



**DCM
SHRIRAM**

DCM SHRIRAM INDUSTRIES LTD.

Annual Report 2008-09

DCM SHRIRAM INDUSTRIES LIMITED

Board of Directors	Shri Tilak Dhar	<i>Chairman & Managing Director</i>
	Shri Alok B. Shriram	<i>Dy. Managing Director</i>
	Shri Madhav B. Shriram	<i>Whole-Time Director</i>
	Shri G. Kumar	<i>Director – Sugar Operations</i>
	Shri Atam Parkash	
	Shri P.R. Khanna	
	Dr. V.L. Dutt	
	Shri S. B. Mathur	
	Shri Ravinder Narain	
	Shri S. C. Kumar	<i>IFCI Nominee</i>
Company Secretary	Shri B.P. Khandelwal	<i>Sr. Executive Director</i>
Principal Executives	Shri D.C. Mittal	<i>President</i>
	Shri Anil Gujral	<i>Chief Executive Officer (Chemicals & Alcohol)</i>
	Shri K.N. Rao	<i>Chief Operating Officer (Rayons)</i>
	Shri P.V. Bakre	<i>Sr. Vice President</i>
	Shri N.K. Jain	<i>Chief Financial Officer</i>
Bankers	State Bank of India	
	Punjab National Bank	
	Oriental Bank of Commerce	
	State Bank of Bikaner & Jaipur	
	Punjab & Sind Bank	
	IDBI Bank Ltd.	
	Karnataka Bank Ltd.	
	Syndicate Bank	
	State Bank of Hyderabad	
	Ghaziabad Zila Sahkari Bank Ltd.	
Bijnor Zila Sahkari Bank Ltd.		
Auditors	A.F. Ferguson & Co. New Delhi	
Registered Office	Kanchenjunga Building, 6th Floor, 18, Barakhamba Road, New Delhi - 110 001	Tel. No. : (011) 2375 9300 Fax No. : (011) 2335 0765 e-mail : dsil@dcmsr.com Website : http://www.dcmsr.com

DCM SHRIRAM INDUSTRIES LIMITED

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

NOTICE

The 18th Annual General Meeting of the Company will be held on Friday, the 18th September 2009 at 10.00 A.M. at the FICCI Auditorium, Federation House, Tansen Marg, New Delhi - 110 001 for transacting the following business:

1. To consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2009, and the Profit & Loss Account for the year ended on that date.
2. To declare dividend.
3. To appoint a Director in place of Shri Alok B. Shriram, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri G. Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri P.R. Khanna, who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and, if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:

"Resolved that Messrs A.F. Ferguson & Co., Chartered Accountants, be and are hereby re-appointed auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be fixed by the Board of Directors/Audit Committee plus reimbursement of travelling and other incidental expenses, if any, incurred in connection with the audit."

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

"Resolved that, pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for mortgaging and/or charging, on such terms and conditions and at such time or times, and in such form or manner, as it may deem fit, the whole or substantially the whole of the present and future movable and immovable assets of the Company's undertaking/s, more specifically stated herein below, in favour of the following Banks for securing the term loan facilities provided by them and mentioned against each of them below together with interest or any other charges, expenses and other monies payable to them :-

Banks	Nature of facility	Amount (Rs./Cr.)	Type of Security
State Bank of India	Term Loan	20.00	1st pari passu charge on the fixed assets of the Company's unit Daurala Organics.
Oriental Bank of Commerce	Term Loan	20.00	1st pari passu charge on the fixed assets of the Company's undertakings at Daurala and Kota but excluding the assets of the Company's unit Daurala Organics.

and that the security to be created in the manner aforesaid in favour of the said Banks to secure the said financial facilities shall be by way of first charge, ranking pari passu in all respects with similar charges, if any, already created or to be created on the said properties to secure the existing and/or future borrowings."

"Resolved further that the Board of Directors or a duly authorised Committee thereof be and is hereby authorised to finalise the agreements and other documents and deeds for creating the aforesaid mortgage/charge and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt which may arise in relation thereto or otherwise considered by the Board of Directors or a duly authorised Committee thereof in the best interest of the Company."

"Resolved also that the Board of Directors or a duly authorised Committee thereof be and is hereby authorised to approve the execution of documents to extend the charge/s created pursuant to this resolution in favour of any other Bank/s to secure term loan facilities which may be extended by them in future without requiring a fresh resolution of the Shareholders."

"Resolved further that the mortgage/charge created/to be created and/or agreements/documents executed/to be executed and all acts done in connection with creation of security in the manner stated above by and with the authority of the Board of Directors or a duly authorised Committee thereof be and are hereby confirmed and ratified."

By order of the Board
For DCM SHIRIRAM INDUSTRIES LIMITED

A handwritten signature in black ink, appearing to be "B.P. Khandelwal", written over a white background.

(B.P. Khandelwal)
Sr. Executive Director & Co. Secretary

New Delhi
29th July, 2009

NOTES:

1. Explanatory Statement, as required under Section 173(2) of the Companies Act, 1956, is attached.
2. Please notify change of address if any. Shareholders who have not received the share certificate/s against the shares held in the erstwhile Daurala Organics Limited may write to the Registrars, M/s. Karvy Computershare Pvt. Ltd., 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 or 105-108, Arunachal Building, 19, Barakhamba Road, New Delhi - 110 001.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 05.09.2009 to 18.09.2009 (both days inclusive).
4. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IS ATTACHED.
5. At the ensuing Annual General Meeting Shri Alok B. Shriram, Shri G. Kumar and Shri P.R. Khanna, retire by rotation and being eligible offer themselves for re-appointment (Item Nos. 3, 4 & 5). Brief resume and other requisite information about these Directors are given below. They have confirmed that they are not disqualified for being appointed as a Director of the Company and have filed Form No. DD-A with the Company, for the purpose.

NOTICE (Continued)

- a) Shri Alok B. Shriram, aged 48 years, has 29 years of experience in various management positions. He has done his Graduation from Shriram College of Commerce. He is presently Dy. Managing Director of the Company and is looking after the Rayons Division. He is also Chairman & Mg. Director of DCM Hyundai Limited and member of the Audit Committee.

Shri Alok B. Shriram holds 34536 equity shares in the Company.

He is a Member of the Shareholders' Committee and the Committee for approving Borrowings of the Company and is a director on the Board of following other companies:

1. Quick Lithographers Pvt. Ltd. 2. Pee Kay Alkalies Pvt. Ltd. 3. Labels International Pvt. Ltd.

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

- b) Shri Gyanendra Kumar, aged 67 years, is a Post Graduate Engineer from IIT. He joined the Company in 1965 and is responsible for the day to day working of Sugar Operations of the Company. He is not a Director in any other company and does not hold any shares in the Company.

He is a member of the Audit Sub-Committee of the Company.

Except Shri G. Kumar, none of the other directors of the Company is interested in the resolution.

- c) Shri P.R. Khanna aged 76 years, is a Chartered Accountant and was a partner of Khanna & Annadhanam, Chartered Accountants. He has vast experience in the area of financial management and auditing. He was a director of State Bank of India. He is Chairman of the Audit Sub-Committee and Member of the Remuneration, Shareholders' and Borrowing Committees of the Board. He is a director on the Board of following other companies:

Directorships	Chairman/Member of the Committee of the Board
1. UTI Asset Management Co. Ltd.	- Risk Management Committee (Chairman) - Audit Committee (Member)
2. Ansal Properties & Infrastructure Ltd.	- Remuneration Committee (Member) - Audit Committee (Member) - Directors Committee (Member) - Shareholders/Investors Grievances Committee (Member) - Resource Planning & Review Committee (Member)
3. Indag Rubber Ltd.	- Remuneration Committee (Member) - Audit Committee (Member)
4. Uniproducts (India) Ltd.	- Audit Committee (Chairman)
5. U.T.I. International Limited, Guernsey- Channel	

Shri P.R. Khanna holds 960 equity shares in the Company.

Except Shri P.R. Khanna, none of the other directors of the Company is interested in the resolution.

ANNEXURE TO NOTICE

[Explanatory Statement under Section 173(2) of the Companies Act, 1956]

ITEM NO. 7

The Company avails financial facilities from Banks and Financial Institutions from time to time. Usually such borrowings, in addition to charge on movable assets, are required to be secured by mortgage/charge on the immovable assets of the Company in the manner desired by the lenders and agreed to by the Company. Creation of mortgage/charge as stated in the Resolution, subject to the approval of the existing charge holders, requires approval of shareholders u/s 293(1)(a) of the Companies Act, 1956.

None of the directors is concerned with or interested in the resolution.

Interest

Except as indicated under the respective items none of the directors is interested in any of the aforementioned resolutions.

Inspection

Copies of terms and conditions of the Loans from the Banks (item 7) will be open for inspection at the Registered Office of the Company at 6th Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi - 110-001 on all working days between 11.00 A.M. to 1.00 P.M.

for the year ended 31st March 2009.

The world witnessed a major economic crisis this year with many developed countries going through serious recession. Indian economy was also badly affected in many sectors along with a substantial set back in exports. However, timely measures by the Government salvaged the situation to some extent. Hopefully, with the congenial political climate after the recent general election, a stable Government, the resolve of the Government to address developmental issues and push forward pending reforms on priority, the momentum of growth is expected to pick up.

It is a matter of satisfaction to report that under such unstable economic environment during the year, your Company posted highest ever all-round growth. Some important steps initiated by the management in the previous year like co-generation of power at Sugar complex for sale to the grid etc. have contributed to improve the current year's operations. Some more steps are being taken in this direction.

FINANCIAL RESULTS

Turnover for the year including other income at Rs.843 cr. was at an all time high against Rs.604 cr. in the previous year, an increase of about 40%. Gross profit and net profit of Rs. 60.73 cr. and Rs.28.77 cr. as compared to Rs.7.08 cr. and a loss of Rs.4.21 cr. respectively are also highest ever. Exports during the year were Rs.223 cr. against Rs.165 cr. in the previous year registering an increase of over 35%.

DIVIDEND

In the light of the good performance, the Board of Directors of the Company recommend a dividend of Rs. 2 per equity share of Rs.10/- each (20%) for the year, involving an outflow of Rs.4.07 cr. including dividend tax of Rs.0.59 cr.

After payment of dividend and transfer of Rs.10 cr. to General Reserve (previous year nil) the balance carried forward in the Profit & Loss account will be Rs. 82.54 cr., which includes Rs.65.93 cr brought forward from previous year and Rs.1.90 cr. Debenture Redemption Reserve written back.

OPERATIONS

Sugar

During the year your Company achieved a sugar production of 1.25 lac MT by crushing 13.31 lac MT of cane against 1.55 lac MT sugar and 15.71 lac MT of cane in the previous year. Against an overall drop of 45% in sugar production for the season 2008-09 in Uttar Pradesh, the drop in sugar production for the Unit was 31%.

During the year, the Unit achieved a peak export of power to the grid of 14.5 MW. Steps are in hand to further increase this to 18 MW in the next season.

In the beginning of the year the market sentiments continued to remain soft following announcements by the Central Government of release of 5 million MT of buffer stock in a phased manner from May 2008 onwards for open market sale. However, during the later part of the year prices started firming up following reports of a drastic reduction in the estimate of all India sugar production for the season 2008-09. At this stage, the Central Government sprang into action to curb prices by imposing various trading restriction domestically, and encouraging import of raw sugar against advance licence and thereafter duty free, as also white sugar duty free. These measures dampened market sentiments and price remained slightly subdued at the end of the financial year.

The Special Leave Petition (SLP) filed by the industry against the Order of the Hon'ble Allahabad High Court, Lucknow Bench upholding the State Advised Price (SAP) for cane fixed by the State Government at Rs.125/ 130 per qtl. for the season 2007-08 before the Hon'ble Supreme Court is pending. In the interim the Hon'ble Supreme Court had directed for payment of Rs.110 per qtl. pending its decision, which was complied with. Another Bench of the High Court quashed the SAP holding it illegal, which has been challenged by an SLP by the State Government before the Supreme Court. This is also pending.

For the season 2008-09, the State Government announced the SAP at Rs. 140/ 145 per qtl. Industry challenged this through a Writ Petition before the High Court, which the Court rejected. This Order of the Court has also been challenged by an SLP before the Supreme Court by the industry, which is pending. In the meantime, considering various factors, all factories have paid on the basis of the price fixed by the State Government.

Overall, considering the difficult situation the industry has been passing through, the performance of the Company's Sugar Unit has been satisfactory.

Alcohol

On account of stable sales volumes and better margins the overall performance of the Company's alcohol business was satisfactory. The benefits of the new multi pressure distillation plant installed last year have started accruing.

Chemicals

The Chemical business of the Company registered substantial all-round improvement in its performance. This was mainly due to the steps taken to increase production & sales volumes, better prices and appreciation of rupee. Exports were at an all time high, reflecting increasing international acceptance of and confidence in the Company's products.

To further consolidate its market position, the Company is undertaking capacity expansion for some of its main products, and working on development of new products to manufacture.

Rayon

The Unit achieved its highest turnover and exports during the year despite the global recession, particularly in the automobile industry. Total Quality Management philosophy adopted by the Unit to improve product quality and operating efficiencies resulted in better acceptance of the products.

Margins were initially under pressure due to the steep hike in prices of raw materials and coal. Price corrections subsequently agreed to by the customers helped to correct the situation to a fair extent.

Nylon Chafer operations also improved with increase in sales. However, margins were under pressure due to cheap imports.

Issue of further capital

As reported last year, the remaining 9.45 lac equity shares of Rs.10 each at a premium of Rs.80 per equity share, out of 21 lac equity shares offered to the Promoters/ Promoter group/ Persons acting in concert on preferential basis against 7 lac Warrants, as per approval of the shareholders were allotted on 1.4.2008. With this the paid up capital of the Company has gone up from Rs.16.45 cr to Rs.17.40 cr.

A petition filed by a shareholder before the Hon'ble Company Law Board under sections 397/398 of the Companies Act, 1956, challenging the preferential issue, is pending.

Subsidiary

The bottling facility of Daurala Foods & Beverages Pvt. Ltd. on lease with the Company is being regularly operated taking advantage of the opportunities available to the Company.

RESEARCH & DEVELOPMENT

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

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 your Directors state:

- While preparing annual accounts the applicable accounting standards had been followed.
- The Company had selected such accounting policies and applied them consistently and made judgements that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the period.

DIRECTORS' REPORT (continued)

- That the Company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Company had prepared the annual accounts on a going concern basis.

AUDITORS' OBSERVATIONS

The explanations/ information in respect of the observations of the Auditors in their Report on the standalone Accounts are given in detail in Notes to Accounts - 2(b) and 16 of Schedule 11. These Notes read with the relevant Audit observations are self-explanatory. Regarding Auditors' observations in para 7 in their Report on the consolidated Accounts that the Group's share of profit in respect of an Associate being based on management accounts, it is clarified that the Associate's Accounts for the year ended 31.3.2009 have since been audited and there is no material variation in the Group's share of profit as stated in the consolidated Accounts.

CORPORATE GOVERNANCE

Corporate Governance and Management Discussion and Analysis Reports are given in Annexure-I.

DIRECTORS

The Board has re-appointed for 5 years Shri Alok B. Shriram, Dy. Managing Director effective from 1.10.2008, Shri Tilak Dhar, Chairman & Managing Director and Shri Madhav B. Shriram, Whole-time Director, effective from 1.4.2009. The Board has also re-appointed Shri G. Kumar, Director (Sugar Operations) for a period of 2 years effective from 1.2.2009. The terms of remuneration of these managerial personnel have been approved by the shareholders through Postal Ballot.

IFCI Ltd. had nominated Shri Narendar Kumar as a Director in place of Shri L. Mishra effective from 12.9.2008. Shri Narendar Kumar has been replaced with Shri S.C. Kumar effective from 30.5.2009

Shri Alok B. Shriram, Shri G. Kumar and Shri P.R. Khanna retire by rotation at the forth-coming Annual General Meeting and being eligible offer themselves for re-appointment.

OTHER INFORMATION

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

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board



CHAIRMAN

New Delhi
29th July 2009

CORPORATE GOVERNANCE REPORT
Corporate Governance Philosophy

The Company had inherited a rich legacy of fair, ethical and transparent governance and had been following these virtues even though Corporate Governance guidelines have become mandatory for listed companies only in 2001-02. Recent happenings in the corporate sector show that such Guidelines are meaningless unless there is sincerity towards following them in letter and spirit. The Board of Directors of the Company consists of eminent persons as Independent directors, who closely monitor Corporate Governance practices followed by the Company. The Company believes that as a corporate citizen it has a responsibility towards all stakeholders and the society in general. Its goals are pursued keeping in view this cardinal sense of responsibility. In order to ensure transparency and ethics the Board has laid down a 'Code of Business Conduct and Ethics' in pursuing its business. The Company has also laid down Guidelines for prevention of insider trading in the shares of the Company as required under the relevant Guidelines.

Corporate Governance Report in respect of the year ended 31.3.2009 as per Clause 49 of the Listing Agreement is given below:

Board of Directors

The Company's Board comprises of an ideal combination of executive and non-executive directors headed by an executive Chairman & Managing Director. Of the 10 Directors, 4 are executive directors. All non-executive directors are independent directors and are persons of eminence with experience in the fields of finance, law, trade and industry, including one financial institution nominee. The Board's composition is in line with the Corporate Governance requirements.

Meetings and attendance

During the year 6 Board meetings were held on 14.4.2008, 25.6.2008, 25.9.2008, 27.9.2008, 31.10.2008 and 29.1.2009. Attendance and other details are given below:

Sl.No.	Name of Director	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM	Other Director ships *	No. of Committee Memberships @ (other companies)	
						Member	Chairman
1	Shri Tilak Dhar	CMD	6	Yes	Nil	N.A.	N.A.
2	Shri Alok B. Shriram	DMD	5	Yes	1	1	Nil
3	Shri Madhav B Shriram	WTD	5	Yes	Nil	N.A	N.A
4	Shri G. Kumar	Director (Sugar)	6	Yes	Nil	N.A	N.A
5	Shri Atam Parkash	Non-executive/ independent	5	Yes	Nil	N.A	N.A
6	Shri P.R. Khanna	- do -	6	Yes	4	4	1
7	Dr. V.L. Dutt	- do -	4	No	3	Nil	Nil
8	Shri S.B. Mathur	- do -	5	Yes	13	2	4
9	Shri Ravinder Narain	- do -	6	Yes	4	2	1
10	Shri L. Mishra (IFCI Nominee)	- do -	2	--	3	Nil	Nil
11	Shri Narendar Kumar # (IFCI Nominee)	- do -	4	Yes	1	1	Nil

* Excludes Directorship in private limited companies/foreign companies.

Replaced Shri L. Mishra w.e.f. 12.9.2008 @ Audit and Shareholders' Grievance Committee

Relationship amongst Directors

Shri Tilak Dhar, Shri Alok B. Shriram and Shri Madhav B. Shriram, being brothers, are related to each other.

Audit Committee

The Company constituted an Audit Committee of the Board in the year 1991. The terms of reference of the Committee are as per requirement of Clause 49 II (C) & (D) of the Listing Agreement read with Section 292A of the Companies Act, and are broadly as under :

DIRECTORS' REPORT (continued)

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focussing primarily on:
 - any changes in accounting policies and practices;
 - major accounting entries based on exercise of judgment by management;
 - qualifications in draft audit report;
 - significant adjustments arising out of audit;
 - the going concern assumption;
 - compliance with accounting standards;
 - compliance with stock exchange and legal requirements concerning financial statements;
 - any related party transactions as per Accounting Standard 18.
- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.

The Audit Committee ensures to the Board of the existence of an effective internal control environment. During the year 5 meetings were held on 25.6.2008, 29.7.2008, 25.9.2008, 31.10.2008 and 29.1.2009.

The Audit Committee comprised of four Non-executive Independent Directors and one Executive Director. The Company Secretary is the Secretary of this Committee. The attendance at these meetings was as follows :

Name of the Member	Status	No. of Meetings attended
Shri P.R. Khanna	Chairman	5
Shri Atam Parkash	Member	4
Shri S.B. Mathur #	Member	4
Shri L. Mishra/ Shri Narendar Kumar *	Member	1 / 3
Shri G. Kumar	Member	5

Nominated to Audit Committee w.e.f. 25.6.2008

* Replaced Shri L. Mishra

All the Members have extensive financial and accounting knowledge/ background and the Chairman is an expert in accounting and financial management. Apart from the members, CMD, DMD, WTD, President, CFO & Representative of the Statutory Auditors are also invited to the meetings.

