             |
| Expected rate of return on plan assets                                | 8%                             | 8%             | -                          | -              | -                        | -              |
| In service mortality  | *                              | *              | *                          | *              | *                        | *              |
| Retirement age  | 58/60                          | 58/60          | 58/60                      | 58/60          | 58/60                    | 58/60          |
| Withdrawal rates:   | years                          | years          | years                      | years          | years                    | years          |
| - 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 statement of profit and loss</b>          |                                |                |                            |                |                          |                |
| Current service cost  | 4.65                           | 4.33           | 4.99                       | 3.09           | 1.53                     | 1.59           |
| Interest cost   | 5.70                           | 5.11           | 2.46                       | 2.12           | 1.53                     | 1.39           |
| Expected return on plan assets  | (0.09)                         | (0.08)         | -                          | -              | -                        | -              |
| Net actuarial( gain) / loss recognised in the year                    | 2.91                           | 3.39           | 0.85                       | 1.79           | (1.30)                   | (1.13)         |
| Past service cost   | -                              | -              | -                          | -              | -                        | -              |
| <b>Total expense</b>  | <b>13.17</b>                   | <b>12.75</b>   | <b>8.30</b>                | <b>7.00</b>    | <b>1.76</b>              | <b>1.85</b>    |
| <b>II. Net asset/(liability) recognised in the balance sheet</b>      |                                |                |                            |                |                          |                |
| Present value of Defined benefit obligation                           | 76.81                          | 69.58          | 31.44                      | 28.39          | 19.53                    | 17.77          |
| Fair value of plan assets   | 1.43                           | 0.95           | -                          | -              | -                        | -              |
| Funded status surplus/(deficit)                                       | (75.38)                        | (68.63)        | (31.44)                    | (28.39)        | (19.53)                  | (17.77)        |
| <b>Net asset/(liability)</b>  | <b>(75.38)</b>                 | <b>(68.63)</b> | <b>(31.44)</b>             | <b>(28.39)</b> | <b>(19.53)</b>           | <b>(17.77)</b> |
| Non-current liability   | (63.96)                        | (57.62)        | (28.37)                    | (26.44)        | (14.27)                  | (13.19)        |
| Current liability   | (11.42)                        | (11.01)        | (3.07)                     | (1.95)         | (5.26)                   | (4.58)         |
| <b>III. Change in the present value of obligation during the year</b> |                                |                |                            |                |                          |                |
| Present value of obligation as at the beginning of the year           | 69.58                          | 62.36          | 28.38                      | 25.44          | 17.77                    | 15.92          |
| Interest cost   | 5.70                           | 5.11           | 2.46                       | 2.12           | 1.53                     | 1.39           |
| Current service cost  | 4.64                           | 4.33           | 4.99                       | 3.09           | 1.53                     | 1.59           |
| Benefits paid   | (6.02)                         | (5.61)         | (5.24)                     | (4.05)         | -                        | -              |
| Actuarial (gains) / losses on obligation                              | 2.91                           | 3.39           | 0.85                       | 1.79           | (1.30)                   | (1.13)         |
| Expected return on plan assets  | -                              | -              | -                          | -              | -                        | -              |
| Amalgamations   | -                              | -              | -                          | -              | -                        | -              |
| Past service cost   | -                              | -              | -                          | -              | -                        | -              |
| <b>Present value of obligation as at the end of the year</b>          | <b>76.81</b>                   | <b>69.58</b>   | <b>31.44</b>               | <b>28.39</b>   | <b>19.53</b>             | <b>17.77</b>   |

# Consolidated Financial Statements (Continued)

DCM SHRIRAM  
CONSOLIDATED LIMITED

(Rs. Crores)

|   | Gratuity<br>(Partially funded) |                  | Compensated absences       |                  |                          |                  |
|---|--------------------------------|------------------|----------------------------|------------------|--------------------------|------------------|
|   |                                |                  | Earned leave<br>(Unfunded) |                  | Sick leave<br>(Unfunded) |                  |
|   | This<br>Year                   | Previous<br>Year | This<br>Year               | Previous<br>year | This<br>Year             | Previous<br>year |
| <b>IV. Change in the fair value of assets during the year</b> |                                |                  |                            |                  |                          |                  |
| Fair value of plan assets at the beginning of the year        | 0.95                           | 0.78             | -                          | -                | -                        | -                |
| Expected return on plan assets                                | 0.09                           | 0.07             | -                          | -                | -                        | -                |
| Employer Contribution   | 0.41                           | 0.15             | -                          | -                | -                        | -                |
| Actual benefits paid  | (0.02)                         | (0.06)           | -                          | -                | -                        | -                |
| Actuarial (gains) / losses on planned assets                  | -                              | 0.01             | -                          | -                | -                        | -                |
| Fair value of plan assets at the end of the year              | 1.43                           | 0.95             | -                          | -                | -                        | -                |
| Actual return on plan assets                                  | -                              | -                | -                          | -                | -                        | -                |