The Minutes of the Committee are placed before the Board.

CORPORATE GOVERNANCE REPORT (continued)
Annexure - I (contd.)
Remuneration Committee

The Remuneration Committee comprised of four Non-executive Independent Directors viz. Dr.V.L. Dutt (Chairman), Shri Atam Parkash, Shri P.R. Khanna and Shri Narendar Kumar (IFCI Nominee), who has been replaced by Shri S.C. Kumar w.e.f. 30.5.2009. The Committee reviews the managerial remuneration policy and make recommendations to the Board for appointment/ re-appointment of managerial personnel. Two meetings of the Committee were held during the year on 27.9.2008 and 29.1.2009. The meetings were attended by all the members except Shri Atam Parkash, who attended the meeting held on 27.9.2008.

Remuneration Policy

The Company remunerates its managerial personnel by way of salary, perquisites and allowances as per terms approved by the shareholders within the limits laid down under the Companies Act. They are also entitled to commission on profits/ reward as may be decided by the Board subject to the overall limit set out by the shareholders and under the Companies Act. The Non-executive Directors are paid sitting fees as decided by the Board from time to time.

The details of remuneration of Directors for the year ended 31.03.2009 are given below: (Rs./ Lacs)

Whole-time Directors	Salary	Commission / Reward	Perquisites	Retirement benefits
Shri Tilak Dhar (CMD)	19.48	32.75	16.82	5.26
Shri Alok B. Shriram (DMD)	17.55	34.42	17.60	4.74
Shri Madhav B. Shriram(WTD)	16.48	18.92	15.87	4.45
Shri G.Kumar (Director- Sugar)	8.60	6.00 *	2.99	1.03

* Rs. 3 lacs for the year 2006-07.

The appointments are contractual in nature and can be determined at any time by either party giving notice as per terms of appointments. No stock options were issued by the Company to its Directors / Employees.

Non-Executive Directors	Sitting fees (Rs.)	No. of Shares held
Shri Atam Parkash	180000	1003
Shri P.R. Khanna	195000	960
Dr. V.L. Dutt	45000	3700
Shri S.B. Mathur	67500	--
Shri Ravinder Narain	45000	570
Shri L. Mishra	22500	--
Shri Narendar Kumar	67500	--

Shareholders Committee

There is a Board Committee for considering and approving matters related to transfer/ transmission of shares and investors' grievances headed by a non-executive independent director. The Committee comprises of the following:

Name of Member	Status
Shri Atam Parkash	Chairman
Shri Tilak.Dhar	Member
Shri Alok B. Shriram	Member
Shri P.R. Khanna	Member

Shri B.P. Khandelwal, Company Secretary is the Secretary of the Committee and is also the Compliance Officer.

In order to expedite transfer of shares in physical form, the Board had delegated authority to the Company Secretary to approve transfer/ transmission of shares upto 2000 shares in any one case at a time. With this sub-delegation and the fact that there have been no pending complaints from shareholders, only one meeting of the Committee was necessitated during the year, which was held on 5.8.2008. The share transfers are registered and the certificates returned, duly endorsed, within 3 to 4 weeks by the Registrars as required under the SEBI Guidelines.

DIRECTORS' REPORT (continued)

During the period the Company received 16 investors' complaints. The complaints related to non-receipt of share certificates and dividend. All complaints were resolved generally in a week's time depending on the nature of the complaint.

No share transfer or investors' complaints were pending as on 31.03.2009.

General Body Meetings

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

Financial Year	Date	Venue
2005-2006	18.08.2006	Air Force Auditorium
2006-2007	25.09.2007	FICCI Auditorium
2007-2008	25.09.2008	FICCI Auditorium

The details of special resolutions passed in previous 3 Annual General Meetings are as under:

AGM 2008 – No Special Resolution was passed.

AGM 2007 – i) Approval to re-fixation of minimum remuneration to managerial personnel in the event of absence or inadequacy of profits in any financial year.

ii) Approval to commencement of new business of all or any of the items specified in clause 40 of the objects Clause of Memorandum of Association under the head 'General Traders.'

AGM 2006 – Approval to keep the Register and Index of Members and debenture-holders and copies of all Annual Returns together with certificates and documents required to be annexed thereto at the office of M/s. Karvy Computershare Pvt. Ltd., Registrars, at New Delhi.

Postal Ballot

No special resolution was passed by Postal Ballot during the year or proposed to be passed at the ensuing AGM.

Disclosures

There were no transactions of material nature with the promoters, the directors, or the management, their subsidiaries or relatives etc. that could have potential conflict with the interest of the Company at large. The relevant disclosures have been given in Note 10 to the Accounts.

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

Means of communication

The Company publishes quarterly, half-yearly and annual results as required under the Listing Agreement. The results are normally published in one English and one Hindi daily. During the last year the Results were published in the Business Standard and the Rashtriya Sahara. The results are also forwarded to the Stock Exchange and put on the web-site of SEBI under EDIFAR. The notice of the AGM along with Annual Report is sent to the shareholders well in advance of the AGM. The gist of the notice is also published in newspapers. In addition, the Stock Exchange is notified of any important developments or price sensitive information. Disclosures with regard to shareholding pattern, change in major shareholding, quarterly secretarial capital audit report, Corporate Governance Compliance Report, etc. are also sent to the Stock Exchange as required under various Regulations.

General Shareholder information

The AGM will be held on 18.09.2009 at 10.00 A.M. at FICCI Auditorium, Tansen Marg, New Delhi.

CORPORATE GOVERNANCE REPORT (continued)

Annexure - I (contd.)

Financial Calendar

The Board holds Board meetings according to requirements and ensures that the gap between 2 meetings is not more than 4 months. The quarterly results are published in July, October, January and the results for the last quarter in April, or June depending on whether the results are unaudited or audited. The quarterly results are subjected to Limited Audit Review by the statutory auditors. The AGM is held within 6 months from the date of the closure of the year.

Date of Book Closure

The Register of members and other share transfer books will remain closed from 05.09.2009 to 18.09.2009 (both days inclusive).

Dividend

The Board of Directors have recommended a dividend of Rs.2 per share of Rs.10 each (20%) for the year.

Listing on Stock Exchange

The shares of the Company are listed on Bombay Stock Exchange Limited, P.J. Towers, Dalal Street, Mumbai-400 001. During the year, the balance 14 lac equity shares out of 21 lac equity shares, allotted by the Company against Warrants issued on preferential basis to identified entities of promoter group, were listed and admitted for dealings by BSE, subject to lock-in as per SEBI (DIP) Guidelines.

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

Market price data (BSE)

Month	April 2008	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2009	Feb.	Mar.
High	125.00	131.00	132.00	92.45	103.00	92.80	73.70	42.50	52.90	53.90	54.00	56.65
Low	102.25	111.25	85.00	67.10	80.35	69.00	34.05	34.35	39.50	38.85	43.70	39.50

B.S.E. Index 1st April 2008 15627
 31st March, 2009 9709

Share Transfer System

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

Karvy Computershare Pvt. Ltd.

- 46, Avenue 4, Street No.1, Banjara Hills,
Hyderabad – 500 034
Phone 040-23312454/ 23320-251/751
Email ID: mailmanager@karvy.com
- 105-108 Arunachal Building,
19, Barakhamba Road, New Delhi - 110001
Phone 011-23324401/ 4409
Email ID: delhi@karvy.com

DIRECTORS' REPORT (continued)

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

Distribution of shareholding

Nominal value of Shareholding			Shareholders		Share Amount	
Rs.		Rs.	Number	% age	(Rs.)	% age
Upto		5000	93576	99.30	19577020	11.25
5001	To	10000	355	0.38	2674140	1.54
10001	To	20000	148	0.16	2098070	1.21
20001	To	30000	50	0.05	1266150	0.73
30001	To	40000	16	0.02	591450	0.34
40001	To	50000	17	0.02	771360	0.44
50001	To	100000	24	0.02	1828600	1.05
100001	&	Above	45	0.05	145177580	83.44
TOTAL			94231	100%	173984370	100%

Shareholding pattern

Category	No. of shares held (in lacs)	Percentage
Promoters	73.25	42.10
Fis, Banks & Mutual funds	16.07	9.23
Others (public)	84.67	48.67
TOTAL	173.99	100

Dematerialization of shares

The shares in the Company are under compulsory dematerialised trading. Up to 31.03.2009, 144.71 lac (83.18%) equity shares in the Company have been dematerialised. The Company's ISIN No. is INE843D01019.

Outstanding instruments

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

Non-mandatory requirements

The Company has constituted a Remuneration Committee.

Plant locations

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

Address for correspondence with Company:

'Investor Service Section'
6th Floor, Kanchenjunga Building,
18, Barakhamba Road, New Delhi – 110001.

e-mail ID- investorservices@dmsr.com

CORPORATE GOVERNANCE REPORT (continued)**Annexure - I (contd.)****To the Members of****DCM Shriram Industries Limited**

We have examined the compliance of conditions of Corporate Governance by DCM Shriram Industries Limited for the period April 1, 2008 to March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except that the members of the Audit Committee include one Executive Director.

We state that in respect to investor grievances received during the period April 1, 2008 to March 31, 2009, no investor grievances are pending against the Company as per the records maintained by the Company.

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

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

M.L. Arora
Proprietor
CP No. 3209

New Delhi
Date: July 29, 2009

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company's business comprises of sugar, alcohol, power, chemicals and rayon, with manufacturing facilities at Daurala (U.P.) and Kota (Rajasthan). The Directors' Report gives an over view of all aspects of these operations.

Industry situation and competitive scenarios for various products are given below:-

Sugar

After a record all India production of 28 million MT of sugar in the previous year 2007-08, and the resultant depressed market conditions, the year 2008-09 started off on a bearish note due to the large overhang of inventory of sugar. As the year progressed, the industry started seeing signs of an uptrend in anticipation of a drastic reduction in sugar production during the season 2008-09, following a drop in cane availability and low recoveries. Towards the end of the year, the market sentiment became bullish. A series of measures initiated by the Central Government to control price, including removing import duties, dampened the market sentiment and the prices again softened. Production in the next season is expected to be higher. Despite liberalisation of imports, sugar prices are expected to remain firm during the current year.

The increase in State Advised Price for cane effected year after year by the State Government is a matter of concern. This arbitrary increase has led to uncertainty and litigation. The relationship between cane price and sugar price needs to be addressed with a greater sense of objectivity.

The operations of the Company's sugar Unit during the period were quite satisfactory considering the difficult situation prevailing in U.P. As reported last year, the Company started co-generation of power and this was expanded during the year under review with export of upto 14.5 MW at peak load. Steps are being taken to enhance the export of power to 18 MW in the coming season, as a measure towards improving the long term stability of the sugar business.

Alcohol

Due to low availability of sugarcane in the year 2008-09, molasses production in U.P. declined by 40% which is affecting production of alcohol. While sugarcane crushing and molasses production in the year 2009-10 is likely to improve somewhat, the alcohol scenario is likely to remain same. Demand of alcohol from alcohol based chemical sectors is likely to remain low, due to competition from cheaper imports of industrial alcohol and alcohol based chemicals. Government's plan to introduce 10% doping of alcohol in petrol has been suspended due to limited availability of Anhydrous Alcohol and unremunerative price. As the entire domestic market is depending upon potable alcohol sector, the competition for market share is likely to remain intense.

DIRECTORS' REPORT (continued)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (continued)

Annexure - I (contd.)

Chemicals

The momentum in the improvement of chemical operations was maintained during the year in a competitive market. The substantially improved results were achieved through a multi-pronged strategy, aimed at increasing market penetration and sales (including exports), diversification into new products, improved efficiencies and tight control over costs.

The Company has consolidated its reputation in this segment, both domestically and internationally, as a sound and reliable source of supply. Thrust in this direction will continue.

In-house R&D and diversification in the segment has been the mainstay of the Company's operations and have helped in continuously upgrading quality, improving efficiencies and introducing new products.

In order to further improve operations and achieve greater economies of scale, an expansion of one of the main products is already in hand.

Rayon

The Unit is engaged in production and export of tyre cord yarn and fabric to international tyre producers. The adoption of TQM philosophy and improving the quality systems enabled the Unit to address quality concerns effectively and consolidate the existing customer base. Production efficiencies were improved, reducing waste and increasing productivity. The Unit obtained preliminary approvals for value added treated fabric from some customers.

With the commissioning of an efficient, multi-fuel, fluidized bed boiler the Unit could reduce energy cost and embark on usage of clean fuel. The Unit's proposal under CDM Scheme is currently at advance stage of validation.

The year witnessed the prices of inputs going up exorbitantly. After some time lag, the Unit managed to pass on part of the increase to customers. Despite severe recession in the automobile industry world-over the Unit managed to increase its market share.

Internal control systems and the adequacy

Effective and adequate internal control systems are in place to ensure that all assets are safeguarded and protected against unauthorised use and the transactions are recorded and reported correctly. Such controls are subject to periodical review to ensure efficiency of operations, accuracy and promptness of financial reporting and compliance with all applicable statutory requirements. Compliance with various applicable laws are monitored through a procedure whereby the Units send monthly reports of compliance to the Occupier, who in turn reports the same to the Board regularly. A comprehensive report is placed before the Board on a half yearly basis on risk assessment and minimization procedures adopted by the Units.

The Company's Internal control systems and procedures are subject to comprehensive internal audit by outside experts, whose reports are submitted to the Audit Sub-committee through the CEO. The Audit Committee of the Board, comprising of independent Directors, oversees the function of internal audit, reviews the reports and monitors implementation of suggestions. The Audit Committee interacts with the Internal Auditors and the Statutory Auditors about the adequacy of internal control systems.

Material Developments in human resources/ industrial relations front

The Company considers that a dedicated and enlightened work force is the backbone of any organization in achieving business goals. The Company's HR initiatives stem from this philosophy. Industrial relations continued to be cordial during the year. As on 31.3.2009 the total number of employees on the payrolls of the Company were 2575.

Corporate Social Responsibility (CSR)

The Company's Units at Daurala and Kota were pioneers in adopting CSR activities much before the term was coined out to connote business community's responsibilities towards development of society. The areas of activities spread over education, promotion of sports and cultural activities, besides environment protection, development of city infrastructure, promotion of good health and family planning. The Company aids a Senior Secondary Level School at Daurala. The Dr. Bansi Dhar School at Kota, set up in the memory of the founder Chairman of the Company, has commenced imparting education through English medium keeping in view the changing trends. Sports and cultural events are organised regularly and employees are encouraged to participate in such events. On the health front camps for medical check up, blood donation, provision of polio vaccines, HIV/AIDS awareness, etc are organized at Unit level for the benefit of the population around. At Daurala a charitable dispensary with almost 73 years existence caters to the population located around the factory. Knowledge on best agricultural practices is imparted to farmers to help them to generate higher revenues from their crops. Bio-compost produced from industrial effluents is also provided to farmers for use as a field manure. Maintenance of public roads, provision of solar street lights in and around the areas of the Units are undertaken. The Company's Units are actively engaged in environment protection by tree plantation, preservation of flora & fauna, etc. The Unit at Daurala provides treated spent wash for irrigation through 25 km pipe line in 3 directions from the Factory, which is contributing substantially in improving fertility of the soil in the area.

Annexure - II

Statement of Particulars under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 forming part of the Report of Directors for the year ended March 31, 2009.

(A) Employed throughout the year under review and were in receipt of remuneration for the year in aggregate of not less than Rs.24,00,000/-.

Name	Designation and Nature of Duties	Remuneration Received (Rs.)	Qualification	Experience (Years)	Date of Commencement	Age (Years)	Particulars of Last Employment
Dhar, Tilak	Chairman & Managing Director	7430530	B. Com., CA (Inter), MBA	29	08.09.80	53	Manager, DCM Limited
Mittal, D.C.	President	3398743	B. Com., MA (Eco.)	62	20.06.97	82	Sr. Executive President, Modi Alkalies & Chemicals Ltd.
Shriram, Alok B.	Dy. Managing Director	7430530	B.Com.(Hons.)	29	01.01.90	48	Dy. General Manager, Shriram Honda Power Equipment Ltd.
Shriram, Madhav B.	Whole Time Director	5572897	B. Com., MBA	21	22.05.90	44	Executive Trainee, Nissho Iwai Corporation

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

(B) Employed for part of the year under review and were in receipt of remuneration for part of the year in aggregate of not less than Rs.2,00,000/- per month. - NIL

Annexure - III

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:

- Installation of one more high pressure boiler to reduce fuel consumption.
- Installation of one more efficient TG set to generate more by-product power.
- Upgradation of vacuum system by installation of better designed injection water pumps, ejectors and condensers to reduce energy consumption.
- Replacement of inefficient steam drives at mill with efficient DC Drives.
- Installation of variable frequency drive on boiler feed pump to reduce power consumption.
- Replacement of agitator with better designed process reactor to reduce power consumption.
- Redesigning of chilled and soft water pipeline network in plant to allow running with less number of pumps, thereby saving of power.
- Improved insulation of distillation columns and auxiliaries to reduce radiation losses.
- Replacement of Air washer with energy efficient coolers.
- Replacement of solid shaft with hollow shaft on one ply cabler resulting in energy saving.
- Installation of capacitors at various power control centres and motors to improve power factor.
- Replacement of existing light fittings with energy efficient compact fluorescent lamps.
- Replacement of existing pumps with energy efficient pumps and dry vacuum pump.
- Installation of VFD in process water pump.
- Installation of glass heat exchanger to reduce chilled water load.

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

- One more high pressure efficient boiler to reduce fuel consumption.
- One more high pressure efficient TG Set to reduce steam consumption.
- Installation of Automatic Power factor controller for maintaining high power factor.
- Condenser automation.
- Installation of VFD and more efficient planetary gear box.
- Replacement of centrifugal pumps with submersible type pumps to reduce power consumption.
- Installation of thermo-compressor for more effective utilization of lower pressure steam.
- Installation of spin flash dryer.

(c) Impact of the above measures

- More efficient utilisation of fuels.
- Reduction in energy consumption.
- Saving in steam and refrigerant usage.

(d) Total energy consumption and energy consumption per unit of Production:

- Form - A annexed.

DIRECTORS' REPORT (continued)

Annexure - III (contd.)

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are furnished in Form-B annexed.

C. FOREIGN EXCHANGE EARNINGS & OUTGO:

Total foreign exchange earned Rs.220.6 Crs and used Rs.101.2 Crs.

Form - A

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
- Units (Lacs/ KWH)	102	35
- Total Amount (Rs.lacs)	437	166
- Rate (Rs./KWH)	4.30	4.78
b) Own generation		
i) Through Diesel Generator		
- Units (Lacs/KWH)	-	0.2
- Kwh generated per ltr. of Diesel Oil	-	3.44
- Cost (Rs./KWH)	-	8.41
ii) Through Steam Turbine/Generator		
- Units (Lacs/KWH)	1528	1272
- Kwh generated per kg. of Coal *	1.41	1.48
- Cost (Rs/KWH) *	3.93	2.95
2. Coal (Mixed grades)		
(used for steam / power generation)		
- Quantity (MT)	91536	83717
- Total Cost (Rs. lacs)	3403	2547
- Average Rate (Rs./MT)	3718	3042
3. Agro Fuel (outside purchase)		
- Quantity (MT)	57071	41649
- Total Cost (Rs./lacs)	1805	1072
- Average Rate(Rs./MT)	3164	2574
4. Other/Internal generation- Bagasse		
- Quantity (MT)	391979	436762
- Total Cost	(By-product)	(By-product)
- Average Cost	-	-
B. CONSUMPTION PER UNIT OF PRODUCTION		
1. Electricity		
- Sugar (KWH/MT Cane)	37.34	32.30
- Rayon Yam (KWH/Kg.)	2.33	2.36
2. Steam		
- Sugar (% Cane)	48.32	46.97
- Rayon Yam (MT/MT)	30.33	31.97

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

Form - B

RESEARCH AND DEVELOPMENT

1. SPECIFIC AREAS IN WHICH R& D CARRIED OUT BY THE COMPANY

- Production of new down stream value added products starting from Benzaldehyde.
- Modification of process/ equipments of a fine chemical to increase productivity and its production capacity.
- Studies are being carried out on micro crystalline structure of yarn for improving the breaking strength/ elongation.
- Studies are underway to improve performance of tube spinning machines by increasing the tube length and commensurate changes in operating parameters.

Annexure - III (contd.)

2. BENEFITS DERIVED

- Energy savings, better quality, new product development, cleaner environment, better productivity and yields, reduced wastage, reduced costs, increase in through put, improved competitiveness & flexibility in manufacturing processes/ equipment, reduction in consumption of raw material/utilities.

3. FUTURE PLAN OF ACTION

- Above efforts will continue in various areas of activities.

4. EXPENDITURE ON R & D

(Rs. / Lacs)

a) Capital	-
b) Revenue	45.77
c) Total	45.77

- d) Total Expenditure as a % of turnover is 0.05. (this represents specific R&D expenditure, but excludes expenditure on development activities carried out in the normal course of operations).

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made:

- An additional Bio-methanation digester with improved engineering installed to harness renewable energy (Biogas) from distillery waste.
- Installation of indigenous fabric edge sealing system at Fabric Dipping Unit to improve chafer fabric quality.
- Multiple break arrester tray provided on Ply cabler machines to prevent entangling of snapped cord with cords on adjacent positions.
- Viscose filter media upgraded to improve filterability and reduce fiber contamination.
- Installation of timer with hooter to monitor and control shredding duration in all shredders for better process control.
- All positions of spinning machines replaced with spinnerets from M/s. EnkaTechnica, Germany to improve product quality.

2. Benefits:

- Improvement in quality of products, increased production and capacity utilisation, commercial production of new import substitution products, energy conservation, lower costs and downtime, a cleaner / safer environment, time savings, and power factor improvement.
- Increased capacity for generation of bio-gas from distillery waste thereby reduction of the consumption of fossil fuel for generation of steam and power for process.

3. Particulars of technologies imported during the last 5 years: Nil

Confirmation of compliance of Code of Business Conduct and Ethics

I declare that all Board members and Senior Management have individually affirmed compliance with the Code of Business Conduct and Ethics adopted by the Company during the year 2008-09.



(Tilak Dhar)

Chairman & Managing Director

June 27, 2009

AUDITORS' REPORT

TO THE MEMBERS OF

DCM SHRIRAM INDUSTRIES LIMITED

1. We have audited the attached balance sheet of DCM Shriram Industries Limited as at March 31, 2009 and also, the profit and loss account and cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report 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 appears from our examination of the books;
 - c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of directors of the Company is disqualified as at March 31, 2009 from being appointed as director of the Company in terms of section 274(1)(g) of the Companies Act, 1956;
 - f) without qualifying our opinion, we draw attention to note 16 of schedule 11 relating to accounting for cane purchase liability for sugar season 2007-08 at Rs 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts cannot be determined at this stage;
 - g) *various issues arisen/arising out of the reorganisation arrangement will be settled and accounted for as and when the liabilities/benefits are finally determined. The effect of these cannot be determined at this stage (refer to note 2 (b) of Schedule 11);*

The matter referred to in paragraph (g) to the extent covered here above was also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2008.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;
- b) in the case of the profit and loss account, 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 for the year ended on that date.

For A.F. FERGUSON & CO.
Chartered Accountants

Place: New Delhi
Date : 27th June, 2009

Manjula Banerji
Partner
Membership No: 086423

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph '3' of the Auditors' Report to the Members of DCM Shriram Industries Limited on the accounts for the year ended March 31, 2009.

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (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 are 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 record 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.

AUDITORS' REPORT (continued)

- (iii) (a) According to the information and explanations given to us, the Company has 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 (hereinafter referred to as the Act). For this purpose, the Company has taken the view that the transactions which are subjected to the provisions of section 299 (6) of the Act are not required to be entered in this register. Notwithstanding the Company's views regarding the provisions of section 299(6) of the Act, out of the loan of Rs. 1277.92 lacs outstanding as at March 31, 2008 granted by the Company to a promoted company as per the Scheme of Rehabilitation approved by Board for Industrial and Financial Reconstruction (BIFR), Rs. 735.98 lacs have been received back during the year leaving a balance at the end of the year of Rs. 541.94 lacs.
- (b) In our opinion and according to the information and explanations given to us and also in view of the rehabilitation scheme sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) on May 24, 2007, in respect of the concerned promoted company, the rate of interest and other terms and conditions of loan granted by the Company, as referred to in para (iii) (a) above are not, prima facie, prejudicial to the interest of the Company.
- (c) As per the information and explanations given to us and also as per Rehabilitation Scheme sanctioned by the BIFR, in respect of the concerned promoted company, the loan was repayable in 15 equal quarterly installments commencing from October 2009. However, during the year, the promoted company has prepaid Rs. 850 lacs (including interest of Rs. 114.02 lacs).
- (d) As per the information and explanations given to us and records of the Company, there are no overdue amounts in respect of above loan, and interest thereon.
- (e) According to the information and explanations given to us, the Company has during the year not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraphs (f) and (g) of the Companies (Auditors' Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, no major weakness in the aforesaid internal control system has been noticed.
- (v) According to the information and explanations given to us, during the year, the particulars of contracts/ arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section. For this purpose, the Company has taken the view that the transactions which are subjected to the provisions of section 299 (6) of the Act are not required to be entered in this register. Notwithstanding the Company's views regarding the provisions of section 299(6) of the Act, in respect of certain transactions, exceeding the value of Rs. 5 lacs entered into with such party during the year have been made at prices which are reasonable having regard to 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 directives issued by the Reserve Bank of India and the provisions of section 58A and section 58AA of the Companies Act, 1956 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 public. As per the 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 Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records 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 determine whether they are accurate or complete.
- (ix) (a) As explained to us, the statutory dues payable by the Company comprises mainly of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, customs duty, excise duty, cess, entry tax, service tax and purchase tax. According to the records of the Company and information and explanations given to us, the Company has been regularly depositing the aforesaid undisputed statutory dues with the appropriate authorities except for a few instances of delays in deposit of tax deducted at source, sales tax and provident fund. There are no undisputed statutory dues outstanding for a period of more than six months from the date they become payable as at the year end.
- (b) According to the information and explanations given to us and the records of the Company, the following are the particulars of disputed dues on account of excise duty, customs duty, income-tax and sales tax matters that have not been deposited by the Company as at March 31, 2009 :

S. No.	Name of the Statute	Nature of the dues	Amount* (Rs. lacs)	Amount paid under protest (Rs. lacs)	Period to which the amount relates	Forum where dispute is pending
1.	Central Excise Laws	Excise duty Modvat Credit	1.84	-	1981-82	Assistant Commissioner } Commissioner (Appeals) }
			3.22	-	1995-96	
			4.88	-	August '06 to December '06	
		Service tax	18.84	-	2001-02 to 2004-05	} } } Customs, Excise & Service } Tax Appellate Tribunal } } } Deputy Commissioner } Deputy Commissioner } Deputy Commissioner
			198.01	-	2004-05, 2005-06	
			8.18	-	April '04 to December '04	
			19.60	-	2001-02 to 2003-04	
			1.07	-	2007-08	
			1.17	-	2006-07	
			1.44	-	January '08 to October '08	
2	Customs Law	Customs duty	143.16	-	2006-07	Commissioner (Appeals), Customs Duty, Ahmedabad
3	Income Tax Act, 1961	Income Tax	196.70	62.52	2005-06	Commissioner of Income Tax (Appeals)
4	Sales Tax Laws	Sales tax	2.22	0.78	2005-06	Joint Commissioner (Appeals), Commercial Tax } } Tax Board
		Purchase tax	2.54	1.37	2001-02	
			8.22	8.22	2001-02	

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

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

AUDITORS' REPORT (continued)

S. No.	Name of the Statute	Nature	Amount (Rs. lacs)	Period to which the amount relates	Forum where department has preferred appeal
1	Central Excise laws	Excise duty	1.48	1993-94,	} } Customs, Excise & Service Tax Appellate Tribunal
			6.66	1994-95	
			12.08	2004-05,	
			2.88	2005-06	
				2005-06	
				2003-04 to	
				2005-06	
				2007-08	
				1972-73	
	1977-78	} Collector, Central Excise High Court			
	1998-99				
	Modvat Credit	15.15	1995-96	High Court	
	Service Tax	2.01	January '05 to June '05	Customs, Excise & Service Tax Appellate Tribunal	
2	Customs Law	Customs Duty	302.54	2000-01	Assistant Commissioner
3	Sales Tax Laws	Sales Tax	3.65	1976-77	} } High Court
			0.26	1978-79	
			2.79	1979-80	
			4.28	1982-83	
			12.18	1984-85	
			5.48	1998-99	
			20.13	1989-90	
			42.45	1992-93	
			33.42	1995-96	
			3.97	1997-98	
			65.00	2000-01	

We have been further informed that there are no dues in respect of wealth tax and cess which have not been deposited on account of any dispute.

- (x) The Company does not have accumulated losses as at March 31, 2009. Further, the Company has not incurred cash losses during the financial year ended March 31, 2009 and in the immediately preceding year ended March 31, 2008.
- (xi) According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks or debentureholders during the year.
- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable.
- (xiii) As the Company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4(xiii) of the Order is not applicable.
- (xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the short term funds have not been used to finance long term investments.
- (xviii) During the previous year, the Company had issued 4000 warrants, carrying an entitlement to subscribe to 3 equity shares of Rs. 10 each at a premium of Rs. 80 per share, on preferential basis in accordance with the SEBI (Disclosure & Investor Protection) guidelines, 2000 to the parties covered in the register maintained under section 301 of the Act. Pursuant to the terms of these warrants, the Company had issued 6600 equity shares in the previous year and further issued 5400 equity shares during the current year on a preferential basis to the parties covered in the register maintained under section 301 of the Act. In our opinion and as per the information and explanations given to us the price at which the equity shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2009.

For A.F. FERGUSON & CO.
Chartered Accountants

Place : New Delhi
Date : 27th June, 2009

Manjula Banerji
Partner
Membership No: 086423

Balance Sheet as at March 31, 2009



SOURCES OF FUNDS	Schedule	As at	As at
		31.03.2009	31.03.2008
		Rs. lacs	Rs. lacs
Shareholders' funds			
Share capital	1	1739.84	1645.34
Equity Share Warrants (refer note 14 in schedule 11)		-	850.50
Reserves and surplus	2	19201.93	16377.16
		20941.77	18873.00
Loan funds			
Secured loans	3	28375.67	29798.36
Unsecured loans		1016.87	921.05
		29392.54	30719.41
Deferred tax liability (net) (refer note 7 in schedule 11)		3370.01	1966.39
Total		53704.32	51558.80
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	51728.14	47717.48
Less : Depreciation		24357.78	22697.34
Net block		27370.36	25020.14
Capital work in progress		1976.42	1572.12
		29346.78	26592.26
Investments	5	871.42	450.55
Current assets, loans and advances			
Inventories	6	28952.14	29631.11
Sundry debtors		6885.75	3842.43
Cash and bank balances		1323.11	913.81
Loans and advances		3839.19	4632.18
		41000.19	39019.53
Less : Current liabilities and provisions	7		
Current liabilities		15915.09	13356.64
Provisions		1598.98	1146.90
		17514.07	14503.54
Net current assets		23486.12	24515.99
Total		53704.32	51558.80

Notes to the accounts

11

Per our report attached
For A. F. Ferguson & Co.
Chartered Accountants

For and on behalf of the Board

Manjula Banerji
Partner
Membership No: 086423

D.C. Mittal
President
B.P. Khandelwal
Sr. Executive Director &
Company Secretary

Tilak Dhar
Chairman & Managing Director
Alok B. Shriram
Dy. Managing Director
Madhav B. Shriram
Whole-Time Director
G. Kumar
Director-Sugar Operations

P.R. Khanna
V.L. Dutt
S.B. Mathur
S.C. Kumar
Directors

Place : New Delhi
Date : 27th June, 2009

N.K. Jain
Chief Financial Officer

		<u>31.03.2009</u>	<u>31.03.2008</u>
		Rs. lacs	Rs. lacs
INCOME			
Sale of products			
Gross sales		100977.35	73522.47
Less : Excise duty		21123.06	17817.46
Other income	8	4403.06	4672.37
		84257.35	60377.38
EXPENDITURE			
Manufacturing and other expenses	9	74664.30	56867.88
Interest	10	3519.83	2801.47
		78184.13	59669.35
PROFIT BEFORE DEPRECIATION AND TAX		6073.22	708.03
Depreciation - Gross		2061.21	1846.63
Less : Transferred from revaluation reserve		351.19	379.62
		1710.02	1467.01
PROFIT/ (LOSS) BEFORE TAX		4363.20	(758.98)
Provision for tax			
- Current tax		485.09	-
Less : MAT Credit		485.09	-
		-	-
- Deferred tax charge / (credit)		1403.62	(406.58)
- Fringe benefit tax		81.72	68.15
		1485.34	(338.43)
PROFIT/ (LOSS) AFTER TAX		2877.86	(420.55)
Brought forward from the previous year		6593.17	6824.03
Debenture redemption reserve written back		189.69	189.69
Available for appropriation		9660.72	6593.17
APPROPRIATIONS			
Proposed dividend		347.97	-
Corporate dividend tax		59.14	-
General reserve		1000.00	-
Balance carried to balance sheet		8253.61	6593.17
Earnings per share - basic / diluted (Rs.)		16.54	(2.71)
(Refer note 8 in schedule 11)			
Notes to the accounts	11		
Per our report attached to the balance sheet For A. F. Ferguson & Co. Chartered Accountants		For and on behalf of the Board	
	D.C. Mittal President	Tilak Dhar Chairman & Managing Director	
Manjula Banerji Partner Membership No: 086423	B.P. Khandelwal Sr. Executive Director & Company Secretary	Alok B. Shriram Dy. Managing Director	
Place : New Delhi Date : 27th June, 2009	N.K. Jain Chief Financial Officer	Madhav B. Shriram Whole-Time Director	
		G. Kumar Director-Sugar Operations	
		P.R. Khanna V.L. Dutt S.B. Mathur S.C. Kumar Directors	

Cash Flow Statement for the year ended March 31, 2009



	Year ended 31.03.2009 Rs.lacs	Year ended 31.03.2008 Rs.lacs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	4,363.20	(758.98)
Adjustments for :		
Depreciation	1,710.02	1,467.01
Miscellaneous expenditure written off	-	19.16
Interest expense	3,519.83	2,801.47
Interest income	(265.50)	(620.87)
Interest accrued on deposits written off	95.10	-
Profit on sale of fixed assets	(166.13)	(123.61)
Loss on sale of fixed assets	149.19	65.29
Provision for diminution in value of long term non trade investments written back	(166.00)	(501.25)
Provision for diminution in value of current non trade investments	12.95	-
Profit on sale of current non trade investments	(36.76)	(41.96)
Profit on sale of long term non trade investments	-	(58.50)
Operating profit before working capital changes	9,215.90	2,247.76
Adjustments for :		
Increase in sundry creditors and other payables	2,759.68	3,605.47
Increase in sundry debtors, loans and advances	(1,949.06)	(1,067.02)
Decrease / (Increase) in inventories	678.97	(7,510.92)
Cash generated from / (used in) operations	10,705.49	(2,724.71)
Income tax paid	(604.32)	(48.10)
Fringe benefit tax paid	(77.35)	(71.46)
Net cash generated from / (used in) operating activities	10,023.82	(2,844.27)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,007.50)	(4,363.62)
Sale of fixed assets	219.86	200.10
Purchase of current non trade investments	(2,732.96)	(2,394.00)
Sale of long term non trade investments	-	644.75
Sale of current non trade investments	2,501.90	2,435.96
Interest received	292.28	486.43
Net cash used in investing activities	(4,726.42)	(2,990.38)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (including share premium)	-	1,039.50
Equity share warrants issued and subscribed	-	850.50
Proceeds from borrowings	2,740.10	9,273.32
Repayment of borrowings	(4,240.63)	(4,430.77)
Increase in cash credits	130.82	2,404.09
Interest paid	(3,518.35)	(2,793.68)
Dividend paid	(0.04)	(0.16)
Net cash (used in) / generated from financing activities	(4,888.10)	6,342.80
Net increase in cash and cash equivalents (A+B+C)	409.30	508.15
Cash and cash equivalents		
- At beginning of year	913.81	405.66
- At end of year *	1,323.11	913.81

* Cash and cash equivalents include Rs. 47.98 lacs (2007-08 – Rs. 36.59 lacs) earmarked for specific purposes.
Notes to the accounts Schedule 11

Per our report attached to the balance sheet
For A. F. Ferguson & Co.
Chartered Accountants

Manjula Banerji
Partner
Membership No: 086423

Place : New Delhi
Date : 27th June, 2009

D.C. Mittal
President

B.P. Khandelwal
Sr. Executive Director &
Company Secretary

N.K. Jain
Chief Financial Officer

For and on behalf of the Board

Tilak Dhar
Chairman & Managing Director
Alok B. Shriram
Dy. Managing Director
Madhav B. Shriram
Whole-Time Director
G. Kumar
Director-Sugar Operations

P.R. Khanna
V.L. Dutt
S.B. Mathur
S.C. Kumar
Directors

Schedules to the accounts

	As at 31.03.2009 Rs. lacs	As at 31.03.2008 Rs. lacs
1. SHARE CAPITAL		
Authorised		
6,50,00,000 (2007-2008 - 6,50,00,000) Equity shares of Rs.10 each	6500.00	6500.00
Issued, subscribed and fully paid-up		
1,73,98,437 (2007-2008 - 1,64,53,437) Equity shares of Rs. 10 each	1739.84	1645.34
	<u>1739.84</u>	<u>1645.34</u>

1. Of the issued, subscribed and fully paid-up capital, following equity shares of Rs.10 each were allotted as fully paid-up without payment being received in cash :
- (i) 57,55,076 (2007-08 - 57,55,076) equity shares allotted to shareholders of erstwhile undivided DCM Limited in terms of Scheme of Arrangement (refer note 2 (a) in schedule 11).
- (ii) 15,68,200 (2007-08 - 15,68,200) equity shares allotted to shareholders of erstwhile Daurala Organics Limited in terms of Scheme of Amalgamation.
2. 9,45,000 (2007-08 - 11,55,000) equity shares allotted during the year (refer note 14 in schedule 11) .

	As at 31.03.2008 Rs. lacs	Additions Rs. lacs	Deductions Rs. lacs	As at 31.03.2009 Rs. lacs
2. RESERVES AND SURPLUS				
Revaluation reserve *	4044.14	-	401.98 *	3642.16
Amalgamation reserve	1411.38	-	-	1411.38
Share premium account	2650.68	756.00 #	-	3406.68
Capital redemption reserve	0.10	-	-	0.10
Debenture redemption reserve	675.00	-	189.69 **	485.31
General reserve	1002.69	1000.00 ***	-	2002.69
Profit and loss account	6593.17	1660.44	-	8253.61
	<u>16377.16</u>	<u>3416.44</u>	<u>591.67</u>	<u>19201.93</u>

* Represents

- Rs.351.19 lacs transferred to profit and loss account.
- Rs. 50.79 lacs in respect of deletion of revalued assets.

** Transferred to profit and loss account.

*** Transferred from profit and loss account.

Refer note 14 in schedule 11.

	As at 31.03.2009 Rs. lacs	As at 31.03.2008 Rs. lacs
3. LOAN FUNDS		
Secured loans		
Debentures	625.24	866.46
Banks		
Cash credits	16572.04	16441.22
Term loans	9015.47	9907.60
Others	2129.95	2527.48
Finance lease liabilities *	32.97	55.60
	<u>28375.67</u>	<u>29798.36</u>
Unsecured loans		
Deposits		
Fixed	486.58	363.41
Others	530.29	557.64
	<u>1016.87</u>	<u>921.05</u>
	<u>29392.54</u>	<u>30719.41</u>

* Refer note 11 A (ii) in schedule 11.

3. LOAN FUNDS (Continued)

SECURED

I. Debentures

- a) i) 2,00,000 (2007-08 - 2,00,000) and 1,00,000 (2007-08 - 1,00,000) privately placed 12.50% secured redeemable non convertible debentures of Rs. 100 each allotted w.e.f. April 24, 1992 and July 14, 1992 respectively, redeemable at par in 28 equal quarterly instalments commencing from October 15, 2004. The instalments due for redemption have been redeemed. Due within a year Rs. 42.85 lacs (2007-08 – Rs. 42.85 lacs).
- ii) 70,000 (2007-08 - 70,000) and 15,000 (2007-08 - 15,000) privately placed 12.50% secured redeemable non convertible debentures of Rs. 100 each allotted w.e.f. April 24, 1992 and July 14, 1992 respectively, redeemable at par in 28 equal quarterly instalments commencing from December 31, 2005. The instalments due for redemption have been redeemed. Due within a year Rs. 12.14 lacs (2007-08 – Rs. 12.14 lacs).
- iii) 8,98,000 (2007-08 - 8,98,000) privately placed 12.50% secured redeemable non convertible debentures of Rs. 100 each allotted w.e.f. June 18, 2001, redeemable at par in 26 equal quarterly instalments commencing from April 15, 2005. The instalments due for redemption have been redeemed. Due within a year Rs. 138.15 lacs (2007-08 – Rs. 138.15 lacs).