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

\* LIC (1994-96) duly modified

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

(Rs. Crores)

| Particulars   | 2012-13                           |                 |               | 2011-12                           |                 |               | 2010-11                           |                 |               | 2009-10                           |                 |               | 2008-09                           |                 |               |
|---|-----------------------------------|-----------------|---------------|-----------------------------------|-----------------|---------------|-----------------------------------|-----------------|---------------|-----------------------------------|-----------------|---------------|-----------------------------------|-----------------|---------------|
|   | Gratuity<br>(partially<br>funded) | Earned<br>leave | Sick<br>leave | Gratuity<br>(partially<br>funded) | Earned<br>leave | Sick<br>leave | Gratuity<br>(partially<br>funded) | Earned<br>leave | Sick<br>leave | Gratuity<br>(partially<br>funded) | Earned<br>leave | Sick<br>leave | Gratuity<br>(partially<br>funded) | Earned<br>leave | Sick<br>leave |
| Present value of obligation as at the end of the year | 76.81                             | 31.44           | 19.53         | 69.58                             | 28.39           | 17.77         | 62.36                             | 25.44           | 15.92         | 53.91                             | 21.61           | 14.12         | 47.42                             | 18.41           | 12.68         |
| Fair value of plan assets at the end of the year      | 1.43                              | -               | -             | 0.95                              | -               | -             | 0.78                              | -               | -             | 0.55                              | -               | -             | 0.40                              | -               | -             |
| Surplus/ (Defecit) in plan assets                     | (75.38)                           | (31.44)         | (19.53)       | (68.63)                           | (28.39)         | (17.77)       | (61.58)                           | (25.44)         | (15.92)       | (53.36)                           | (21.61)         | (14.12)       | (47.02)                           | (18.41)         | (12.68)       |
| Experience adjustment on plan assets {Gain/(loss)}    | -                                 | -               | -             | -                                 | -               | -             | -                                 | -               | -             | -                                 | -               | -             | -                                 | -               | -             |
| Experience adjustment on plan assets {Gain/(loss)}    | 2.82                              | 0.85            | (1.30)        | 3.44                              | 1.79            | (1.13)        | 4.69                              | 2.34            | (0.57)        | -                                 | -               | -             | -                                 | -               | -             |

16. 'Excise duty' on sales has been deducted from gross sales on the face of statement of profit and loss. 'Increase/ (decrease) in excise duty on finished goods' has been shown under the head 'Other expenses' in note 2.26.
17. The PVC Compounds business of the Company has been transferred to Shriram Vinyl Polytech Ltd (Formerly SBM Yarn Limited) (a 100% subsidiary), as a going concern, on slump sale basis for a lump-sum consideration of Rs 33 crores w.e.f. closing date i.e. 15th March 2013. Consequent to the above, Rs. 0.26 crores representing the excess of sales consideration over the net assets transferred has been shown as 'other income' in note 2.22.
18. Employee share based payments  
The Company has an Employees Stock Purchase Scheme ('Scheme') 2010, which is administered through DSCL Employees Benefits Trust based on acquisition of shares from the market to provide equity based incentives to employees. Under the Scheme, the Company has granted shares to employees with specified lock in period. The expenses on the Scheme is accounted for at intrinsic value i.e. excess of market price on the date of grant over the exercise price of the shares granted and is amortized on a straight line basis over the lock-in period, if any.
19. Exceptional items represents:
  - (a) Financial year 2012-13: Charge on account of expenses incurred, losses on sale and provision for impairment of surplus assets consequent to restructuring and rationalization of Hariyali Kisaan Bazaar's operations during the year.
  - (b) Financial Year 2011-12: Differential cane price for the sugar season 2007-08 accounted for pursuant to the Hon'ble Supreme Court Order.
20. The Hon'ble High Court of Delhi vide its order dated march 22, 2013 has approved the Scheme of Amalgamation for merger of Bioseed Research India Limited (a 100% subsidiary) with the Company w.e.f. Appointed date April 1, 2013.
21. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.
22. Notes 1 to 22 form an integral part of the financial statements.

Signatures to Notes 1 to 22

B.L. SACHDEVA  
Company Secretary

S.S. BAIJAL  
Director

AJAY S. SHRIRAM  
Chairman & Sr. Managing Director

New Delhi  
May 2, 2013

## Subsidiary Companies' Particulars

DCM SHRIRAM  
CONSOLIDATED LIMITED

Particulars regarding subsidiary companies pursuant to General Circular No. 2/ 2011 dated February 8, 2011 from Ministry of Corporate Affairs Government of India Year Ended March 31,2013