These debentures are secured by a first mortgage over all the immovable properties and a first charge by way of hypothecation of all the movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, both present and future (save and except book debts), subject to prior charges created / to be created in favour of the Company's bankers for securing borrowings for working capital requirements, the charges ranking pari-passu with the mortgages and charges created / to be created in favour of existing first charge holders for their respective term loans / debentures. Debentures in (a)(iii) above are also secured / to be secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company.

- b) i) 2,42,047 (2007-08 - 2,42,047) - Part-C of Rs. 50 each, being the non convertible portion of 12.50% secured redeemable partly convertible debentures of Rs. 135 each and 2,42,047 (2007-08 - 2,42,047) 12.50% secured redeemable non convertible debentures of Rs. 60 each, allotted w.e.f. February 22, 1994 redeemable in 28 equal quarterly instalments commencing from October 15, 2004. The instalments due for redemption have been redeemed. Due within a year Rs. 38.03 lacs (2007-08 – Rs. 38.03 lacs).
- ii) 63,918 (2007-08 - 63,918) - Part-C of Rs. 50 each, being the non convertible portion of 12.50% secured redeemable partly convertible debentures of Rs. 135 each and 63,918 (2007-08 - 63,918) 12.50% secured redeemable non convertible debentures of Rs. 60 each, allotted w.e.f. February 22, 1994, redeemable in 28 equal quarterly instalments commencing from December 31, 2005. The instalments due for redemption have been redeemed. Due within a year Rs. 10.04 lacs (2007-08 – Rs. 10.04 lacs).

These debentures are secured by way of second charge / mortgage in favour of the trustees on all or any of the immovable and/or movable properties of the Company excluding all assets of Daurala Organics and sugar factory at Daurala Sugar Works, units of the Company, both present and future, upon such terms and conditions and in such form and manner as the Board may determine in consultation with the Trustees but specifically excluding the current assets, receivables, inventories, book debts (present and future) and such other specific items of machinery and equipments or any other assets as are specifically charged to any other lenders or authorities.

II. Banks

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

Schedules to the accounts (continued)

- b) Rs. 5706.74 lacs (2007-08 - Rs. 6216.74 lacs) are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans / debentures. Due within a year Rs. 2613.33 lacs (2007-08 – Rs. 2280.00 lacs).
- c) Rs. 1122.62 lacs (2007-08 – Rs. 1397.62 lacs) secured by first charge on pari-passu basis on the plant and machinery and other specific assets of Shriram Rayons, a unit of the Company. Due within a year Rs. 275.00 lacs (2007-08 – Rs. 275.00 lacs).
- d) Nil (2007-08 – Rs. 430.40 lacs) are secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans. Due within a year Nil (2007-08 – Rs. 430.40 lacs).
- e) Rs. 2136.00 lacs (2007-08 – Rs. 1778.95 lacs) are secured by residual charge on fixed assets of sugar division of the Company. Due within a year Rs. 89.00 lacs (2007-08 – Nil).
- f) Rs. 50.11 lacs (2007-08 – Rs. 83.89 lacs) are secured by hypothecation of specific assets. Due within a year Rs. 29.03 lacs (2007-08 – Rs. 41.77 lacs).

III. Others

- a) Rs. 835.13 lacs (2007-08 – Rs.1212.45 lacs) from financial institutions secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans / debentures. Out of these Rs. 700.59 lacs (2007-08 – Rs. 981.02 lacs) relating to a financial institution is further secured / to be secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company. Due within a year Rs. 352.75 lacs (2007-08 – Rs. 377.33 lacs).
- b) Rs. 101.91 lacs (2007-08 – Rs. 139.17 lacs) from financial institutions secured by a mortgage on all the immovable properties and a first charge by way of hypothecation of all the movable properties of the Company excluding all assets of Daurala Organics a unit of the Company, both present and future (save and except book debts), subject to prior charges created/to be created in favour of the Company's bankers for securing borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans/debentures. Due within a year Rs. 37.26 lacs (2007-08 – Rs. 37.26 lacs).
- c) Rs. 70.01 lacs (2007-08 – Rs. 95.74 lacs) from financial institutions secured by way of second charge / mortgage on all immovable and movable properties of the Company excluding the assets of Daurala Organics and sugar factory at Daurala Sugar Works, units of the Company, both present and future, upon such terms and conditions and in such form and manner as the Board may determine in consultation with the Trustees but specifically excluding the current assets, receivables, inventories, book debts (present and future) and such other specific items of machinery and equipment or any other assets as are specifically charged to any other lenders or authorities. Due within a year Rs. 25.73 lacs (2007-08 – Rs. 25.73 lacs).
- d) Rs. 1122.90 lacs (2007-08 – Rs. 1080.12 lacs) from the Sugar Development Fund is secured by exclusive second charge on immovable and movable assets of sugar factory at Daurala Sugar Works, a unit of the Company. Due within a year Nil (2007-08 – Nil).

IV. Finance Lease

Rs. 32.97 lacs (2007-08 – Rs. 55.60 lacs) are secured by hypothecation of specific assets. Due within a year Rs. 23.14 lacs (2007-08 – Rs. 22.64 lacs).

4. FIXED ASSETS

Rs. lacs

Particulars	Gross block				Depreciation				Net block	
	As at 31.03.2008	Additions	Deductions	As at 31.03.2009	As at 31.03.2008	For the year	On deductions	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Owned assets										
Land	1119.00	-	-	1119.00	-	-	-	-	1119.00	1119.00
Buildings	5522.51	290.20	-	5812.71	2800.65	187.10	-	2987.75	2824.96	2721.86
Plant and machinery	39947.50	4206.28	554.38	43599.40	19344.76	1791.89	344.44	20792.21	22807.19	20602.74
Furniture and fixtures	525.80	54.06	11.79	568.07	343.85	27.98	5.18	366.65	201.42	181.95
Vehicles	506.07	114.60	88.31	532.36	194.04	48.34	51.15	191.23	341.13	312.03
Assets taken on finance lease										
Plant and machinery	77.70	-	-	77.70	10.26	4.10	-	14.36	63.34	67.44
Vehicles	18.90	-	-	18.90	3.78	1.80	-	5.58	13.32	15.12
This year	47717.48	4665.14	654.48	51728.14	22697.34	2061.21	400.77	24357.78	27370.36	
Previous year	43997.30	4395.86	675.68	47717.48	21316.29	1846.63	465.58	22697.34		25020.14
Capital work in progress									1976.42	1572.12
									29346.78	26592.26

- The Company had revalued its land and buildings as at March 31, 1993 and plant and machinery (other than office equipment) as at April 1, 1993. Land, buildings and plant and machinery (other than office equipment) were again revalued on March 31, 1999. These revaluations resulted in a net increase in the gross block by Rs.16283.80 lacs of which Rs.13037.74 lacs (2007-2008 Rs.13322.43 lacs) is included in the gross block of fixed assets as on March 31, 2009.
- Estimated amount of contracts remaining to be executed on capital account not provided for and against which advance has not been paid Rs. 690.81 lacs (2007-2008 Rs. 75.44 lacs).
- Some of the titles in land and other properties acquired from DCM Limited pursuant to the Scheme of Arrangement are yet to be endorsed in the name of the Company.
- Assets taken on finance lease (cost Rs.18.83 lacs and accumulated depreciation Rs. 8.42 lacs as at 31.03.2008) have been reclassified under owned assets consequent to payment of final finance lease installment during the year.
- Additions to fixed assets during the year includes Rs. 44.66 lacs (2007-08 Rs.160.62 lacs) on account of borrowing cost.
- Refer note 11 A in schedule 11.

Schedules to the accounts (continued)

5. INVESTMENTS *	As at 31.03.2009 Rs. lacs	As at 31.03.2008 Rs. lacs
Long Term Investments		
Quoted		
Trade		
ICICI Bank Limited		
16 (2007-2008 - 16) Equity shares of Rs. 10 each, fully paid-up	0.01	0.01
	<u>0.01</u>	<u>0.01</u>
Unquoted		
Trade		
Daurala Co-operative Development Union Limited		
2 (2007-2008 - 2) Equity shares of Rs. 10 each, fully paid-up @ (Rs.20)	@	@
Non-trade		
Government securities #	0.14	0.14
DCM Hyundai Limited		
19,72,000 (2007-2008 - 19,72,000) Equity shares of Rs. 10 each, fully paid - up	166.00	166.00
Less :Provision for diminution in value	<u>- 166.00</u>	<u>166.00</u> -
Versa Trading Limited		
7,00,000 (2007-2008 - 7,00,000) 5% redeemable non-cumulative preference shares of Rs. 100 each, fully paid-up	700.00	700.00
Less :Provision for diminution in value	<u>700.00</u> -	<u>700.00</u> -
Investments in shares of subsidiary companies		
Daurala Foods & Beverages Private Limited		
74,99,990 (2007-2008 - 74,99,990) Equity shares of Rs. 10 each, fully paid-up	447.40	447.40
Current Investments		
Unquoted, Non-trade		
UTI Mutual Fund		
29339.853 (2007-2008 - 29339.853) UTI Leadership Equity Fund - Dividend Plan - Payout units of Rs. 10 each fully paid-up, Repurchase price Rs. 2.50 lacs (2007-08 - Rs. 4.02 lacs).	2.50	3.00
ICICI Prudential Mutual Fund		
526390.755 (2007-2008 - nil) ICICI Prudential Gilt Fund - Investment Plan - Growth units of Rs. 10 each fully paid-up, acquired during the year Repurchase price Rs. 157.55 lacs (2007-08 - Rs. nil).	157.55	-
HDFC Cash Management Fund		
385197.742 (2007-2008 - nil) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth units of Rs. 10 each fully paid-up, acquired during the year Repurchase price Rs. 74.01 lacs (2007-08 - Rs - nil).	72.82	-
132766.861 (2007-2008 - nil) HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Growth units of Rs. 10 each fully paid-up, acquired during the year Repurchase price Rs. 25.33 lacs (2007-08 - Rs. nil).	<u>25.00</u>	-
	<u>871.41</u>	<u>450.54</u>
	<u>871.42</u>	<u>450.55</u>

Market value of quoted investments Rs. 0.05 lac (2007-2008 - Rs. 0.12 lac).

* Refer note 1 (e) in schedule 11.

Pledged with Government authorities.

6. CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2009 Rs. lacs	As at 31.03.2008 Rs. lacs
Current assets		
Inventories		
Stores and spares (at cost or under)	2243.93	2208.95
Stock-in-trade (at lower of cost and net realisable value)		
Raw materials	2957.25	3693.66
Process stocks	456.44	702.74
Finished goods	23294.52	23025.76
	28952.14	29631.11
Sundry debtors		
Debts over six months		
Unsecured - considered good	47.46	97.14
- considered doubtful	29.98	13.01
Other debts		
Secured - considered good	175.33	3.91
Unsecured - considered good	6662.96	3741.38
	6915.73	3855.44
Less : Provision for doubtful debts	29.98	13.01
	6885.75	3842.43
Cash and bank balances		
Cash on hand	45.61	38.62
Cheques in hand	130.90	42.50
With scheduled banks - on current account	210.99	47.22
- on deposit account *	935.61	785.47
	1323.11	913.81
Loans and advances		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Secured	541.94	1200.00
Unsecured - considered good **	2489.65	2307.88
- considered doubtful	187.64	195.64
	3219.23	3703.52
Less : Provision for doubtful advances	187.64	195.64
	3031.59	3507.88
Deposits		
With customs and excise authorities	160.77	151.04
Interest accrued on investments and deposits	481.94	686.49
	164.89	286.77
	3839.19	4632.18
	4100.19	39019.53

* Includes :

Rs. 359.77 lacs (2007-2008 - Rs. 325.01 lacs) provided as security for loans from banks / bank guarantees / letter of credit.
Rs. 47.98 lacs (2007-2008 - Rs. 36.59 lacs) earmarked for specific purpose.
Rs. 124.56 lacs (2007-2008 - Rs. 80.22 lacs) for margin money.

** Includes :

(a) Rs. nil due from a director (2007-08 - Rs. nil). Maximum amount due during the year Rs. nil (2007-08 - Rs. 0.75 lac).
(b) Capital advances Rs. 118.73 lacs (2007-2008 - Rs. 180.67 lacs).
(c) Inter-corporate deposits Rs. 100 lacs (2007-2008 - Rs. 100 lacs).
(d) Advance to subsidiary Rs. nil (2007-2008 - Rs. 61.06 lacs).

Schedules to the accounts (continued)

7. CURRENT LIABILITIES AND PROVISIONS	As at <u>31.03.2009</u> Rs. lacs	As at <u>31.03.2008</u> Rs. lacs
Current liabilities		
Acceptances	1749.57	1010.46
Sundry creditors		
Micro, small and medium enterprises *	-	-
Others	14039.93	12179.19
Interest accrued but not due on loans	118.69	160.05
Unclaimed dividend	6.90	6.94
	<u>15915.09</u>	<u>13356.64</u>
Provisions		
Taxation (less advances)	99.67	214.53
Gratuity	580.13	496.37
Leave salary	512.07	436.00
Proposed dividend	347.97	-
Corporate dividend tax	59.14	-
	<u>1598.98</u>	<u>1146.90</u>
	<u>17514.07</u>	<u>14503.54</u>

* Refer note 6 in schedule 11.

8. OTHER INCOME	Year ended <u>31.03.2009</u> Rs. lacs	Year ended <u>31.03.2008</u> Rs. lacs
Income from operations		
Processing charges	249.05	528.33
Export incentives	1747.55	1643.92
Gain on exchange fluctuations	770.33	418.93
Miscellaneous sales	796.99	499.41
	<u>3563.92</u>	<u>3090.59</u>
Other income		
Interest income on deposits etc. (gross) *	265.50	620.87
Profit on sale of fixed assets	166.13	123.61
Profit on sale of current non trade investments	36.76	41.96
Profit on sale of long term non trade investments	-	58.50
Provision for diminution in the value of long term non trade investments written back	166.00	501.25
Rent	48.66	41.91
Excess provision for liabilities written back	32.56	53.70
Miscellaneous	123.53	139.98
	<u>839.14</u>	<u>1581.78</u>
	<u>4403.06</u>	<u>4672.37</u>

* Income-tax deducted at source Rs. 29.05 lacs (2007-2008 - Rs. 26.92 lacs).

9. MANUFACTURING AND OTHER EXPENSES	Year ended 31.03.2009 Rs. lacs	Year ended 31.03.2008 Rs. lacs
Raw materials consumed	43994.46	37657.18
Goods purchased for resale	1330.25	1345.80
Stores and spares *	8095.36	7428.71
Power, fuel, etc.	5976.75	3751.66
Repairs		
Buildings	307.96	198.44
Plant and machinery	1147.88	854.57
Jobs on contract	96.59	47.28
Salaries, wages, bonus, etc. **	6066.86	5744.84
Contribution to provident and superannuation funds	531.94	523.13
Provision for gratuity	276.69	93.60
Provision for leave salary	218.66	80.53
Welfare	182.22	164.51
Rent	487.48	351.89
Insurance	128.47	106.14
Rates and taxes	178.56	18.10
Donations	6.66	0.50
Auditors' remuneration		
As auditors	16.50	16.50
Limited review of unaudited financial results	10.50	12.00
Verification of statements and other reports	4.90	5.61
Out-of-pocket expenses	0.13	0.15
Directors' sitting fees	6.23	6.45
Bad debts/advances written off	0.24	4.20
Provision for doubtful debts	29.98	-
Provision for diminution in value of current non trade investments	12.95	-
Exchange fluctuations	1273.69	196.16
Loss on sale of fixed assets	149.19	65.29
Freight and transport	1012.30	981.91
Commission to sole selling agents #	-	5.85
Commission to selling agents	534.86	841.39
Brokerage, discounts (other than trade discounts), etc.	742.61	846.26
Sales expenses	333.76	353.86
Miscellaneous expenditure written off	-	19.16
Increase / (Decrease) in excise duty on finished goods	(500.91)	465.49
Miscellaneous	2033.04	1678.01
	74686.76	63865.17
Increase in finished goods and process stocks		
Opening stocks	23728.50	16731.21
Less : Closing stocks	23750.96	23728.50
	(22.46)	(6,997.29)
	74664.30	56867.88

* After allocating Rs. 409.21 lacs (2007-2008 - Rs. 234.25 lacs) to other revenue accounts.

** After allocating Rs. 159.25 lacs (2007-2008 - Rs. 142.38 lacs) to other revenue accounts.

Central Government approval to the appointment of sole selling agent is awaited.

10. INTEREST	Year ended 31.03.2009 Rs. lacs	Year ended 31.03.2008 Rs. lacs
On debentures and other fixed loans	1135.06	1214.34
On others	2384.77	1587.13
	3519.83	2801.47

1. Significant Accounting Policies

a) Accounting convention

The financial statements are prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets, and have been prepared in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

b) Use of estimates

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

c) Fixed assets

i) Owned assets

All fixed assets are stated at cost of acquisition or construction, except for certain assets which are revalued and are, therefore, stated at their revalued book values. Financing costs (up to the date the assets are ready to be put to use for commercial production) relating to borrowed funds or deferred credits attributable to acquisition or construction of fixed assets are included in the gross book value of fixed assets to which they relate.

ii) Assets taken on finance lease

Fixed assets taken on finance lease are stated at the lower of cost of finance lease assets or present value of the minimum finance lease payments at the inception of finance lease.

iii) Impairment of fixed assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

d) Depreciation

i) Depreciation on all fixed assets is provided on the straight line method at the rates specified in schedule XIV to the Companies Act, 1956 or at rates arrived at on the basis of the balance useful lives of the assets based on technical evaluation/ revaluation of the related assets, whichever is higher.

ii) Depreciation is calculated on a pro-rata basis only in respect of additions to plant and machinery having a cost in excess of Rs. 5000. Assets costing upto Rs. 5000 are fully depreciated in the year of purchase. No depreciation is provided on assets sold, discarded, etc. during the year.

iii) In respect of revalued assets, an amount equivalent to the additional charge arising due to revaluation is transferred from the revaluation reserve to the profit and loss account.

iv) In respect of assets taken on finance lease, depreciation is provided in accordance with the policy followed by the Company for owned assets.

v) No write-off is made in respect of leasehold land as the lease is a long lease.

e) Investments

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

f) Inventories

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

g) Research and development

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

- h) Export benefits
Export benefits are accounted for on accrual basis.
- i) Employees' benefits
Provision for employee benefits charged on accrual basis is determined based on Accounting Standard (AS) 15 (Revised) "Employee Benefits" as notified under the Companies (Accounting Standards) Rules, 2006 as under :
- Contributions to the provident fund, gratuity fund and superannuation fund are charged to revenue.
 - Gratuity liability determined on an actuarial basis is provided to the extent not covered by the funds available in the gratuity fund.
 - Provision for privilege and medical leave salary is determined on actuarial basis.
 - Provision for casual leave is determined on arithmetical basis.
- j) Foreign currency transactions
Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.
Monetary items denominated in foreign currency are reported using the closing exchange rates on the date of the balance sheet.
The exchange differences arising on settlement of monetary items or on reporting these items at the rates different from the rates at which these were initially recorded / reported in previous financial statements, are recognised as income / expense in the year in which they arise, except in respect of the foreign currency liabilities incurred in connection with fixed assets where the exchange differences arising during the construction period are adjusted in the cost of concerned 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 and the exchange differences on such contracts, i.e., differences between the exchange rates at the reporting/ settlement date and the exchange rates on the date of inception of contract/ the last reporting date, is recognised as income / expense for the year except where the foreign currency liabilities have been incurred in connection with fixed assets where the exchange differences arising during the construction period are adjusted in the cost of concerned assets.
- k) Revenue recognition
Sales are recognised at the point of despatch to customers and include excise duty.
- l) Income-tax
Current income-tax liability (including fringe benefit tax) is provided for in accordance with the provisions of the Income-tax Act, 1961.
Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
2. a) Pursuant to the Scheme of Arrangement as approved by the High Court of Delhi vide its Order dated April 16, 1990 under sections 391 / 394 of the Companies Act, 1956, assets and liabilities relating to certain units, and certain reserves of the undivided DCM Limited were transferred / allocated to the Company w.e.f. April 1, 1990, being the effective date. The excess of net assets acquired over the share capital and reserves had been transferred to the share premium account.
- b) There are various issues relating to sales tax, income-tax, interest, etc. arisen / arising out of the reorganisation arrangement which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited as and when the liabilities / benefits are finally determined. The ultimate effect of these is not ascertainable at this stage.

	As at	As at
	31.03.2009	31.03.2008
	(Rs. lacs)	(Rs. lacs)
3. Contingent liabilities not provided for:-		
Income tax matters*	196.70	-
Excise / Service tax / Customs Duty matters*	665.93	755.46
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	842.95	907.05
Bills / cheques discounted	1718.04	1974.95

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

Schedules to the accounts (continued)

11. NOTES TO THE ACCOUNTS (continued)

	This year (Rs. lacs)	Previous year (Rs. lacs)
4. a) Managerial remuneration		
- Remuneration*	136.87	118.33
- Commission	86.09	-
- Directors sitting fees	6.22	6.45
	<u>229.18</u>	<u>124.78</u>

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

b) Computation of net profit in accordance with section 198 of the Companies Act, 1956 and commission payable to directors :

	This year (Rs. lacs)
Profit for the year before tax, as per profit and loss account	4363.20
Add : Managerial remuneration including commission	229.18
Less : Profit on sale of fixed assets, as per section 349(3)(d) of the Companies Act, 1956	156.02
Less : Excess of expenditure over income in respect of earlier years as per section 349(4)(1) of the Companies Act, 1956	721.11
Net profit in accordance with section 198 of the Companies Act, 1956	3715.25
Maximum remuneration to Managing / Whole-time Directors @ 10% of the net profit	371.52
Restricted to	222.96

Computation of net profit in accordance with section 198 of the Companies Act, 1956 for the previous year has not been given as no commission was paid to Directors in view of inadequacy of profits.

5. Research and development expenses amounting to Rs. 45.77 lacs (2007-2008 - Rs. 40.96 lacs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. Nil (2007-08 - Rs. 1.59 lacs) has been included in fixed assets.

6. The Company has identified parties covered under "The Micro, Small and Medium Enterprise Development Act, 2006" (MSMED Act, 2006) on the basis of confirmation received.

Based upon the information available with the Company, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is nil. Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

7. Accounting for taxes on income in accordance with Accounting Standard (AS) 22:

	As at 31.03.2009	As at 31.03.2008
a) Deferred tax assets		
Accrued expenses deductible on payment	410.73	189.36
Provision for gratuity and leave encashment	371.24	316.91
Provision for doubtful debts and advances	11.53	5.76
Unabsorbed depreciation and business losses	564.50	1484.65
Others	76.92	69.41
Total	<u>1434.92</u>	<u>2066.09</u>
b) Deferred tax liabilities		
Depreciation	4802.28	4029.83
Others	2.65	2.65
Total	<u>4804.93</u>	<u>4032.48</u>
Net	<u>(3370.01)</u>	<u>(1966.39)</u>

The deferred tax assets have been recognised keeping in view the concept of prudence and on the basis of virtual certainty that sufficient future taxable income will be available against which deferred tax assets will be realised.

8. Earnings per share

		This year	Previous year
Profit/(loss) after tax as per profit and loss account	(Rs.lacs)	2877.86	(420.55)
Weighted average number of Equity shares outstanding	(Nos.)	173,98,437	155,02,986
Earnings per share - basic / diluted (face value - Rs. 10 per share)	(Rs.)	16.54	(2.71)

9. Segment reporting

A. Business segments

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

B. Geographical segments

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

C. Segment accounting policies

In addition to the significant accounting policies applicable to the segments as set out in note 1 of schedule 13 "Notes to the Accounts", the accounting policies in relation to segment accounting are as under :-

i) Segment assets and liabilities

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

ii) Segment revenue and expenses

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

iii) Unallocated expenses

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

iv) Inter segment sales

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

I. Information about Primary segments (Business segments)

(Rs. lacs)

Particulars	Sugar *		Industrial Fibres and related products		Chemicals		Elimination		Total	
	This year	Previous year	This year	Previous year	This year	Previous year	This year	Previous year	This year	Previous year
Segment revenue										
External sales	56804.85	41056.21	16701.04	12509.53	27471.46	19956.73			100977.35	73522.47
Income from operations	697.29	747.00	2250.05	1842.72	616.58	500.87			3563.92	3090.59
Inter segment revenue					4.24	1.67	(4.24)	(1.67)	0.00	0.00
Other Income	391.20	590.85	46.04	93.39	54.42	40.76			491.66	725.00
Unallocable income									347.48	856.78
Total revenue	57893.34	42394.06	18997.13	14445.64	28146.70	20500.03	(4.24)	(1.67)	105380.41	78194.84
Segment results	3336.71	(693.05)	1787.43	1704.87	3808.62	1201.35			8932.76	2213.17
Unallocated expenses (net of unallocable income)									1049.73	170.68
Operating profit									7883.03	2042.49
Interest expense									3519.83	2801.47
Provision for tax										
- Current tax										
- Deferred tax charge / (credit)									1403.62	(406.58)
- Fringe benefit tax									81.72	68.15
Profit/(Loss) after tax									2877.86	(420.55)
Other information										
Segment assets	40600.49	38042.92	14362.72	14306.34	12059.94	10001.50			67023.15	62350.76
Unallocated assets									4195.24	3711.58
Total assets	40600.49	38042.92	14362.72	14306.34	12059.94	10001.50			71218.39	66062.34
Segment liabilities	10335.04	8830.58	3887.49	3565.12	2781.97	2057.95			17004.50	14453.65
Unallocated liabilities									33272.12	32735.69
Total liabilities	10335.04	8830.58	3887.49	3565.12	2781.97	2057.95			50276.62	47189.34
Capital expenditure	3883.66	2180.99	577.56	1472.86	584.60	155.08				
Depreciation	697.13	540.09	408.83	332.49	577.57	568.25				
Non cash expenses other than depreciation	72.82	4.20	0.11	2.24	0.13	1.20				

* Comprising sugar, power and alcohols.

II. Information about Secondary segments (Geographical segments)

(Rs. lacs)

Particulars	Domestic		Overseas		Total	
	This year	Previous year	This year	Previous year	This year	Previous year
External Revenue by location of customers	83086.14	61643.93	22294.27	16550.91	105380.41	78194.84
Carrying amount of segment assets by location	65187.00	60876.94	1836.15	1473.82	67023.15	62350.76
Capital expenditure by location of assets	5045.82	3808.93			5045.82	3808.93

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

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

Subsidiary : Daurala Foods & Beverages Pvt. Ltd. (DFBPL)

Associates : DCM Hyundai Ltd. (DHL), Versa Trading Ltd. (VTL) (Formerly DCM Shriram Leasing & Finance Ltd.) - upto September 21, 2007.

Key management personnel : Mr. Tilak Dhar, Mr. Alok B. Shriram, Mr. D.C. Mittal, Mr. Madhav B. Shriram and Mr. G. Kumar.

Relatives/HUF of key management personnel : Mrs. Karuna Shriram, Mrs. Kiran Mittal, Mrs. Manju Kumar, Mr. Akshay Dhar and M/s. Bansi Dhar & Sons - HUF (BDS).

Others (Enterprise over which key management personnel or their relatives are able to exercise significant influence) : Hindustan Vacuum Glass Pvt. Ltd. (HVGPL) and Dr. Bansi Dhar Memorial Society (DBDMS).

B. Transactions with related parties referred to in 10 (A)

i) Transactions with subsidiary and associates

(Rs. lacs)

Particulars	Subsidiary		Associates		Total	
	This year	Previous year	This year	Previous year	This year	Previous year
Income from services rendered - DFBPL	-	0.95	-	-	-	0.95
Service charges - DFBPL	-	1.47	-	-	-	1.47
Purchase of goods - DHL	-	-	1.25	-	1.25	-
- DFBPL	-	0.74	-	-	-	0.74
Rental Expenses - DFBPL	60.00	35.00	-	-	60.00	35.00
Interest charged on Loans - DHL	-	-	90.98 *	114.02 *	90.98	114.02
Loans given - DHL	-	-	-	477.92 *	-	477.92
Loans received back - DHL	-	-	735.98 *	-	735.98	-
Interest received on Loans - DHL	-	-	114.02 *	-	114.02	-
Conversion of advances into Preference shares - VTL	-	-	-	700.00 @	-	700.00
Balance outstanding as at the year end from: - DHL	-	-	632.92	1391.94	632.92	1391.94
- DFBPL	-	61.06	-	-	-	61.06
- Total	-	61.06	632.92	1391.94	632.92	1453.00

* As per Rehabilitation Scheme for DHL approved by Hon'ble BIFF, other than Rs. 77.92 lacs loan given in previous year which was given for liabilities guaranteed.

@ Issued against receivables of previous years which had accumulated on account of liabilities guaranteed and repayment of fixed deposits as per CLB Order and which were provided for in the year 2004-05.

11. NOTES TO THE ACCOUNTS (continued)

ii) Transactions with key management personnel, their relatives / HUF and others

(Rs. lacs)

Particulars		This year	Previous year
Remuneration (including commission) *			
- Key management personnel	- Mr. Tilak Dhar	74.31	38.11
	- Mr. Alok B. Shriram	74.31	33.74
	- Mr. D.C. Mittal	33.99	31.97
	- Mr. Madhav B. Shriram	55.72	33.74
	- Mr. G. Kumar	18.62	12.74
- Relatives of key management personnel		0.85	-
		257.80	150.30
Rental expenses			
- Key management personnel	- Mr. G. Kumar	2.50	4.75
- Relatives/HUF of key management personnel	- BDS	25.89	66.22
	- Mrs. Karuna Shriram	3.36	3.36
	- Mrs. Kiran Mittal	10.32	10.32
		42.07	84.65
Sale of Goods	- HVGPL	1.59	-
Purchase of Goods	- HVGPL	22.03	-
Balance outstanding as at the year end from:	- BDS	22.64	21.45
	- Mrs. Kiran Mittal	10.32	10.32
		32.96	31.77

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

11. Disclosures in respect of assets taken on finance lease under Accounting Standard (AS) 19 "Leases".

A. Finance Lease

- The Company has taken motor vehicles and plant and machinery under finance lease arrangements for which the ownership will be transferred to the Company at the end of the finance lease term.
- Reconciliation between the total of minimum finance lease payments at the balance sheet date and their present value :

(Rs.lacs)

Particulars	Total		Payments not later than one year		Payments 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 finance lease payments at the balance sheet date	51.27	66.43	26.81	29.99	24.46	36.44
Less : Future finance and other charges	18.30	10.83	3.67	6.85	14.63	3.98
Present value of minimum finance lease payments at the balance sheet date	32.97	55.60	23.14	23.14	9.83	32.46

B. Operating Lease

- The Company generally enters into cancellable operating leases for office premises and residences of its employees, normally renewable on expiry.
- Lease rent charged to the profit and loss account relating to operating leases entered or renewed after April 1, 2001 is Rs. 447.63 lacs (2007-2008 – Rs. 318.95 lacs).

12. The following are the particulars of disputed dues on account of excise duty, customs duty, income-tax and sales tax matters that have not been deposited by the Company as at March 31, 2009:-

S.No.	Name of the Statute	Nature of the dues	Amount* (Rs./Lacs)	Amount paid under protest (Rs. lacs)	Period to which the amount relates	Forum where dispute is pending
1.	Central Excise Laws	Excise duty Modvat Credit	1.84	-	1981-82	Assistant Commissioner } Commissioner (Appeals)
			3.22	-	1995-96	
			4.88	-	August '06 to December '06	
		Service Tax	18.84	-	2001-02 to 2004-05	} Customs, Excise & Service Tax Appellate Tribunal
			198.01	-	2004-05, 2005-06	
			8.18	-	April '04 to December '04	
			19.60	-	2001-02 to 2003-04	
			1.07	-	2007-08	
			1.17	-	2006-07	
			1.44	-	January '08 to October '08	
2.	Customs Law	Customs Duty	143.16	-	2006-07	Commissioner (Appeals), Customs Duty, Ahmedabad
3.	Income Tax Act, 1961	Income Tax	196.70	62.52	2005-06	Commissioner of Income Tax (Appeals)
4.	Sales Tax Laws	Sales Tax	2.22	0.78	2005-06	Joint Commissioner (Appeals), Commercial Tax
		Purchase Tax	2.54	1.37	2001-02 to 2001-02	

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

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

S. No.	Name of the Statute	Nature	Amount (Rs./Lacs)	Period to which the amount relates	Forum where department has preferred appeal			
1.	Central Excise Laws	Excise duty	1.48	1993-94,	} Customs, Excise & Service Tax Appellate Tribunal			
			6.66	1994-95,				
			12.08	2004-05,				
			2.88	2005-06				
			5.09	2005-06				
			5.59	2003-04 to 2005-06				
			6.97	2007-08				
			3.54	1972-73				
			5.09	1977-78				
		3.54	1998-99					
	Modvat Credit	15.15	1995-96	High Court				
	Service Tax	2.01	January '05 to June '05	Customs, Excise & Service Tax Appellate Tribunal				
2.	Customs Law	Customs Duty	302.54	2000-01	Assistant Commissioner			
3.	Sales Tax Laws	Sales Tax	3.65	1976-77	} High Court			
			0.26	1978-79				
			2.79	1979-80				
			4.28	1982-83				
			12.18	1984-85				
			5.48	1998-99				
			20.13	1989-90				
			42.45	1992-93				
			33.42	1995-96				
			3.97	1997-98				
			65.00	2000-01				
								Supreme Court of India

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

Nature of Derivative	Number of deals		Purpose		Amount in foreign currency			Amount (Rs. lacs)	
	As at 31.03.09	As at 31.03.08	As at 31.03.09	As at 31.03.08	Currency	As at 31.03.09	As at 31.03.08	As at 31.03.09	As at 31.03.08
Forward Cover	-	15	-	Hedging	US\$	-	889126	-	352.54
Forward Cover	1	27	Hedging	Hedging	Euro	250000	1250000	170.08	780.87

Schedules to the accounts (continued)

11. NOTES TO THE ACCOUNTS (continued)

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

Particulars	As at 31.3.2009			As at 31.3.2008		
	Amount in foreign currency		Amount (Rs. lacs)	Amount in foreign currency		Amount (Rs. lacs)
- Sundry debtors	Euro	734882	494.13	Euro	300138	184.22
	US\$	2351036	1189.40	US\$	455726	181.08
	GBP	284332	208.53	GBP	162932	128.76
- Acceptances	US\$	3415140	1749.58	US\$	2523626	1010.46
- Sundry creditors	US\$	1368921	704.31	US\$	1255978	504.90
	Euro	1864	1.27	-	-	-
- Commission & discount	US\$	46060	23.70	US\$	44111	17.73
- Royalty	US\$	53100	27.32	US\$	45763	18.39

14. In the previous year the Company had issued 7,00,000 Warrants to the specified entities of promoters / promoter group / persons acting in concert with them on preferential basis. Each Warrant carried entitlement to subscribe to 3 equity shares of Rs 10 each at a premium of Rs. 80 per share. 11,55,000 fully paid equity shares were allotted during the year 2007-08 and the remaining 9,45,000 fully paid equity shares were allotted on 1.4.2008. A petition filed by a shareholder before the Hon'ble Company Law Board under Section 397 / 398 of the Companies Act, challenging the preferential issue, is pending. The same shareholder also filed a Civil Suit challenging some of the items in the Agenda for the Annual General Meeting (AGM) held on 25.9.2008 before the Hon'ble Delhi High Court, which is also pending. As per the interim order of the Court, the AGM was held as scheduled and all items were passed with the requisite majority.

15. Current Investments (Mutual fund units) purchased and sold during the year are as follows :

S. No.	Name of the fund	Face Value (Rs.)	Nos. (In lacs)	Cost (Rs.lacs)
1	DWS Money Plus Fund – Institutional Plan Growth	10	55.59	634.00
2	HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale Growth	10	57.46	1061.47
3	HDFC Fixed Maturity Plan 90D	10	49.97	499.67
4	HSBC Liquid Plus Fund Institutional growth	10	23.86	270.00

16. The Company has accounted for cane purchases for crushing season 2007-08 at a price of Rs. 110 per qtl in terms of the interim Order passed by the Hon'ble Allahabad High Court. Subsequently the Hon'ble High Court passed final Order directing sugar mills to pay State Advised Price at Rs. 125 per qtl. Appeal against the Order of the Hon'ble High Court has been filed with the Hon'ble Supreme Court which has directed to pay Rs. 110 per qtl as interim arrangement. Necessary adjustments, if any, will be made in accordance with the final Order of the Hon'ble Supreme Court.

17. Employee benefits

a) Defined contribution plans

The Company charged Rs. 364.65 lacs (previous year Rs. 359.35 lacs) for provident fund contribution and Rs. 137.91 lacs (previous year Rs. 129.93 lacs) for superannuation contribution to the profit and loss account. The contributions towards these schemes by the Company are at rates specified in the rules of the schemes. In case of Provident Fund administered through a trust, shortfall if any, shall be made good by the Company.

b) Defined benefit plans

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

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

	As at March 31, 2009 (Rs./lacs)		As at March 31, 2008 (Rs./lacs)	
	Gratuity Scheme	Privilege and Medical leaves	Gratuity Scheme	Privilege and Medical leaves
Change in present value of obligation				
1. Present value of obligation as at the beginning of the year	1976.41	366.92	1943.58	400.00
2. Current service cost	105.27	41.28	92.27	30.84
3. Interest cost	138.35	25.68	155.91	32.09
4. Actuarial (gain)/loss	147.69	135.99	(27.26)	8.69
5. Benefits paid	(198.11)	(129.91)	(188.09)	(104.69)
6. Present value of obligation as at the end of the year	2169.61	439.96	1976.41	366.92
Change in plan assets				
1. Plan assets at the beginning of the year	1480.04	-	1369.21	-
2. Expected return on plan assets	124.89	-	127.32	-
3. Contribution by the Company	-	-	-	-
4. Benefits paid	(15.45)	-	(16.49)	-
5. Actuarial gain / (loss)	-	-	-	-
6. Plan assets at the end of the year	1589.48	-	1480.04	-
Liability recognised in the financial statements	580.13	439.96	496.37	366.92
Cost for the year				
Change in present value of obligation				
1. Current service cost	105.27	41.28	92.27	30.84
2. Interest cost	138.35	25.68	155.91	32.09
3. Expected return on plan assets	(139.12)	-	(128.02)	-
4. Actuarial (gain)/loss	161.92	135.99	(26.56)	8.69
5. Net cost	266.42	202.95	93.60	71.62
Constitution of plan assets				
Other than equity, debt, property and bank account	-	-	-	-
Funded with LIC *	1589.48	-	1480.04	-
Main actuarial assumptions				
Discount rate	7.00% p.a.	7.00% p.a.	8.00 % p.a.	8.00 % p.a.
Rate of increase in compensation levels	5.50% p.a.	5.50% p.a.	5.50 % p.a.	5.50 % p.a.
Rate of return on plan assets	9.40% p.a.	-	9.35 % p.a.	-
Expected average remaining working lives of employees (years)	13.18	14.68	12.73	14.52

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

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

18. Previous year figures have been regrouped / recast, wherever necessary.

19. Schedules 1 to 11 and the statement of additional information form an integral part of the balance sheet and profit and loss account.

Statement of Additional Information

1. Particulars of capacity and production						
Description	Installed Capacity (a)			Production		
	Unit	As at	As at	Unit	Year ended	Year ended
		31.03.2009	31.03.2008		31.03.2009	31.03.2008
Sugar	Cane crushing	12000	12000	Tonnes	125028	155332
	Tonnes per day					
Alcohol	K.L. per year	45000	45000	K.L.	31073	30114
Organic/Fine chemicals	Tonnes per year	15536	14048	Tonnes	8915 (c)	9097 (c)
Industrial fibres	Tonnes per year	16200	16200	Tonnes	7031 (d) (e)	6007 (d) (e)

Notes :

(a) As certified by the management and relied upon by the auditors being a technical matter.

(b) Licenced capacity in respect of product which requires industrial licence :

Description	Unit	As at 31.03.2009	As at 31.03.2008
Alcohol	K.L. per year	45000	45000

The licence transferred from DCM Limited pursuant to the Scheme of Arrangement is yet to be transferred in the name of the Company.