| 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    | (3.37)   | 8.52         | 5.89              | 0.91     | 0.20                   | 0.07                   | 0.13                  | -                 |
| Bioseed India Limited                             | 0.05    | (0.03)   | 0.02         | @                 | -        | #                      | -                      | #                     | -                 |
| DCM Shriram Infrastructure Limited                | 0.05    | (0.85)   | 29.22        | 30.02             | -        | (0.04)                 | -                      | (0.04)                | -                 |
| DCM Shriram Thermal Energy Limited                | 0.05    | (0.07)   | \$           | 0.02              | -        | ^                      | -                      | ^                     | -                 |
| Shriram Bioseed (Thailand ) Limited               | 3.35    | (14.73)  | 6.89         | 18.27             | 3.77     | (4.09)                 | -                      | (4.09)                | -                 |
| Bioseeds Limited                                  | 11.21   | 35.23    | 57.43        | 10.99             | 3.11     | 1.99                   | -                      | 1.99                  | -                 |
| Bioseed Vietnam Limited                           | 5.06    | 15.54    | 64.57        | 43.97             | 41.06    | 3.20                   | 0.17                   | 3.03                  | -                 |
| Bioseed Research Philippines, Inc.                | 5.16    | 16.90    | 90.51        | 68.45             | 97.15    | 9.47                   | 2.83                   | 6.64                  | -                 |
| Bioseed Research India Limited                    |         |          |              |                   |          |                        |                        |                       |                   |
| (formerly Bioseed Research India Private Limited) | 0.37    | 64.56    | 74.44        | 9.51              | 52.36    | -                      | 0.09                   | 16.62                 | -                 |
| DCM Shriram Aqua Foods Limited                    | 8.35    | (5.32)   | 3.03         | @                 | 0.09     | 0.03                   | 0.02                   | 0.01                  | -                 |
| DCM Shriram Energy and Infrastructure Limited     | 0.20    | (0.21)   | @@           | 0.01              | -        | ##                     | -                      | ##                    | -                 |
| Shriram Bioseed Ventures Limited                  | 4.05    | 16.66    | 76.57        | 55.86             | 1.59     | 0.48                   | 0.15                   | 0.33                  | -                 |
| Shriram Bioseeds Limited                          | 1.54    | 69.83    | 85.65        | 14.28             | 0.94     | (0.07)                 | -                      | (0.07)                | -                 |
| Hariyali Rural Foundation                         | 0.01    | @@@      | 0.06         | 0.05              | 0.04     | 0.01                   | †                      | ††                    | -                 |
| Hariyali Rural Ventures Limited                   | 1.00    | (2.68)   | 24.17        | 25.85             | 0.01     | (0.25)                 | ###                    | (0.25)                | -                 |
| Zeus Investments Limited                          | 2.60    | (2.69)   | 0.03         | 0.12              | -        | (0.04)                 | -                      | (0.04)                | -                 |
| DCM Shriram Hydro Energy Limited                  | 0.15    | (0.16)   | \$\$         | 0.01              | -        | **                     | -                      | **                    | -                 |
| Shriram Vinyl Polytech Limited                    |         |          |              |                   |          |                        |                        |                       |                   |
| (formerly SBM Yarn Limited)                       | 0.05    | 0.77     | 47.56        | 46.74             | 4.09     | 0.51                   | (0.27)                 | -                     | -                 |
| Fenesta India Limited                             | 0.05    | 0.06     | 4.71         | 4.60              | 13.72    | 0.06                   | 0.02                   | 0.04                  | -                 |
| Shri Ganpati Fertilizers Limited                  | 2.15    | (13.56)  | 14.31        | 25.72             | 34.12    | (6.36)                 | -                      | (6.36)                | -                 |
| Hariyali India Limited                            | 0.05    | (0.01)   | 0.04         | *                 | \$\$\$   | \$\$                   | ***                    | ^^                    | -                 |
| Hariyali Insurance Broking Limited                | 0.50    | (0.57)   | 0.14         | 0.21              | 0.01     | (0.13)                 | -                      | (0.13)                | -                 |
| Bioseeds Holdings PTE Limited                     | 9.06    | 0.23     | 48.87        | 39.58             | 2.07     | (0.38)                 | -                      | (0.38)                | -                 |
| Shridhar Shriram Foundation                       | 0.05    | (0.01)   | 0.04         | ^^                | -        | ^^^                    | -                      | ^^^                   | -                 |
| PT Shriram Seed Indonesia                         | 0.51    | (3.07)   | 1.17         | 3.73              | 1.32     | (2.34)                 | (0.56)                 | (1.78)                | -                 |
| Bioseed Research USA Inc.                         | !       | 0.13     | 0.14         | !!                | -        | †††                    | -                      | †††                   | -                 |

### Exchange Rate as at 31.3.2013

1 USD = INR 54.29

1 Baht = INR 1.85

@ - Rs.17000, # - ( Rs.19000), \$ - Rs.7000, ^ - (Rs.18000), @@ - Rs.20000, ## - (Rs.21000), ### - Rs.45000, \$\$ - Rs.3000, \* - Rs.26000, \$\$\$ - Rs. 25000, @@@ - Rs. (5000), \*\*\* - Rs. 14000, ^^ - (Rs.11000), ^^ - (Rs.13000), † - Rs.16000, †† - Rs.35000, \*\* - (Rs.20000), ! - Rs. 13000, !! - Rs.17,000, ††† - (Rs.24,000)

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

| DCM Shriram Credit and Investments Limited   | Rs. Crores |
|--|------------|
| National Saving Certificate (# Rs.6,000)   | #          |
| 5,400 Master Gains 92 of Unit Trust of India of Rs. 10/- each fully paid up (## Rs.47,000) | ##         |
| 1,40,000 equity shares of IFCI Ltd. of Rs.10/- each fully paid up                          | 0.06       |
| 53,959 equity shares of Bank of Baroda of Rs. 10/- each fully paid up                      | 1.37       |
| 20,108 equity shares fo Gujrat State Petronet Ltd of Rs. 10/- each fully paid up           | 0.05       |
| 3,430 equity shares of Punjab National Bank of Rs.10/- each fully paid up                  | 0.13       |
| 17,870 equity shares fo Yes Bank Ltd of Rs. 10/- each fully paid up                        | 0.08       |
| 6,53,592 equity shares of NICCO Corporation Limited of Rs. 6.12/- each fully paid-up       | 0.40       |
| 49,950 equity shares of Pacific Land Development Pvt. Ltd. of Rs. 10/- each fully paid up  | 0.05       |
| 3,00,000 equity shares of E Commodities Ltd. of Rs. 10/-each fully paid up                 | 0.30       |
| 2,00,000 equity shares of Ellenbarie Commercial Ltd. of Rs. 10/-each fully paid up         | 0.42       |
| 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       |
| Other Subsidiaries   | Nil        |