(c) Production is net of internal transfers.

(d) Production is upto yarn stage only.

(e) Excludes material processed for third parties but includes material processed by third parties.

2. Particulars of stocks and sales						
Description	Unit	Stocks			Sales including excise duty	
		As at	As at	As at	Year ended	Year ended
		31.03.2009	31.03.2008	31.03.2007	31.03.2009	31.03.2008
Sugar	M.T.	103750	128352	82124	149630	109104
	Rs. lacs	20578.43	20416.55	12649.38	29446.78	17522.84
Alcohol	K.L.	472	551	1483	31152	31046
	Rs. lacs	111.17	273.12	441.29	27309.86	23526.30
Organic/Fine chemicals	M.T.	281	212	247	8849	9131
	Rs. lacs	314.51	264.59	384.54	26165.67	18846.16
Industrial fibres	M.T.	1223	1674	2347	7432	6615
	Rs. lacs	2159.16	1990.59	2488.13	15688.17	11626.31
Other sales/stocks	Rs. lacs	131.25	80.91	55.31	2366.87	2000.86
Total	Rs. lacs	23294.52	23025.76	16018.65	100977.35	73522.47

3. Particulars of raw materials consumed

Description	Year ended 31.03.2009		Year ended 31.03.2008	
	Quantity M.T.	Value Rs. lacs	Quantity M.T.	Value Rs. lacs
Sugarcane	1331478	20288.43	1571194	19818.96
Molasses *	16594	865.41	17960	836.11
Wood pulp	6588	3922.18	5770	2899.89
Others		18918.44		14102.22
Total		<u>43994.46</u>		<u>37657.18</u>

* Net of internal transfers.

4. Particulars of goods purchased for resale

Description	Year ended 31.03.2009		Year ended 31.03.2008	
	Quantity K.L.	Value Rs. lacs	Quantity K.L.	Value Rs. lacs
Grain Natural spirit	1856	1285.34	4440	1314.94
Others		44.91		30.86
		<u>1330.25</u>		<u>1345.80</u>

5. Other Additional Information

Description	Year ended 31.03.2009		%	Year ended 31.03.2008	
	Rs. lacs			Rs. lacs	%
(a) Value of imports on CIF basis					
Raw materials	9243.94			6290.85	
Components and spare parts	156.73			42.66	
Capital goods	382.29			132.71	
(b) Expenditure in foreign currency					
Royalty (net of tax)	114.21			64.70	
Technical know-how (net of tax)	11.19			1.30	
Commission, travelling and others	211.09			204.35	
(c) Earnings in foreign exchange					
FOB value of exports	22064.46			16163.10	
(d) Value of imported/indigenous raw materials, spare parts, components and stores consumed					
(i) Raw materials					
Imported	10261.35	23		7065.09	19
Indigenous	33733.11	77		30592.09	81
	<u>43994.46</u>	<u>100</u>		<u>37657.18</u>	<u>100</u>
ii) Stores and spares					
Imported	220.86	3		133.19	2
Indigenous	7874.50	97		7295.52	98
	<u>8095.36</u>	<u>100</u>		<u>7428.71</u>	<u>100</u>

Signatures to schedules 1 to 11

D.C. Mittal
President

B.P. Khandelwal
Sr. Executive Director &
Company Secretary

N.K. Jain
Chief Financial Officer

Tilak Dhar
Chairman & Managing Director
Alok B. Shriram
Dy. Managing Director
Madhav B. Shriram
Whole-Time Director
G. Kumar
Director-Sugar Operations

P.R. Khanna
V.L. Dutt
S.B. Mathur
S.C. Kumar
Directors

Place : New Delhi
Date : 27th June, 2009

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company

1. Name of the subsidiary company	Daurala Foods and Beverages Private Limited
2. Financial year of the subsidiary company	Y.E. 31st March, 2009
3. Holding company's interest as on 31.3.09	Holder of 74,99,990 equity shares of Rs.10 each out of total issued and subscribed equity share capital of 75,00,000 shares.
4. Net aggregate amount of the subsidiary's profits/(losses) so far as they concern members of holding company and not dealt with in the holding company's accounts:	
i) For subsidiary's Financial year ended 31st March 2009	(Rs. 8.26 lacs)
ii) For subsidiary's previous Financial year since it became subsidiary	(Rs. 1.83 lacs)
5. Net aggregate amount of the subsidiary's profits/(losses) so far as they concern members of holding company and dealt with in the holding company's accounts:	
i) For subsidiary's Financial year ended 31st March, 2009	Nil
ii) For subsidiary's previous Financial years since it became subsidiary	Nil

Place : New Delhi
Date : 27th June, 2009

D.C. Mittal
President

B.P. Khandelwal
Sr. Executive Director &
Company Secretary

N.K. Jain
Chief Financial Officer

Tilak Dhar
Chairman & Managing Director
Alok B. Shriram
Dy. Managing Director
Madhav B. Shriram
Whole-Time Director
G. Kumar
Director-Sugar Operations

P.R. Khanna
V.L. Dutt
S.B. Mathur
S.C. Kumar
Directors

DAURALA FOODS & BEVERAGES PVT. LTD.

Board of Directors	Shri Anil Gujral	Jt. Managing Director
	Shri Shyam Lall Gupta	Director
	Shri T.V. Narayanaswamy	Director
	Shri Y.D. Gupta	Director

Company Secretary Shri K.K. Srivastava

Bankers State Bank of India

Auditors S.R. Dinodia & Co.
New Delhi

Registered Office 6th Floor, Kanchenjunga Bldg.
18 Barakhamba Road,
New Delhi – 110 001

Works P.O. Daurala
Distt. Meerut (U.P.) 250 221

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report and the audited accounts of the Company for the year ended 31st March 2009.

FINANCIAL RESULTS

The summarized financial results are given below :-

Amount (Rs./Lacs)

FINANCIAL RESULTS	2008-09	2007-08
Net Sales and other Income	75	305
Gross Profit/(loss) before depreciation	21	23

OPERATIONS

In spite of suspension of operations during the year, the Company earned a marginal profit by leasing out its plant and machinery for bottling operations as well as the building, to the holding Company i.e. DCM Shriram Industries Ltd.

RESEARCH & DEVELOPMENT

As the facilities have been leased out, no development activity was undertaken.

DIRECTORS

Shri Y.D. Gupta, Director of the Company will retire at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm that in the preparation of the annual accounts: -

- i) The applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Company had selected such accounting policies and applied consistently and reasonable and prudent judgments and estimates made, 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/loss of the Company for the financial year 2008-09;
- iii) The Company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

OTHER INFORMATION

Information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure-I.

During the year, no employee received remuneration in excess of the limits laid down under Section 217(2A) of the Companies Act, 1956.

ACKNOWLEDGMENT

Your Directors wish to record their sincere gratitude for the co-operation and assistance of all Agencies associated with the Company.

FOR AND ON BEHALF OF THE BOARD



(DIRECTOR)



(JT. MANAGING DIRECTOR)

Place : New Delhi
Date : 04.06.2009

DAURALA FOODS & BEVERAGES PVT. LTD.

DIRECTORS' REPORT (continued)

Annexure - I

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 :

Total energy consumption and energy consumption per unit of production are furnished in Form 'A'.

FORM- A

PARTICULARS	2008-09	2007-08
A. POWER AND FUEL CONSUMPTION		
1. Electricity	-	-
2. Coal (mixed grade)	-	-
3. Furnace Oil	-	-
4. Others/ Internal generation	-	-
B. CONSUMPTION PER UNIT OF PRODUCTION (ALL PLANTS)		
- Electricity	-	-

FORM- B

Form for disclosure of particulars with respect to Technology Absorption.

A) RESEARCH & DEVELOPMENT (R&D)

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

NIL

2. Expenditure on R&D

NIL

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

NIL

Technology imported during last 5 years

a) Technology imported.	-
b) Year of import	N.A.
c) Has technology been fully absorbed?	N.A.
d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.	N.A.

FORM- C

C) FOREIGN EXCHANGE EARNINGS & OUTGO:

	Amount (Rs./Lacs)	
	2008-2009	2007-2008
Foreign Exchange Earned	NIL	NIL
Foreign Exchange Used	NIL	NIL

AUDITORS' REPORT

To the Share Holders of **M/S DAURALA FOODS & BEVERAGES PRIVATE LIMITED**

We have audited the attached balance sheet of **M/S DAURALA FOODS & BEVERAGES (P) LTD.**, as at **31st March 2009**, also the profit and loss account for the year ended and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 {As amended by the Companies (Auditor's Report) Amendment Order, 2004} issued by the Central Government of India, in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order in so far as they are applicable to the company

Further to our comments in the Annexure referred to above, 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 appears from our examination of those books;
- c) The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956. In the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2009;
 - ii) in the case of the profit and loss account of the Loss of the company for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

For S.R. DINODIA & CO.,
Chartered Accountants

SANDEEP DINODIA
PARTNER
M.NO.083689
Place: New Delhi
Dated: 04.06.2009

DAURALA FOODS & BEVERAGES PVT. LTD.

AUDITORS' REPORT (continued)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our audit report of even date)

RE: M/S DAURALA FOODS & BEVERAGES PRIVATE LIMITED

- i)
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
- ii)
 - a) As per the information and explanation given to us the inventory at all its locations has been physically verified by the management during the year.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii)
 - (a) to (d) The company had not granted any loans, secured or unsecured to the parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause (iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
 - (e) to (g) The company had not taken any loans, secured or unsecured from the parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause (iii) (e) to (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices, there is no continuing failure to correct the weaknesses in the aforesaid internal control systems.
- v) (a) & (b) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements which needs to be entered in the register maintained under section 301 of the Act.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 58A, 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed thereunder.
- vii) In our opinion, the company has an internal audit system commensurate with the nature and size of its business.
- viii) As explained to us, there are no cost records prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Act. Therefore, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

- ix) a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, service tax, excise duty, cess and other material statutory dues applicable to it. Further, according to the records of the Company examined by us and the information and explanations given to us there are no dues on account of investor education and protection fund, employees' state insurance, wealth tax and custom duty.
- b) According to the records of the Company examined by us and the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, excise duty, cess and other material statutory dues applicable to it, were outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
- c) According to the records of the Company examined by us and the information and explanations given to us, there are no dues of income tax, wealth tax, service tax, sales tax, excise duty, cess and other material statutory dues applicable to it, were outstanding as at 31st March, 2009 which have not been deposited on account of any dispute.
- x) The company's accumulated losses of Rs. 99,770,321 at the end of the financial year are more than fifty percent of its net worth. However, the Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) As per the information and explanations given to us and on examination of the financial statements, we are of the opinion that the Company has not taken any loans from financial institutions/banks/debenture holders.
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xvi) The company has not taken any term loans during the year. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the company, we report that the Company has not raised any funds on short-term basis during the year.
- xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) During the year covered by our audit report, the Company has not issued any debentures.
- xx) The company has not raised any money by way of public issue during the year.
- xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, during the year we have neither come across any instance of fraud on or by the Company nor have we been informed of such case by the management.

For S. R. DINODIA & CO.
Chartered Accountants

SANDEEP DINODIA
PARTNER
M.NO. 083689

Place: New Delhi
Date: 04.06.2009

DAURALA FOODS & BEVERAGES PVT. LTD.

Balance Sheet as at March 31, 2009

(Amount in Rs.)

PARTICULARS	SCH	AS AT 31.03.2009	AS AT 31.03.2008
SOURCES OF FUNDS			
Shareholders' funds:			
Share capital	1	75,000,000	75,000,000
Reserves & surplus	2	91,989,900	91,989,900
		<u>166,989,900</u>	<u>166,989,900</u>
APPLICATION OF FUNDS			
Fixed assets:	3		
Gross block		90,590,208	90,590,208
Less : Depreciation		44,491,775	40,939,080
Net block		<u>46,098,433</u>	<u>49,651,128</u>
Deferred tax assets {Refer to Note No. 4 of Schedule 9 (B)}		9,444,386	8,814,448
Current Assets, Loans and Advances	4		
Inventories		625,208	1,607,711
Sundry Debtors		41,686,571	52,671,367
Cash & Bank Balances		5,664,314	8,103,415
Loans and advances		10,568,027	8,367,019
		<u>58,544,120</u>	<u>70,749,512</u>
Less : Current Liabilities & Provisions	5		
- Current Liabilities		46,867,360	61,169,768
		<u>46,867,360</u>	<u>61,169,768</u>
Net Current Assets		<u>11,676,760</u>	<u>9,579,744</u>
Profit & Loss Account	6		
		99,770,321	98,944,580
		<u>166,989,900</u>	<u>166,989,900</u>
Significant Accounting Policies & Notes to accounts	9		

As per our report of even date attached

For S.R. DINODIA & Co.,
Chartered Accountants

SANDEEP DINODIA
PARTNER
M.NO. 083689

Anil Gujral
JT. MANAGING DIRECTOR

Place : New Delhi
Dated : 04.06.2009

K.K. Srivastava
COMPANY SECRETARY

Y.D. Gupta
DIRECTOR

Profit and Loss account for the year ended March 31, 2009

(Amount in Rs.)

PARTICULARS	SCH	CURRENT YEAR	PREVIOUS YEAR
INCOME			
Sale of products			
Sales		871,350	19,479,973
Less : Excise duty		115,034	1,692,639
Net Sales		<u>756,316</u>	<u>17,787,334</u>
Other Income	7	6,703,414	12,747,493
		<u>7,459,730</u>	<u>30,534,827</u>
EXPENDITURE			
Manufacturing & Other Expenses	8	5,362,716	28,195,205
Depreciation	3	3,552,694	3,553,793
		<u>8,915,410</u>	<u>31,748,997</u>
PROFIT/(LOSS) BEFORE TAX		(1,455,680)	(1,214,170)
Provision for tax			
- Fringe Benefit Tax		-	8,200
- Deferred Tax (charged)/released {Refer to Note No. 4 of Schedule 9 (B)}		629,939	781,991
Tax Adjustment for earlier year	1,033,845		
Less: MAT credit available for set off	<u>1,033,845</u>	<u>-</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAX		(825,741)	(440,379)
Profit/(Loss) Brought forward from previous year		(98,944,580)	(98,504,201)
Profit/(Loss) carried over to balance sheet		(99,770,321)	(98,944,580)
Earning per share - basic / diluted (Rs.) (Refer Note 7 of Schedule 9(B) Notes to Account)		(0.11)	(0.06)
Significant Accounting Policies & Notes to accounts	9		

As per our report of even date attached

 For S.R. DINODIA & Co.,
Chartered Accountants

 SANDEEP DINODIA
PARTNER
M.NO. 083689

 Anil Gujral
JT. MANAGING DIRECTOR

 Place : New Delhi
Dated : 04.06.2009

 K.K. Srivastava
COMPANY SECRETARY

 Y.D. Gupta
DIRECTOR

DAURALA FOODS & BEVERAGES PVT. LTD.

Cash Flow Statement for the year ended March 31, 2009

PARTICULARS	Current Year (Rs.)	Previous Year (Rs.)
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	(1,455,680)	(1,214,170)
Adjustments for:		
Inventory written off	111,153	-
Depreciation	3,552,694	3,553,792
Provision for doubtful debts	3,922,377	-
Prior period adjustment	(7,434)	-
Interest income	(604,129)	(665,994)
Balances written off/ written back	(8,062)	-
Operating profit before working capital changes	5,510,919	1,673,627
Adjustments for:		
Increase / (Decrease) in sundry creditors and other payables	(14,210,556)	(56,702,876)
Decrease / (Increase) in sundry debtors	7,062,419	11,850,507
Decrease / (Increase) in loans and advances	(241,463)	-
Decrease / (Increase) in inventories	871,350	16,491,849
Cash generated from operations	(1,007,331)	(26,686,893)
Advance Tax (TDS)	-	(689,335)
MAT	(2,043,333)	-
Fringe benefit tax paid	-	(10,900)
Net cash from operating activities	(3,050,664)	(27,387,128)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	604,129	303,225
Prior period adjustment	7,434	-
Net cash used in investing activities	611,563	303,225
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash from / (used) in financing activities	-	-
Net decrease in cash and cash equivalents (A+B+C)	(2,439,101)	(27,083,903)
Cash and cash equivalents		
- At beginning of year	8,103,415	35,187,317
- At end of year	5,664,314	8,103,415
Cash and Cash Equivalents include :		
- Cash in hand	294.00	1,865
- Cheques in hand	-	5,103,225
Balance with Scheduled Banks :		
- In Current Account	3,347,418	2,421,775
- In Deposit Account	2,316,602	576,550
	5,664,314	8,103,415

As per our report of even date attached

For S.R. DINODIA & Co.,
Chartered Accountants

SANDEEP DINODIA
PARTNER
M.NO. 083689

Anil Gujral
JT. MANAGING DIRECTOR

K.K. Srivastava
COMPANY SECRETARY

Y.D. Gupta
DIRECTOR

Place : New Delhi
Dated : 04.06.2009

Schedules forming part of the Balance Sheet and Profit and Loss Account

(Amount in Rs.)

	As at	As at
	<u>31.03.2009</u>	<u>31.03.2008</u>
1. SHARE CAPITAL		
Authorised		
12,000,000 (Previous year 12,000,000) Equity Shares of Rs. 10/-each	120,000,000	120,000,000
	<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and fully paid-up		
75,000,000 (Previous year 75,000,000) Equity Shares of Rs.10/-	75,000,000	75,000,000
	<u>75,000,000</u>	<u>75,000,000</u>
Note:		
(Out of the above 7,499,990 (P.Y. 7,499,990) share are held by the holding company, DCM Shriram Industries Limited)		

	As at	As at
	<u>31.03.2009</u>	<u>31.03.2008</u>
2. RESERVES AND SURPLUS		
Capital Reserve	91,989,900	91,989,900
	<u>91,989,900</u>	<u>91,989,900</u>

3. FIXED ASSETS

S.No.	Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As At 01.04.08	Additions	Sale/ Adjustment	As At 31.03.09	As At 01.04.08	For The Year	As At 31.03.09	As At 31.03.09	As At 31.03.08
1	Building - Factory	26,093,640	-	-	26,093,640	9,279,865	871,352	10,151,217	15,942,423	16,813,775
	- Others	8,034,945	-	-	8,034,945	1,740,259	124,199	1,864,458	6,170,487	6,294,686
2	Plant & Machinery	52,598,346	-	-	52,598,346	26,789,925	2,437,260	29,227,185	23,371,161	25,808,421
3	Furniture & Fixtures	1,896,530	-	-	1,896,530	1,449,959	85,609	1,535,568	360,962	446,571
4	Vehicles	300,000	-	-	300,000	102,990	28,500	131,490	168,510	197,010
5	Computers	1,666,747	-	-	1,666,747	1,576,083	5,774	1,581,857	84,890	90,664
	TOTAL	90,590,208	-	-	90,590,208	40,939,081	3,552,694	44,491,775	46,098,433	49,651,128
	Previous Year	90,590,208	-	-	90,590,208	37,385,288	3,553,793	40,939,080	49,651,128	53,204,920

DAURALA FOODS & BEVERAGES PVT. LTD.

Schedules forming part of the Balance Sheet and Profit and Loss Account (Continued)

(Amount in Rs.)

4. CURRENT ASSETS, LOANS & ADVANCES :

	AS AT 31.03.2009	AS AT 31.03.2008
Current Assets		
Inventories		
(As taken, valued and verified by the management)		
Stores and spares	568,808	679,961
Stock-in-trade		
Raw materials	56,400	56,400
Finished goods	-	871,350
	<u>625,208</u>	<u>1,607,711</u>
Sundry Debtors		
(Unsecured considered good, unless otherwise stated)		
Debts over six months		
- Considered Good	41,686,571	52,628,673
- Considered Doubtful	3,922,377	-
	<u>45,608,948</u>	<u>52,628,673</u>
- Less: Provision for Doubtful Debts	3,922,377	-
	<u>41,686,571</u>	<u>52,628,673</u>
Others		
Considered Good	-	42,694
	<u>41,686,571</u>	<u>52,671,367</u>
Cash & Bank Balances:		
Cash in Hand	294	1,865
With Scheduled Banks		
- Cheques in Hand	-	5,103,225
- In Current Account	3,347,418	2,421,775
- In deposit account*	2,316,602	576,550
	<u>5,664,314</u>	<u>8,103,415</u>
* Includes Rs.1,00,000 (P.Y.-Rs.3,67,451) pledged with Excise Authorities		
Loans		
(Unsecured and Considered good unless otherwise stated)		
- Intercorporate deposits	3,500,000	3,500,000
	<u>3,500,000</u>	<u>3,500,000</u>
Advances		
- Advances recoverable in cash or kind or for value to be received	2,217,239	1,902,333
- Balances with excise and other authorities	1,017,185	1,174,417
- Advance Tax [Net of Provision of Rs.Nil (P.Y. Rs.171,354)]	1,869,670	860,182
- MAT credit entitlement	1,963,933	930,088
	<u>10,568,027</u>	<u>8,367,019</u>
	<u>58,544,120</u>	<u>70,749,512</u>

Schedules forming part of the Balance Sheet & Profit & Loss Account (Continued)

(Amount in Rs.)

	AS AT	AS AT
	31.03.2009	31.03.2008
5 CURRENT LIABILITIES & PROVISIONS		
Current liabilities		
Sundry creditors		
- Micro,Medium and small enterprises*	-	-
- Others	46,867,360	61,127,009
Other Liabilities	-	42,759
	46,867,360	61,169,768
* [Refer Note No. 3 of Schedule 9(B)]		

	AS AT	AS AT
	31.03.2009	31.03.2008
6. PROFIT AND LOSS ACCOUNT		
Opening balance (Loss)	98,944,580	98,504,201
Add :		
(Profit)/Loss during the year	825,741	440,379
	99,770,321	98,944,580

	CURRENT	PREVIOUS
	YEAR	YEAR
7. OTHER INCOME		
Lease Rentals	6,000,000	3,500,000
Includes TDS Rs.883,740 (P.Y. Rs.544,925)		
Interest income		
- on FDR [includes TDS Rs. 68,068 (P.Y. Rs.86,730)]	324,129	385,994
- on Intercompany deposits [includes TDS Rs. 57,680 (P.Y. Rs.57,680)]	280,000	280,000
Prior period income {Refer to Note No. 2 of Schedule 9 (B)}	7,434	-
Provision no longer required written back	91,851	8,581,499
	6,703,414	12,747,493

DAURALA FOODS & BEVERAGES PVT. LTD.

Schedules forming part of the Balance Sheet & Profit & Loss Account (Continued)

8. MANUFACTURING & OTHER EXPENSES:

	CURRENT YEAR	(Amount in Rs.) PREVIOUS YEAR
Cost of Goods sold (Raw Material)	-	1,171,147
Inventory written off	111,153	-
Power, fuel etc.	-	91,788
Increase/(Decrease) in excise duty on finished goods	(115,034)	(1,692,639)
Repair & Maintenance :		
- Plant and machinery	-	18,896
Salaries, wages, bonus, etc.	-	585,393
Contribution to provident and superannuation funds	-	60,455
Gratuity	-	74,908
Leave salary	-	22,248
Welfare	-	13,153
Insurance	72,601	152,060
Interest on MAT	-	100,015
Rates and taxes	42,190	206,121
Auditors' remuneration		
Audit Fee	44,120	118,098
Tax audit	22,060	28,090
Out of Pocket Exp	-	5,666
Directors' sitting fees	13,500	16,500
Freight and transport	-	205,084
Commission to selling agents	-	60,735
Schemes & Discounts	-	28,185
Marketing & Technical Assistance Fee	-	2,470,581
Miscellaneous Expenses	378,399	553,983
Provision for doubtful debts	3,922,377	-
Prior Period Expenses	-	36,747
{Refer to note no. 2 of schedule 9 (B)}		
Bad debts/advances written off	-	8,547,288
	<u>4,491,366</u>	<u>12,874,503</u>
Decrease/ (Increase) in stocks of finished goods and process stocks		
Opening stocks	871,350	16,192,052
Less : Closing stocks	-	871,350
	<u>871,350</u>	<u>15,320,702</u>
	<u>5,362,716</u>	<u>28,195,205</u>

9. SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

A. Significant Accounting Policies

1. Accounting convention

The financial statements have been prepared under the historic cost convention and in accordance with applicable mandatory Accounting Standards and relevant disclosure requirements of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements is in conformity with Generally Accepted Accounting Principles, requires making of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reporting year. Differences between the actual results and estimates are recognized in the year in which the results are known materialized.

3. Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, levies and all incidental expenses attributable to the acquisition of assets up to the date of commissioning of the assets.

4. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

5. Depreciation

- Depreciation on fixed assets for the year has been provided on Straight Line Method (SLM) on prorata basis at the rates and in the manner as specified in the Schedule XIV to the Companies Act, 1956.
- No depreciation has been provided on the assets sold, discarded etc. during the year.
- Fixed assets having cost up to Rs. 5,000/- are fully depreciated in the year of acquisition.

6. Valuation of Inventories

Inventories are valued as under:

Raw Material, Stores and Spare parts:

Valued at lower of cost or net realizable value, cost is determined on weighted average basis and includes all cost incurred in bringing the inventories to their present location.

Work in progress:

Valued at lower of cost or net realizable value, cost is determined on weighted average basis.

Finished Goods:

Valued at lower of cost or net realizable value, cost is determined on weighted average basis and inclusive of appropriate share of labour and production overheads and excise duty.

7. Investments

- Long-term investments are stated at cost as reduced by amount written off/provision made for diminution of permanent nature in value.
- Current investments are stated at cost or fair value whichever is lower.

8. Employee's Benefits

Provision for employee's benefits charged on accrual basis is determined based on Accounting Standard (AS)15 (Revised) "Employee Benefits" issued by the Institute of Chartered Accountants of India as under:

- i) Contributions to the provident fund, gratuity fund and superannuation fund are charged to revenue.
- ii) Gratuity liability determined on an actuarial basis is provided to the extent not covered by the funds available in the gratuity fund.
- iii) Provision for privilege and medical leave salary is determined on actuarial basis.
- iv) Provision for casual leave is determined on arithmetical basis.

9. Foreign currency transactions

The transactions in foreign currency are accounted for at the rate prevailing as on the transaction date. Gain / (Loss) arising out of fluctuation in rate between transaction date and settlement date are recognized in the profit & loss account.

The monetary items denominated in the foreign currency are stated at the exchange rate prevailing at the year end and the overall net gain/ (loss) is adjusted to the profit & loss account.

10. Revenue recognition

Sales are recognized at the time of dispatches of goods to the customers and recorded net of sales returns, trade discount and Sales Tax but inclusive of excise duty.

DAURALA FOODS & BEVERAGES PVT. LTD.

Schedules forming part of the Balance Sheet & Profit & Loss Account (Continued)

9. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTINUED)

11. Excise Duty

Excise duty is payable in the State where it is sold and payable by the customers except where the goods are transferred to own bonded warehouse and is accounted for only where it is payable by the company.

12. Taxes on Income

- Current tax, if any is provided on the basis of taxable income according to prevalent tax laws.
- Deferred Tax as resulting for timing differences between book and taxable profit is accounted for using the tax rates and laws that have been enacted or subsequently enacted as on the balance sheet date. Deferred tax assets subject to consideration of prudence are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

13. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

14. Leases

Lease rentals in respect of assets taken on "Operating Lease" are charged off to the profit and loss account on accrual basis as per the conditions specified in the lease agreement.

15. Cash Flow Statement

Cash flow is reported in the indirect method as specified in the Accounting Standard (AS)-3, 'Cash Flow Statement'.

B NOTES TO ACCOUNTS

1. Contingent liabilities not provided for :

	(Amount in Rs.)	
	<u>Current Year</u>	<u>Previous Year</u>
Excise Duty Matters	444,923*	444,923

- * The above has been reported on the basis of information available and certification provided by the management.

2. The prior period income & expenditure are as under :

	(Amount in Rs.)	
	<u>Current Year</u>	<u>Previous Year</u>
Prior Period Expenditure		
Freight Others	-	33,324
Electricity Expenses	-	3,423
Prior Period Income		
Interest income on FDR	7,434	-

3. As certified by the management, there is no amount outstanding including interest to micro, small & medium enterprises as defined in Industries (Development and Regulation) Act, 1951 as on 31st March 2009 (Previous year Rs. Nil due to Small Scale & Ancillary Industries undertakings).

4. The Company has adopted Accounting Standard "22" on accounting for Taxes on Income w.e.f. 01-04-2002. Deferred Tax provision recognized for the timing difference due to :

(Amount in Rs.)

	Up to 31.03.08	For the year	Up to 31.03.09
Deferred Tax Liabilities (Gross)			
Depreciation	9,776,558	(467,229)	9,309,329
Deferred Tax Assets (Gross)			
Disallowances under Income Tax Act, 1961	-	-	-
Unabsorbed Depreciation	16,789,809	-	16,789,809
Provision for doubtful debts	-	1,212,014	1,212,014
Brought Forward Losses	1,801,196	(1,049,304)	751,892
Deferred Tax Assets (Net)	8,814,447	629,939	9,444,386

- * The deferred Tax (charged)/released of Rs.629,939 (Previous year Rs. 781,991) for the year ended March 31, 2009 has been taken to the Profit and Loss account under the head Provision for Taxes.

5. **Managerial Remuneration:**

	<u>Current Year</u> (Rs.)	<u>Previous Year</u> (Rs.)
Directors Sitting Fees	13,500	16,500

6. **Auditors' Remuneration:**

	<u>Current Year</u> (Rs.)	<u>Previous Year</u> (Rs.)
Statutory Audit Fees	40,000	75,000
Tax Audit Fees	20,000	25,000
Service Tax	6,180	12,360

7. **Earnings per share**

	<u>Current Year</u> (Rs.)	<u>Previous Year</u> (Rs.)
Profit/ (Loss) available for Equity Shareholders	(825,741)	(440,379)
Weighted No. of Shares	7,500,000	7,500,000
Face Value per Share	10.00	10.00
Earning per share (Rs.)	(0.11)	(0.06)

8. There is no expenditure in foreign currency during the year 2008-09.

9. **Opening and Closing Stock of Finished Goods**

Particulars	Unit	Closing Stock				Opening Stock			
		2008-09		2007-08		2008-09		2007-08	
		Qty	Amt	Qty	Amt.	Qty	Amt.	Qty	Amt.
Liquor	Al. KL	-	-	15.65	871,350	15.65	871,350	101.86	16,192,052

10. **Break-up of Sales**

Description of goods	Unit	2008-09		2007-08	
		Qty	Amount (Rs)	Qty	Amount (Rs)
Liquor	Alcoholic kilo litre	15.65	871,350	86.21	18,232,194
Consumables	Kg.	-	-	-	-
Raw Material	-	-	-	-	1,129,406
Sales- scrap	-	-	-	-	118,372
Total			871,350		19,479,972

DAURALA FOODS & BEVERAGES PVT. LTD.

Schedules forming part of the Balance Sheet & Profit & Loss Account (Continued)

9. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTINUED)

11. Capacities

Item	Unit	Licensed*	Installed*	Production	
				Current Year	Previous Year
Liquor	Alcoholic kilo litre	NIL	NIL	NIL	NIL

* The company discontinued its production temporarily with effect from 01st April, 2007 and leased its Plant & Machinery and Building to DCM Shriram Industries Limited. Therefore, no licensed & installed capacity has been reported during the year.

12. Related Party Disclosure

Related party disclosure, as required by AS-18, "Related Party Disclosure" is given below:-

A Names of the Related parties and description of relationship*

- a) Holding Company : DCM Shriram Industries Limited (DSIL)
 b) Key Managerial Person : Mr. Anil Gujral

B Transactions with Related Parties

Type of transaction	Holding Company	
	Current Year (Rs)	Previous Year (Rs)
1. Lease Rent Received	6,000,000	3,500,000
2. Payment of electricity expenses	NIL	95,211
3. Sale of Raw Material	NIL	74,188
4. Reimbursement of Security Expenses	NIL	135,346
5. Reimbursement of repair & maintenance	NIL	11,236
6. Closing Balance outstanding as on 31st March'2009	NIL	(-) 6,106,773

(-) = Credit

* For the purpose of identification of the parties, we have relied upon the certification provided by the management.

13. The company is in the business of Liquor. Since the company is operating in single line of product and there being no reportable segment, the requirements of Accounting Standard 17 on 'Segment Reporting' are not applicable to the company.

14. Disclosure in respect of asset given on operating lease under Accounting Standard (AS) 19 "Leases" :

- The company has given factory Plant and Machinery and Building on operating lease from September 1, 2007 and had earned an income of 6,000,000/- (Previous Year : Rs.3,500,000)

Asset given on lease	Carrying Amount	Accumulated Depreciation till March 2008	Depreciation for the year	Written Down Value as on 31st March 2009
	(A)	(B)	(C)	(D)=(A)-(B)-(C)
Plant & Machinery	52,598,346	26,789,925	2,437,260	23,371,161
Building	34,128,585	11,020,124	995,551	22,112,910

15. In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet as at 31.03.2009.

16. The balances of sundry debtors and Sundry Creditors are subject to confirmation.

17. No provision for taxation is required to be made since there is brought forward depreciation and losses.

18. Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

As per our report of even date attached

For S.R. DINODIA & Co.,
Chartered Accountants

SANDEEP DINODIA
PARTNER
M.NO. 083689

Place : New Delhi
Dated : 04.06.2009

Anil Gujral
JT. MANAGING DIRECTOR

K.K. Srivastava
COMPANY SECRETARY

Y.D. Gupta
DIRECTOR

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No.
 State Code
 Balance Sheet Date

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. thousands)

Public Issue
 Rights Issue
 Bonus Issue
 Private Placement

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. thousands)

Total Liabilities
 Total Assets

SOURCES OF FUNDS

Paid up capital
 Reserves & Surplus
 Secured Loans
 Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets
 Investments
 Net Current Assets
 Misc. Expenditure
 Accumulated Losses
 Deferred Tax Assets

IV. PERFORMANCE OF COMPANY (Amount in Rs. thousands)

Turnover (including other incomes)
 Total Expenditure
 Profit/(Loss) Before Tax
 Profit/(Loss) After Tax
 Earning per share in Rs.
 Dividend Rate %

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As per monetary terms)

Item Code No.
 (ITC Code)
 Product Description

Anil Gujral
 JT. MANAGING DIRECTOR

Place : New Delhi
 Dated : 04.06.2009

K.K. Srivastava
 COMPANY SECRETARY

Y.D. Gupta
 DIRECTOR

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

AUDITORS' REPORT

Report of the Auditors to the Board of Directors of DCM Shriram Industries Limited on the Consolidated Financial Statements of DCM Shriram Industries Limited, its Subsidiary and an associate

1. We have audited the attached consolidated balance sheet of DCM Shriram Industries Limited and its subsidiary and an associate, as at March 31, 2009 and also the consolidated profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of DCM Shriram Industries Limited's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary viz., Daurala Foods and Beverages Private Limited whose financial statements reflect total assets of Rs. 672.20 lacs as at March 31, 2009, total revenues of Rs. 15.75 lacs and net cash outflows amounting to Rs. 24.39 lacs for the year ended on that date and an associate viz. DCM Hyundai Limited whose financial statements reflect the Group's share of profit upto March 31, 2009 of Rs. 1094.55 lacs and the Group's share of profit of Rs. 1094.55 lacs for the year ended on that date as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor and in respect of an associate the financial statements and other financial information have been included in the consolidated financial statements based on the unaudited management accounts for the year ended March 31, 2009.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 23, "Accounting for investments in Associates in Consolidated Financial Statements", notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of DCM Shriram Industries Limited, its subsidiary and in respect of an associate on the basis of unaudited management accounts, included in the consolidated financial statements (refer to paragraph 3 above).
5. Without qualifying our opinion, we draw attention to note 17 of schedule 11 relating to accounting for cane purchase liability for sugar season 2007-08 at Rs 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts cannot be determined at this stage.
6. *Various issues arisen/arising out of the reorganization arrangement will be settled and accounted for as and when the liabilities/benefits are finally determined. The effect of these cannot be determined at this stage (refer to note 4 (b) of Schedule 11).*
The matter referred to in paragraph 6 above, to the extent covered here above, was also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2008.
7. On the basis of information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of DCM Shriram Industries Limited, its subsidiary, and *subject to reliance having been placed on unaudited management accounts of an associate as referred in paragraph 3 above and our comment in paragraph 6 above*, in our opinion, the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:
 - a) in the case of the consolidated balance sheet, of the consolidated state of affairs of DCM Shriram Industries Limited, its subsidiary and an associate as at March 31, 2009;
 - b) in the case of the consolidated profit and loss account, of the consolidated results of operations of DCM Shriram Industries Limited, its subsidiary and an associate for the year ended on that date; and
 - c) in the case of the consolidated cash flow statement, of the consolidated cash flows of DCM Shriram Industries Limited, its subsidiary and an associate for the year ended on that date.

For A.F. Ferguson & Co.
Chartered Accountants

Manjula Banerji
Partner
Membership No: 086423

Place: New Delhi
Date : 27th June, 2009

Consolidated balance sheet of DCM Shriram Industries Limited, its subsidiary and an associate as at March 31, 2009

	Schedule	As at <u>31.03.2009</u> Rs. lacs	As at <u>31.03.2008</u> Rs. lacs
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	1739.84	1645.34
Equity Share Warrants (refer note 15 in schedule 11).		-	850.50
Reserves and surplus	2	<u>20521.27</u>	<u>16610.21</u>
		<u>22261.11</u>	<u>19106.05</u>
Minority interest * (Rs. 90 (2007-08 - Rs. 90))		*	*
Loan funds	3		
Secured loans		28375.67	29798.36
Unsecured loans		1016.87	921.05
		<u>29392.54</u>	<u>30719.41</u>
Deferred tax liability (net) (refer note 9 in schedule 11)		<u>3275.57</u>	1878.24
		<u>54929.22</u>	<u>51703.70</u>
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		52634.04	48623.38
Less : Depreciation		24802.70	23106.73
Net block		<u>27831.34</u>	25516.65
Capital work in progress		1976.42	1572.12
		<u>29807.76</u>	<u>27088.77</u>
Investments	5	1518.57	3.15
Current assets, loans and advances	6		
Inventories		28958.39	29647.19
Sundry debtors		7302.62	4369.15
Cash and bank balances		1379.75	994.84
Loans and advances		3926.17	4646.18
		<u>41566.93</u>	<u>39657.36</u>
Less : Current liabilities and provisions	7		
Current liabilities		16383.76	13907.28
Provisions		1580.28	1138.30
		<u>17964.04</u>	<u>15045.58</u>
Net current assets		<u>23602.89</u>	<u>24611.78</u>
Total		<u>54929.22</u>	<u>51703.70</u>
Notes to the consolidated accounts	11		

Per our report attached
FOR A. F. FERGUSON & CO.
Chartered Accountants

Manjula Banerji
Partner
Membership No: 086423

Place : New Delhi
Date : 27th June, 2009

D.C. Mittal
President

B.P. Khandelwal
Sr. Executive Director &
Company Secretary

N.K. Jain
Chief Financial Officer

Tilak Dhar
Chairman & Managing Director

Alok B. Shriram
Dy. Managing Director
Madhav B. Shriram
Whole-Time Director

G. Kumar
Director-Sugar Operations

P.R. Khanna
V.L. Dutt
S.B. Mathur
S.C. Kumar
Directors

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Consolidated profit & loss account of DCM Shriram Industries Ltd, its subsidiary and an associate for the year ended March 31, 2009