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

Notice is hereby given that the Twenty Fourth Annual General Meeting of DCM Shriram Consolidated Limited will be held on Tuesday, the 13th August, 2013 at 10.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi to transact the following businesses :

**Ordinary Business:**

1. To consider and adopt the Directors' Report, the audited Balance Sheet of the Company as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date.
2. To declare final dividend and confirm interim dividend on Equity Shares for the financial year 2012-13.
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 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 subject to such consents and permissions, if any, as may be necessary, approval be and is hereby accorded in terms of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and the Schedule(s) thereto, including any statutory amendment or re-enactment thereof, to the re-appointment of Shri Ajay S. Shriram as Chairman and Senior Managing Director on the terms and conditions, including as to remuneration as set out hereunder:

**Terms & Conditions of re-appointment**

**1. Tenure**

Five years w.e.f. 1.11.2013.

**2. Remuneration**

**(a) Salary**

Rs.8.8 lacs per month in the range of Rs.7.0 lacs to Rs.15.0 lacs.

**(b) Perquisites**

Perquisites (evaluated as per Income Tax Rules, wherever applicable, and at actual cost to the Company in other cases) including Leased & Company maintained furnished accommodation or house rent in lieu thereof, gas, electricity, water, club fees, personal accident insurance, use of Company's car with driver & other expenses, telephone at residence, medical reimbursement, leave and leave travel concession, education benefits and any other benefits provided to the employee(s) of the Company from time to time, including but not limited to entitlements on account of any subsisting or future long term cash incentives/rewards, provident fund, superannuation fund and gratuity in accordance with the scheme(s) and rule(s) applicable to the members of the staff of the Company from time to time, in respect of any of such benefits.

**(c) Commission on net profits**

Such amount as may be decided by the Board of Directors or a Committee thereof from year to year provided that the total remuneration including salary and perquisites along with commission paid to all the Managing/Whole Time Directors shall not exceed the limit laid down under Sections 198 and 309 of the Companies Act, 1956.

**Remuneration for a part of the Year**

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

**Minimum Remuneration**

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

**3. Functions**

Subject to the direction, control and superintendence of the Board of Directors, Shri Ajay S. Shriram shall have the overall responsibility for looking after the day-to-day business and affairs of the Company.

**4. Sitting Fee**

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

**5. Termination**

The appointment of Shri Ajay S. Shriram as Chairman and Senior Managing Director may be terminated by either party giving to the other six calendar months notice in writing.

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

Resolved further that the Board of Directors of the Company or a Committee thereof duly constituted, be and is hereby authorized to revise from time to time during the tenure of re-appointment of Shri Ajay S. Shriram, Chairman & Sr. Managing Director, the remuneration payable to him, subject to the limits laid down in Sections 198, 309 and Schedule XIII to the Act, without further approval of the Members of the Company and to take further necessary actions as may be incidental thereto to give effect to the said resolution."

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

"Resolved that subject to such consents and permissions, if any, as may be necessary, approval be and is hereby accorded in terms of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and the Schedule(s) thereto, including any

statutory amendment or re-enactment thereof, to there-appointment of Shri Vikram S. Shriram as Vice Chairman and Managing Director on the terms and conditions, including as to remuneration as set out hereunder:

**Terms & Conditions of re-appointment**

**1. Tenure**

Five years w.e.f. 1.11.2013.

**2. Remuneration**

**(a) Salary**

Rs.8.5 lacs per month in the range of Rs.7.0 lacs to Rs.15.0 lacs.

**(b) Perquisites**

Perquisites (evaluated as per Income Tax Rules, wherever applicable, and at actual cost to the Company in other cases) including Leased & Company maintained furnished accommodation or house rent in lieu thereof, gas, electricity, water, club fees, personal accident insurance, use of Company's car with driver & other expenses, telephone at residence, medical reimbursement, leave and leave travel concession, education benefits and any other benefits provided to the employee(s) of the Company from time to time, including but not limited to entitlements on account of any subsisting or future long term cash incentives/rewards, provident fund, superannuation fund and gratuity in accordance with the scheme(s) and rule(s) applicable to the members of the staff of the Company from time to time, in respect of any of such benefits.

**(c) Commission on net profits**

Such amount as may be decided by the Board of Directors or a Committee thereof from year to year provided that the total remuneration including salary and perquisites along with commission paid to all the Managing/Whole Time Directors shall not exceed the limit laid down under Sections 198 and 309 of the Companies Act, 1956.

**Remuneration for a part of the Year**

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

**Minimum Remuneration**

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

**3. Functions**

Shri Vikram S. Shriram shall discharge such duties and functions, as may be assigned to him by the Chairman and Senior Managing Director of the Company from time to time.

**4. Sitting Fee**

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

**5. Termination**

The appointment of Shri Vikram S. Shriram as Vice Chairman and Managing Director may be terminated by either party giving to the other six calendar months notice in writing.

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

Resolved further that the Board of Directors of the Company or a Committee thereof duly constituted, be and is hereby authorized to revise from time to time during the tenure of re-appointment of Shri Vikram S. Shriram, Vice Chairman & Managing Director, the remuneration payable to him, subject to the limits laid down in Sections 198, 309 and Schedule XIII to the Act, without further approval of the Members of the Company and to take further necessary actions as may be incidental thereto to give effect to the said resolution."

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

"Resolved that pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals as may be necessary, the Board of Directors of the Company or a duly constituted Committee thereof be and is hereby authorised to hypothecate, mortgage and/or charge all or any of the present and future movable and immovable properties of the Company, situated at DSCL Sugar-Ajbapur, District Lakhimpur Kheri (U.P.), DSCL Sugar-Rupapur, District Hardoi (U.P.), DSCL Sugar-Hariawan, District Hardoi (U.P.), DSCL Sugar-Loni, District Hardoi (U.P.), Shriram Fertilisers & Chemicals Complex at Kota (Rajasthan) and Shriram Bioseed Genetics, G. Pochampalli Village, Medchal Mandal, Ranga Reddy Distt. (Andhra Pradesh), units of the Company, together with all buildings and structures thereon and all plants and machinery attached to the earth both present and future and the whole of the undertaking of the Company relating to the said units together with the power in favour of the lender(s) to take over the management of the business and concern and/or undertaking of the Company relating to the aforesaid units, mortgaged/charged to them as per details given hereunder, in certain events of default for the purpose of securing the financial assistance from the respective lenders as mentioned below:

**A.) On Company's properties situated at its units at DSCL Sugar – Ajbapur, Rupapur, Hariawan & Loni (Uttar Pradesh) and Shriram Fertilisers & Chemicals Complex at Kota (Rajasthan)**

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

Working Capital Facilities of Rs.1929.90 Crores (Rs.1045 Crores for fund based and Rs.884.90 Crores for non-fund based) from

the respective lenders as mentioned below:

|                             |                   |
|-----------------------------|-------------------|
| - Punjab National Bank      | Rs. 862.00 Crores |
| - Oriental Bank of Commerce | Rs. 182.00 Crores |
| - Bank of Baroda            | Rs. 182.50 Crores |
| - State Bank of India       | Rs. 366.00 Crores |
| - HDFC Bank Ltd.            | Rs. 117.40 Crores |
| - DBS Bank Ltd.             | Rs. 80.00 Crores  |
| - Standard Chartered Bank   | Rs. 75.00 Crores  |
| - ING Vysya Bank Ltd.       | Rs. 65.00 Crores  |

**B.) On Company's properties at its unit at Shriram Bioseed Genetics situated at G. Pochampalli Village, Medchal Mandal, Ranga Reddy, Distt. (Andhra Pradesh)**

As and by way of Exclusive Charge on the movable and immovable Fixed Assets of the said unit

- Credit Facility for Rs.330 million from the ICICI Bank Limited

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

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

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

**10. To consider and, if thought fit, to pass, with or without modification(s), the following Resolutions as Special Resolutions:**

- (a) "RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 ("the Act"), the provisions contained in the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory amendment, modification or re-enactment to the Act or the Guidelines for the time being in force) read with circular dated January 17, 2013 and circular dated May 13, 2013 issued by SEBI and the Articles of Association of the Company and subject to such approvals, permissions, sanctions, if any, and such conditions and modifications, if any, as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval and consent of the Company be and is hereby accorded to the DSCL Employee Stock Purchase Scheme, as aligned effective from September 1, 2013, with SEBI (ESOS & ESPS) Guidelines, 1999, and pursuant thereto the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Compensation Committee) are authorized to transfer securities of the company in one or more tranches to the employees or such other person as may be identified from time to time at a price as may be fixed from time to time, and to further align, modify, amend the said DSCL Employee Stock Purchase Scheme or substitute the said scheme by a new scheme, as may be required in compliance with the Act, the SEBI Guidelines and any related circulars, amendments or re-enactments from time to time.

Resolved further that the Company shall conform and comply to the accounting policies specified in Schedule II of the Guidelines.

Resolved further that the said securities may be transferred in accordance with the DSCL Employee Stock Purchase Scheme and administered through an existing trust or a trust which may be setup in any permissible manner and that the Company may also envisage for providing any financial assistance to the trust to enable the trust to acquire, purchase, subscribe or retain securities of the Company.

Resolved further that for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient in permissible manner without requiring the Board to secure any further consent or approval of the members of the Company in this regard.

Resolved further that the Board be and is hereby authorized to delegate all or any of the powers conferred herein, to the Compensation Committee with a power to further delegate and to do all such acts, deeds and things and matters as may be necessary and incidental in this regard."

- (b) "RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 ("the Act"), the provisions contained in the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory amendment modification or re-enactment to the Act or the Guidelines for the time being in force) read with circular dated January 17, 2013 and circular dated May 13, 2013 issued by SEBI and the Articles of Association of the Company and subject to such approvals, permissions, sanctions, if any, and such conditions and modifications, if any, as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval and consent of the Company be and is hereby accorded to the Board (hereinafter referred to as "the Board" which term shall be deemed to include Compensation Committee) to extend the benefits of DSCL Employee Stock Purchase Scheme referred to in the Resolution under Item No.10(a) in this notice to the employees and Directors of the Company including its Holding or Subsidiary Companies, resident in India or outside India and to such other persons, as may from time to time be allowed under prevailing laws, rules and regulations, and/or amendments thereto from time to time on such terms and conditions as may be decided by the Board.



Resolved further that for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient in permissible manner without requiring the Board to secure any further consent or approval of the members of the Company in this regard.

Resolved further that the Board be and is hereby authorized to delegate all or any of the powers conferred herein, to the Compensation Committee with a power to further delegate and to do all such acts, deeds and things and matters as may be necessary and incidental in this regard."

- (c) "RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 ("the Act"), the provisions contained in the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory amendment, modification or re-enactment to the Act or the Guidelines for the time being in force) read with circular dated January 17, 2013 and circular dated May 13, 2013 issued by SEBI and the Articles of Association of the Company and subject to such approvals, permissions, sanctions, if any, and such conditions and modifications, if any, as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval and consent of the Company be and is hereby accorded to the Board (hereinafter referred to as "the Board" which term shall be deemed to include Compensation Committee) to extend the benefits of DSCL Employee Stock Purchase Scheme referred to in the Resolution under Item No.10(a) and (b) to any eligible participant, such that during any one year, the eligible participant may acquire shares equal to or exceeding 1% of the issued capital of the Company at the time of grant of shares.

Resolved further that for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient in permissible manner without requiring the Board to secure any further consent or approval of the members of the Company in this regard.

Resolved further that the Board be and is hereby authorized to delegate all or any of the powers conferred herein, to the Compensation Committee with a power to further delegate and to do all such acts, deeds and things and matters as may be necessary and incidental in this regard."

By Order of the Board



(B.L. SACHDEVA)  
Company Secretary

New Delhi  
18<sup>th</sup> June, 2013

**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 19.7.2013 to 26.7.2013 (both days inclusive).
4. In terms of Notification issued by the Securities and Exchange Board of India, Equity Shares of the Company are under compulsory demat trading by all investors w.e.f. 21st March, 2000. Members are, therefore, advised to dematerialise their shareholding to avoid inconvenience in future.
5. **Shareholders holding shares in Physical form, are requested to intimate their change in address/Bank Mandate/National Electronic Clearing Service (NECS) details, if any, to M/s. MCS Ltd., the Registrar and Share Transfer Agent (RTA), F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-I, New Delhi-110 020 along with copy of the cancelled cheque and proof of change of address, as applicable. Beneficial owners holding shares in electronic form are requested to intimate their change in address/Bank Mandate/National Electronic Clearing Service (NECS) details, if any, to their respective Depository Participants (DP) in order to get the same registered.**
6. Members who are holding shares in physical form in identical names in more than one folio are requested to write to RTA enclosing their Share Certificate(s) to enable the Company to consolidate their holding into one folio.
7. 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)/representative(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.
8. 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 2005-06 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 encashed their final dividend warrant(s) for the financial year ended 31.3.2006 and thereafter may write to the Company immediately.



9. In terms of Section 109A of the Companies Act, 1956, a Member of the Company may nominate a person on whom the Shares held by him/her shall vest in the event of his/her death. Member(s) desirous of availing this facility may submit nomination in Form 2B to the Company/RTA in case shares are held in Physical form, and if held in electronic form to their depository participant.
10. **The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” and allowed the service of document(s)/ correspondence(s) through electronic mode. Members are, therefore, requested to provide their E-mail IDs to the Company or to RTA (for shares held in Physical mode) or the concerned Depository Participants (for shares held in Demat mode).**
11. **Re-appointment of Directors**

At the ensuing Annual General Meeting, Shri Ajit S. Shriram, Director, Shri Pradeep Dinodia, Director, Dr. N.J. Singh, Whole Time Director (EHS), retire by rotation and being eligible offer themselves for re-appointment. The Members’ approval for re-appointment of Shri Ajay S. Shriram and Shri Vikram S. Shriram as CMD and VCMD respectively for a period of 5 years w.e.f. 1.11.2013 is being sought. 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   | General Management Finance, Strategy, Agri Business and Sugar Industry   | Corporate Legal Matters, FEMA, Accounting and Direct Taxes  | Environment, Health, Safety, Quality Systems, Sustainability, Food Safety and Energy Management. |
| Directorships held in other 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 India Ltd.</li> <li>- Hariyali Insurance Broking Ltd.</li> <li>- Shriram Bioseed Ventures Ltd.</li> <li>- Shriram Vinyl PolyTech Ltd.</li> <li>- Fenesta India Ltd.</li> <li>- Hariyali Kisaan Bazaar Ltd.</li> <li>- Indian Sugar Exim Corporation Ltd.</li> </ul> | <ul style="list-style-type: none"> <li>- Shriram Pistons &amp; Rings Ltd.</li> <li>- Hero MotoCorp Ltd.</li> <li>- Hero Corporate Service Ltd.</li> <li>- DFM Foods Ltd.</li> <li>- Micromatic Grinding Technologies Ltd.</li> <li>- SPR International Auto Exports Ltd.</li> <li>- Ultima Finvest Ltd.</li> <li>- J.K. Lakshmi Cement Ltd.</li> </ul>  | <ul style="list-style-type: none"> <li>- Shriram Vinyl PolyTech Ltd.</li> </ul>                  |
| Chairman/Member of the Committee(s) of the Board of Directors of the Company                               | NIL  | <b>Chairman</b> <ul style="list-style-type: none"> <li>- 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 MotoCorp Ltd.</li> <li>- Hero Corporate Service Ltd.</li> </ul> <u>Nominations Committee</u> <ul style="list-style-type: none"> <li>- Shriram Pistons &amp; Rings 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 MotoCorp Ltd.</li> <li>- Shriram Pistons &amp; Rings Ltd.</li> </ul> <u>Remuneration Committee</u> <ul style="list-style-type: none"> <li>- Shriram Pistons &amp; Rings Ltd.</li> <li>- Hero MotoCorp Ltd.</li> <li>- DFM Foods Ltd.</li> </ul> <u>Corporate Governance Committee</u> <ul style="list-style-type: none"> <li>- J.K. Lakshmi Cement Ltd.</li> </ul> | NIL  |
| Number of shares held in the Company   | 5,95,580   | 29,270  | 13,000   |

| Name of the Director   | Shri Ajay S. Shriram  | Shri Vikram S. Shriram  |
|--|---|---|
| Date of Birth  | 04.03.1954  | 06.12.1958  |
| Nationality  | Indian  | Indian  |
| Date of Appointment on the Board of the Company  | 24.07.1989  | 22.05.1990  |
| Qualification  | B.Com, PMD (Harvard)  | B.Com (Hons.), ACA  |
| Expertise in Functional Area   | General Management, Strategy, HR, Agri Businesses, Sugar and Retail   | General Management, Strategy, Finance, Agri Businesses, Sugar and Retail  |
| Directorships held in other Indian Companies   | <ul style="list-style-type: none"> <li>- DCM Shriram Aqua Foods Ltd.</li> <li>- DCM Shriram Credit and Investments Ltd.</li> <li>- Shriram Bioseed Ventures Ltd.</li> <li>- DCM Shriram Energy and Infrastructure Ltd.</li> <li>- Hariyali India Ltd.</li> <li>- Hariyali Rural Ventures Ltd.</li> <li>- DCM Shriram Hydro Energy Ltd.</li> <li>- Shriram Vinyl PolyTech Ltd.</li> <li>- Fenesta India Ltd.</li> <li>- Hariyali Insurance Broking Ltd.</li> <li>- Hariyali Kisaan Bazaar Ltd.</li> <li>- Hero Corporate Service Ltd.</li> </ul> | <ul style="list-style-type: none"> <li>- DCM Shriram Aqua Foods Ltd.</li> <li>- DCM Shriram Credit and Investments Ltd.</li> <li>- Shriram Bioseed Ventures Ltd.</li> <li>- DCM Shriram Energy and Infrastructure Ltd.</li> <li>- Hariyali India Ltd.</li> <li>- Hariyali Rural Ventures Ltd.</li> <li>- DCM Shriram Hydro Energy Ltd.</li> <li>- Shriram Vinyl PolyTech Ltd.</li> <li>- Fenesta India Ltd.</li> <li>- Hariyali Insurance Broking Ltd.</li> <li>- Hariyali Kisaan Bazaar Ltd.</li> <li>- DCM Shriram Thermal Energy Ltd.</li> </ul> |
| Chairman/Member of the Committee(s) of the Board of Directors of the Company                               | <b>Member</b><br><ul style="list-style-type: none"> <li>- <u>Shareholders/Investors Grievance Committee</u></li> </ul>  | <b>Member</b><br><ul style="list-style-type: none"> <li>- <u>Shareholders/Investors Grievance Committee</u></li> </ul>  |
| Chairman/Member of the Committee(s) of the Board of Directors of other Companies in which he is a Director | <b>Member</b><br><u>Audit Committee</u><br><ul style="list-style-type: none"> <li>- Hero Corporate Service Ltd.</li> </ul> <u>Remuneration Committee</u><br><ul style="list-style-type: none"> <li>- Hero Corporate Service Ltd.</li> </ul>   | <b>Chairman</b><br><u>Audit Committee</u><br><ul style="list-style-type: none"> <li>- DCM Shriram Credit and Investments Ltd.</li> <li>- DCM Shriram Aqua Foods Ltd.</li> </ul>   |
| Number of shares held in the Company   | 4,93,780  | 5,03,310  |

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

## EXPLANATORY STATEMENT

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

### ITEM NO. 7

Shri Ajay S. Shriram was appointed Managing Director of the Company in 1990. He was redesignated by the Board as Vice Chairman & Managing Director with effect from 15.4.1993. He was further redesignated by the Board as Chairman & Senior Managing Director with effect from 24.9.2001.

The existing tenure of Shri Ajay S. Shriram effective from 1.11.2008 as approved by the Members in their Annual General Meeting held on 19.8.2008 expires on 31.10.2013.

It is proposed to re-appoint him for a further period of 5 years with effect from 1.11.2013 and Members' approval is sought for his re-appointment.

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

It is under the stewardship of Shri Ajay S. Shriram that the Company has achieved all round growth and made for itself a reputation in the core areas of its businesses.

This may be treated as the Abstract and Memorandum of Interest under Section 302 of the Companies Act, 1956.

Apart from Shri Ajay S. Shriram, and Shri Vikram S. Shriram and Shri Ajit S. Shriram who are his relatives, no other Director is concerned or interested in the Resolution.

### ITEM NO. 8

Shri Vikram S. Shriram was appointed Dy. Managing Director of the Company in 1990. He was redesignated by the Board as Jt. Managing Director with effect from 15.4.1993. He was further redesignated as Vice Chairman & Managing Director with effect from 24.9.2001.

The existing tenure of Shri Vikram S. Shriram effective from 1.11.2008 as approved by the Members in their Annual General Meeting held on 19.8.2008 expires on 31.10.2013.

It is proposed to re-appoint him for a further period of 5 years with effect from 1.11.2013 and Members' approval is sought for his re-appointment.

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

The all round contribution of Shri Vikram S. Shriram to the Company in all these years has been outstanding. During his working, he has displayed true leadership in providing the Company the much needed strategic planning and broader financial focus.

This may be treated as the Abstract and Memorandum of Interest under Section 302 of the Companies Act, 1956.

Apart from Shri Vikram S. Shriram, and Shri Ajay S. Shriram and Shri Ajit S. Shriram who are his relatives, no other Director is concerned or interested in the Resolution.

#### **ITEM NO. 9**

The Company has availed/to be availed financial assistance from Punjab National Bank, Oriental Bank of Commerce, Bank of Baroda, State Bank of India, HDFC Bank Ltd., DBS Bank Ltd., Standard Chartered Bank, ING Vysya Bank Ltd. and ICICI Bank Ltd. as detailed in the Resolution. The terms and conditions for availing the said financial assistance, inter-alia, provide for creation of security by way of mortgage/charge on immovable properties and by way of hypothecation of movable assets of the Company situated at DSCL Sugar-Ajbapur, District Lakhimpur Kheri (U.P.), DSCL Sugar-Rupapur, District Hardoi (U.P.), DSCL Sugar-Hariawan, District Hardoi (U.P.), DSCL Sugar-Loni, District Hardoi (U.P.), Shriram Fertilisers & Chemicals Complex at Kota (Rajasthan), and Shriram Bioseed Genetics, G. Pochampalli Village, Medchal Mandal, Ranga Ready Distt. (Andhra Pradesh) units of the Company, in the manner desired by the lenders and agreed to by the Company. The creation of mortgage/charge requires approval of the Members under Section 293(1)(a) of the Companies Act, 1956.

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

#### **ITEM NO. 10 (a)**

The Company has implemented a Long Term Incentive (LTI) Plan in order to encourage long term value creation for the employees and the Company.

Now, in terms of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 clarified by circular dated January 17, 2013 and circular dated May 13, 2013, it is mandated by SEBI to align the ESPS with the said guidelines by December 31, 2013.

Therefore, the approval for DSCL Employees Stock Purchase Scheme as aligned with effect from September 1, 2013, with SEBI (ESOS & ESPS) Guidelines, 1999, from the shareholders of the Company is being sought, with the following information as mandated under clause 17.2 of the Guidelines.

#### **GRANT SHARES/PRICE**

The shares offered and the grant price may be different for different Eligible Participants, and may be determined at the time of every grant of shares subject to the grant price being not lower than par value (currently Rs. 2 per share).

The number of shares granted to an individual Eligible Participant, during any year, shall not normally exceed 1% of the paid up equity share capital of DSCL at the time of transfer of shares except where permissible pursuant to the Company's approval, as proposed under Resolution No. 10 (c).

#### **APPRAISAL PROCESS**

The appraisal process for determining the eligibility of Eligible Participants shall be as follows:

- (i) ESPS is an integral part of the Long Term Incentive for retention and engagement of the talent pool of the Organisation.
- (ii) Based on the appraisal of performance and potential of employees, the SBU Head and SBU HR will short list and recommend employees eligible for ESPS.
- (iii) The SBU's proposal will be reviewed by Corporate HR and forwarded to the Compensation Committee or its delegate for review of each case individually and then take a final decision.

#### **TOTAL NUMBER OF SHARES INVOLVED**

The shares to be granted under the scheme shall be limited to those acquired from the secondary market prior to Jan 17, 2013 (i.e., 3955174 equity shares representing about 2.38% of the total paid-up capital of the Company) or if permitted by SEBI in future such additional shares only as may be acquired from the secondary market pursuant to such SEBI permission.

None of the Director of the Company is directly or indirectly interested in the said resolution, except to the extent of shares that may be offered to them under the Scheme.

#### **ITEM NO. 10 (b) & (c)**

As per the SEBI ESPS Guidelines, separate resolutions are required to be passed by the Shareholders if the benefits under the scheme are to be extended to the employees or Directors of Subsidiaries or Holding Companies and/or where the grant exceeds or is equal to 1% of the total issued capital of the Company at the time of grant of shares. Accordingly, separate resolutions under Item No 10 (b) and (c) are proposed for shareholders' favorable consideration.

None of the Director of the Company is directly or indirectly interested in the said resolutions, except to the extent of shares that may be offered to them under the Scheme.

#### **INSPECTION**

A copy of each of the terms & conditions of re-appointment of Shri Ajay S. Shriram and Shri Vikram S. Shriram as CMD and VCMD respectively will be open for inspection at the Registered Office of the Company at 5<sup>th</sup> Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi-110 001 between 11.00 A.M. to 1.00 P.M. on all working days.

#### **INTEREST**

Except as indicated under the respective items, none of the Directors is interested or concerned in any of the aforesaid Resolutions.

## Notes