	Schedule	Year ended <u>31.03.2009</u> Rs. lacs	Year ended 31.03.2008 Rs. lacs
INCOME			
Sale of products			
Gross sales		100986.06	73716.53
Less : Excise duty		<u>21124.21</u>	<u>17834.39</u>
Other income	8	<u>4410.09</u>	<u>4764.85</u>
		<u>84271.94</u>	<u>60646.99</u>
EXPENDITURE			
Manufacturing and other expenses	9	74657.92	57114.09
Interest	10	<u>3519.83</u>	<u>2801.47</u>
		<u>78177.75</u>	<u>59915.56</u>
PROFIT BEFORE DEPECIATION AND TAX			
		<u>6094.19</u>	<u>731.43</u>
Depreciation - Gross		2096.74	1882.17
Less : Transferred from revaluation reserve		<u>351.19</u>	<u>379.62</u>
PROFIT/(LOSS) BEFORE TAX			
		<u>4348.64</u>	<u>(771.12)</u>
Provision for tax			
- Current tax		485.09	-
- Tax adjustments of earlier years		10.34	-
Less : MAT Credit		<u>495.43</u>	-
- Deferred tax charge/ (credit)		1397.32	(414.39)
- Fringe benefit tax		<u>81.72</u>	<u>68.23</u>
		<u>1479.04</u>	<u>(346.16)</u>
PROFIT/(LOSS) AFTER TAX AND BEFORE MINORITY INTEREST			
		<u>2869.60</u>	<u>(424.96)</u>
Minority interest * (Rs.(1.10) (2007-08 - Rs. (0.59))		*	*
Net Profit/ (Loss) for the year after tax but before share of results of an associate		<u>2869.60</u>	<u>(424.96)</u>
Share of net profit of an associate		<u>1094.55</u>	-
NET PROFIT/(LOSS) FOR THE YEAR			
		<u>3964.15</u>	<u>(424.96)</u>
Brought forward from the previous year		6591.33	6826.60
Debenture redemption reserve written back		<u>189.69</u>	<u>189.69</u>
Available for appropriation		<u>10745.17</u>	<u>6591.33</u>
APPROPRIATIONS			
Proposed dividend		347.97	-
Corporate dividend tax		59.14	-
General reserve		<u>1000.00</u>	-
Balance carried to balance sheet		<u>9338.06</u>	<u>6591.33</u>
Earnings per share - basic / diluted (Rs.) (refer note 10 in schedule 11).		<u>22.78</u>	<u>(2.74)</u>
Notes to the consolidated accounts	11		

Per our report attached to the Consolidated balance sheet,
FOR A. F. FERGUSON & CO.
Chartered Accountants

Manjula Banerji
Partner
Membership No: 086423

Place : New Delhi
Date : 27th June, 2009

D.C. Mittal
President

B.P. Khandelwal
Sr. Executive Director &
Company Secretary

N.K. Jain
Chief Financial Officer

Tilak Dhar
Chairman & Managing Director
Alok B. Shriram
Dy. Managing Director
Madhav B. Shriram
Whole-Time Director
G. Kumar
Director-Sugar Operations

P.R. Khanna
V.L. Dutt
S.B. Mathur
S.C. Kumar
Directors

Consolidated Cash Flow Statement of DCM Shriram Industries Ltd, its subsidiary and an associate for the year ended March 31, 2009

	Year ended <u>31.03.2009</u> Rs.lacs	Year ended <u>31.03.2008</u> Rs.lacs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) before tax	4,348.64	(771.12)
Adjustments for:		
Depreciation	1,745.55	1,502.55
Miscellaneous expenditure written off	-	19.16
Inventory written off	1.11	-
Prov. for doubtful debts	39.22	-
Prior period adjustments	(0.07)	-
Balances written off / written back	(0.08)	-
Interest expense	3,519.83	2,801.47
Interest income	(271.54)	(627.53)
Interest accrued on deposits written off	95.10	-
Profit on sale of fixed assets	(166.13)	(123.61)
Loss on sale of fixed assets	149.19	65.29
Provision in diminution in value of long term non trade investments written back	(166.00)	(501.25)
Provision in diminution in value of long term non trade investments	12.95	-
Profit on sale of current non trade investments	(36.76)	(41.96)
Profit on sale of long term non trade investments	-	(58.50)
Operating profit before working capital changes	9,271.01	2,264.50
Adjustments for:		
Increase in sundry creditors and other payables	2,617.57	3,038.44
Increase in sundry debtors, loans and advances	(1,880.84)	(948.51)
Decrease / (Increase) in inventories	687.68	(7,346.01)
Cash generated from / (used in) operations	10,695.42	(2,991.58)
Income tax paid	(624.75)	(54.99)
Fringe benefit tax paid	(77.35)	(71.57)
Net cash generated from / (used in) operating activities	9,993.32	(3,118.14)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,007.50)	(4,363.62)
Sale of fixed assets	219.86	200.10
Purchase of current non trade investments	(2,732.96)	(2,394.00)
Sale of long term non trade investments	-	644.75
Sale of current non trade investments	2,501.90	2,435.96
Prior period adjustments	0.07	-
Interest received	298.32	489.46
Net cash used in investing activities	(4,720.31)	(2,987.35)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (including share premium)	-	1,039.50
Equity share warrants issued and subscribed	-	850.50
Proceeds from borrowings	2,740.10	9,273.32
Repayment of borrowings	(4,240.63)	(4,430.77)
Increase in cash credits	130.82	2,404.09
Interest paid	(3,518.35)	(2,793.68)
Dividend paid	(0.04)	(0.16)
Net cash (used in) / generated from financing activities	(4,888.10)	6,342.80
Net increase in cash and cash equivalents (A+B+C)	384.91	237.31
Cash and cash equivalents		
- At beginning of year	994.84	757.53
- At end of year *	1,379.75	994.84

* Cash and cash equivalents include Rs.47.98 lacs (2007-08 - Rs.36.59 lacs) earmarked for specific purposes.

Notes to the consolidated accounts Schedule 11

Per our report attached to the consolidated balance sheet

FOR A. F. FERGUSON & CO.

Chartered Accountants

	D.C. Mittal President	Tilak Dhar Chairman & Managing Director	
Manjula Banerji Partner Membership No: 086423	B.P. Khandelwal Sr. Executive Director & Company Secretary	Alok B. Shriram Dy. Managing Director	P.R. Khanna
Place : New Delhi	N.K. Jain Chief Financial Officer	Madhav B. Shriram Whole-Time Director	V.L. Dutt
Date : 27th June, 2009		G. Kumar Director-Sugar Operations	S.B. Mathur S.C. Kumar Directors

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements

	<u>As at</u> <u>31.03.2009</u> Rs. lacs	<u>As at</u> <u>31.03.2008</u> Rs. lacs
1. SHARE CAPITAL		
Authorised		
6,50,00,000 (2007-2008 - 6,50,00,000) Equity shares of Rs.10 each	<u>6500.00</u>	<u>6500.00</u>
Issued, subscribed and fully paid-up		
1,73,98,437 (2007-2008 - 1,64,53,437) Equity shares of Rs. 10 each	<u>1739.84</u>	<u>1645.34</u>
	<u>1739.84</u>	<u>1645.34</u>

1. Of the issued, subscribed and fully paid-up capital, following equity shares of Rs.10 each were allotted as fully paid-up without payment being received in cash :
- (i) 57,55,076 (2007-08 - 57,55,076) equity shares allotted to shareholders of erstwhile undivided DCM Limited in terms of Scheme of Arrangement (refer note 4 (a) in schedule 11).
- (ii) 15,68,200 (2007-08 - 15,68,200) equity shares allotted to shareholders of erstwhile Daurala Organics Limited in terms of Scheme of Amalgamation.
2. 9,45,000 (2007-08 - 11,55,000) equity shares allotted during the year (refer note 15 in schedule 11).

	<u>As at</u> <u>31.03.2008</u> Rs. lacs	<u>Additions</u> Rs. lacs	<u>Deductions</u> Rs. lacs	<u>As at</u> <u>31.03.2009</u> Rs. lacs
2. RESERVES AND SURPLUS				
Revaluation reserve	4044.14	-	401.98 *	3642.16
Amalgamation reserve	1411.38	-	-	1411.38
Share premium account	2650.68	756.00 #	-	3406.68
Capital redemption reserve	0.10	-	-	0.10
Capital reserve	234.89	-	-	234.89
Debenture redemption reserve	675.00	-	189.69 **	485.31
General reserve	1002.69	1000.00 ***	-	2002.69
Profit and loss account	6591.33	2746.73	-	9338.06
	<u>16610.21</u>	<u>4502.73</u>	<u>591.67</u>	<u>20521.27</u>

* Represents

- Rs. 351.19 lacs transferred to profit and loss account .
- Rs. 50.79 lacs in respect of deletion of revalued assets.

** Transferred to profit and loss account.

*** Transferred from profit and loss account.

Refer note 15 in schedule 11.

	<u>As at</u> <u>31.03.2009</u> Rs. lacs	<u>As at</u> <u>31.03.2008</u> Rs. lacs
3. LOAN FUNDS		
Secured loans		
Debentures	625.24	866.46
Banks		
Cash credits	16572.04	16441.22
Term loans	9015.47	9907.60
Others	2129.95	2527.48
Finance lease liabilities *	32.97	55.60
	<u>28375.67</u>	<u>29798.36</u>
Unsecured loans		
Deposits		
Fixed	486.58	363.41
Others	530.29	557.64
	<u>1016.87</u>	<u>921.05</u>
	<u>29392.54</u>	<u>30719.41</u>

* Refer note 13 A (ii) in schedule 11.

SECURED**I. Debentures**

- a) i) 2,00,000 (2007-08 - 2,00,000) and 1,00,000 (2007-08 - 1,00,000) privately placed 12.50% secured redeemable non convertible debentures of Rs. 100 each allotted w.e.f. April 24, 1992 and July 14, 1992 respectively, redeemable at par in 28 equal quarterly instalments commencing from October 15, 2004. The instalments due for redemption have been redeemed. Due within a year Rs. 42.85 lacs (2007-08 – Rs. 42.85 lacs).
- ii) 70,000 (2007-08 - 70,000) and 15,000 (2007-08 - 15,000) privately placed 12.50% secured redeemable non convertible debentures of Rs. 100 each allotted w.e.f. April 24, 1992 and July 14, 1992 respectively, redeemable at par in 28 equal quarterly instalments commencing from December 31, 2005. The instalments due for redemption have been redeemed. Due within a year Rs. 12.14 lacs (2007-08 – Rs. 12.14 lacs).
- iii) 8,98,000 (2007-08 - 8,98,000) privately placed 12.50% secured redeemable non convertible debentures of Rs. 100 each allotted w.e.f. June 18, 2001, redeemable at par in 26 equal quarterly instalments commencing from April 15, 2005. The instalments due for redemption have been redeemed. Due within a year Rs. 138.15 lacs (2007-08 – Rs. 138.15 lacs).

These debentures are secured by a first mortgage over all the immovable properties and a first charge by way of hypothecation of all the movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, both present and future (save and except book debts), subject to prior charges created / to be created in favour of the Company's bankers for securing borrowings for working capital requirements, the charges ranking pari-passu with the mortgages and charges created / to be created in favour of existing first charge holders for their respective term loans / debentures. Debentures in (a)(iii) above are also secured / to be secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company.

- b) i) 2,42,047 (2007-08 - 2,42,047) - Part-C of Rs. 50 each, being the non convertible portion of 12.50% secured redeemable partly convertible debentures of Rs. 135 each and 2,42,047 (2007-08 - 2,42,047) 12.50% secured redeemable non convertible debentures of Rs. 60 each, allotted w.e.f. February 22, 1994 redeemable in 28 equal quarterly instalments commencing from October 15, 2004. The instalments due for redemption have been redeemed. Due within a year Rs. 38.03 lacs (2007-08 – Rs. 38.03 lacs).
- ii) 63,918 (2007-08 - 63,918) - Part-C of Rs. 50 each, being the non convertible portion of 12.50% secured redeemable partly convertible debentures of Rs. 135 each and 63,918 (2007-08 - 63,918) 12.50% secured redeemable non convertible debentures of Rs. 60 each, allotted w.e.f. February 22, 1994, redeemable in 28 equal quarterly instalments commencing from December 31, 2005. The instalments due for redemption have been redeemed. Due within a year Rs. 10.04 lacs (2007-08 – Rs. 10.04 lacs).

These debentures are secured by way of second charge / mortgage in favour of the trustees on all or any of the immovable and/or movable properties of the Company excluding all assets of Daurala Organics and sugar factory at Daurala Sugar Works, units of the Company, both present and future, upon such terms and conditions and in such form and manner as the Board may determine in consultation with the Trustees but specifically excluding the current assets, receivables, inventories, book debts (present and future) and such other specific items of machinery and equipments or any other assets as are specifically charged to any other lenders or authorities.

II. Banks

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

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

3. LOAN FUNDS (continued)

- b) Rs. 5706.74 lacs (2007-08 - Rs. 6216.74 lacs) are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans / debentures. Due within a year Rs. 2613.33 lacs (2007-08 - Rs. 2280.00 lacs).
- c) Rs. 1122.62 lacs (2007-08 - Rs. 1397.62 lacs) secured by first charge on pari-passu basis on the plant and machinery and other specific assets of Shriram Rayons, a unit of the Company. Due within a year Rs. 275.00 lacs (2007-08 - Rs. 275.00 lacs).
- d) Nil (2007-08 - Rs. 430.40 lacs) are secured by a first mortgage and charge on all the immovable and movable properties (save and except book debts) of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans. Due within a year Nil (2007-08 - Rs. 430.40 lacs).
- e) Rs. 2136.00 lacs (2007-08 - Rs. 1778.95 lacs) are secured by residual charge on fixed assets of sugar division of the Company. Due within a year Rs. 89.00 lacs (2007-08 - Nil).
- f) Rs. 50.11 lacs (2007-08 - Rs. 83.89 lacs) are secured by hypothecation of specific assets. Due within a year Rs. 29.03 lacs (2007-08 - Rs. 41.77 lacs).

III. Others

- a) Rs. 835.13 lacs (2007-08 - Rs. 1212.45 lacs) from financial institutions secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans / debentures. Out of these Rs. 700.59 lacs (2007-08 - Rs. 981.02 lacs) relating to a financial institution is further secured / to be secured by second charge on current assets of the Company excluding those of Daurala Organics, a unit of the Company. Due within a year Rs. 352.75 lacs (2007-08 - Rs. 377.33 lacs).
- b) Rs. 101.91 lacs (2007-08 - Rs. 139.17 lacs) from financial institutions secured by a mortgage on all the immovable properties and a first charge by way of hypothecation of all the movable properties of the Company excluding all assets of Daurala Organics a unit of the Company, both present and future (save and except book debts), subject to prior charges created/to be created in favour of the Company's bankers for securing borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of existing first charge holders for their respective term loans/debentures. Due within a year Rs. 37.26 lacs (2007-08 - Rs. 37.26 lacs).
- c) Rs. 70.01 lacs (2007-08 - Rs. 95.74 lacs) from financial institutions secured by way of second charge / mortgage on all immovable and movable properties of the Company excluding the assets of Daurala Organics and sugar factory at Daurala Sugar Works, units of the Company, both present and future, upon such terms and conditions and in such form and manner as the Board may determine in consultation with the Trustees but specifically excluding the current assets, receivables, inventories, book debts (present and future) and such other specific items of machinery and equipment or any other assets as are specifically charged to any other lenders or authorities. Due within a year Rs. 25.73 lacs (2007-08 - Rs. 25.73 lacs).
- d) Rs. 1122.90 lacs (2007-08 - Rs. 1080.12 lacs) from the Sugar Development Fund is secured by exclusive second charge on immovable and movable assets of sugar factory at Daurala Sugar Works, a unit of the Company. Due within a year Nil (2007-08 - Nil).

IV. Finance Lease

Rs. 32.97 lacs (2007-08 - Rs. 55.60 lacs) are secured by hypothecation of specific assets. Due within a year Rs. 23.14 lacs (2007-08 - Rs. 22.64 lacs).

4. FIXED ASSETS

Rs. lacs

Particulars	Gross block				Depreciation				Net block	
	As at 31.03.2008	Additions	Deductions	As at 31.03.2009	As at 31.03.2008	For the year	On deductions	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Owned assets										
Land	1119.00	-	-	1119.00	-	-	-	-	1119.00	1119.00
Buildings	5863.80	290.20	-	6154.09	2910.85	197.06	-	3107.91	3046.09	2952.95
Plant and machinery	40490.15	4206.28	554.38	44142.05	19628.42	1816.32	344.44	21100.30	23041.75	20861.73
Furniture and fixtures	544.76	54.06	11.79	587.03	358.35	28.84	5.18	382.01	205.02	186.41
Vehicles	509.07	114.60	88.31	535.36	195.07	48.62	51.15	192.54	342.82	314.00
Assets taken on finance lease										
Plant and machinery	77.70	-	-	77.70	10.26	4.10	-	14.36	63.34	67.44
Vehicles	18.90	-	-	18.90	3.78	1.80	-	5.58	13.32	15.12
This year	48623.38	4665.14	654.48	52634.04	23106.73	2096.74	400.77	24802.70	27831.34	
Previous year	44903.20	4395.86	675.68	48623.38	21690.14	1882.17	465.58	23106.73		25516.65
Capital work in progress									1976.42	1572.12
									29807.76	27088.77

- The Company had revalued its land and buildings as at March 31, 1993 and plant and machinery (other than office equipment) as at April 1, 1993. Land, buildings and plant and machinery (other than office equipment) were again revalued on March 31, 1999. These revaluations resulted in a net increase in the gross block by Rs.16283.80 lacs of which Rs.13037.74 lacs (2007-2008 Rs. 13322.43 lacs) is included in the gross block of fixed assets as on March 31, 2009.
- Estimated amount of contracts remaining to be executed on capital account not provided for and against which advance has not been paid Rs. 690.81 lacs (2007-2008 Rs. 75.44 lacs).
- Some of the titles in land and other properties acquired from DCM Limited pursuant to the Scheme of Arrangement are yet to be endorsed in the name of the Company.
- Assets taken on finance lease (cost Rs. 18.83 lacs and accumulated depreciation Rs. 8.42 lacs as at March 31, 2008) have been reclassified under owned assets consequent to payment of final finance lease installment during the year.
- Additions to fixed assets during the year include Rs. 44.66 lacs (2007-08 Rs.160.62 lacs) on account of borrowing cost.
- Refer note 13 A in schedule 11.

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

5. INVESTMENTS *

	As at <u>31.03.2009</u>	As at <u>31.03.2008</u>
	Rs. lacs	Rs. lacs
Long Term Investments		
Quoted		
Trade		
ICICI Bank Limited		
16 (2007-08 - 16) Equity shares of Rs. 10 each, fully paid-up	0.01	0.01
	<u>0.01</u>	<u>0.01</u>
Unquoted		
Trade		
Daurala Co-operative Development Union Limited		
2 (2007-08 - 2) Equity shares of Rs.10 each, fully paid-up @ (Rs.20)	@	@
Non-trade		
Government securities #		
	0.14	0.14
In Associate		
DCM Hyundai Limited		
19,72,000 (2007-08 - 19,72,000) Equity shares of Rs.10 each fully paid - up	166.00	166.00
Less :Provision for diminution in value	-	166.00
Add :Group share of net profit	<u>1094.55</u>	<u>1260.55</u>
In Other Companies		
Versa Trading Limited		
7,00,000 (2007-08 - 7,00,000) 5 % redeemable non -cumulative preference share of Rs. 100 each , fully paid -up.	700.00	700.00
Less :Provision for diminution in value	<u>700.00</u>	<u>700.00</u>
Current Investments		
Unquoted, Non-trade		
UTI Mutual Fund		
29339.853 (2007-2008 - 29339.853) UTI Leadership Equity Fund - Dividend Plan - Payout units of Rs. 10 each fully paid-up, Repurchase price Rs. 2.50 lacs (2007-08 - Rs. 4.02 lacs).	2.50	3.00
ICICI Prudential Mutual Fund		
526390.755 (2007-2008 - nil) ICICI Prudential Gift Fund - Investment Plan - Growth units of Rs. 10 each fully paid-up, acquired during the year Repurchase price Rs. 157.55 lacs (2007-08 - Rs. nil).	157.55	-
HDFC Cash Managment Fund		
385197.742 (2007-2008 - nil) HDFC Cash Managment Fund - Treasury Advantage Plan - Wholesale - Growth units of Rs. 10 each fully paid-up, acquired during the year Repurchase price Rs. 74.01 lacs (2007-08 - Rs - nil).	72.82	-
132766.861 (2007-2008 - nil) HDFC Cash Managment Fund - Treasury Advantage Plan - Retail - Growth units of Rs. 10 each fully paid-up, acquired during the year Repurchase price Rs. 25.33 lacs (2007-08 - Rs. nil).	25.00	-
	<u>1518.56</u>	<u>3.14</u>
	<u>1518.57</u>	<u>3.15</u>

Market value of quoted investments Rs.0.05 lac (2007-2008-Rs.0.12 lac).

* Refer note 3 (e) in schedule 11.

Pledged with Government authorities.

6. CURRENT ASSETS, LOANS AND ADVANCES

	As at <u>31.03.2009</u>	As at <u>31.03.2008</u>
	Rs. lacs	Rs. lacs
Current assets		
Inventories		
Stores and spares (at cost or under)	2249.62	2215.75
Stock-in-trade		
(at lower of cost and net realisable value)		
Raw materials	2957.81	3694.23
Process stocks	456.44	702.74
Finished goods	<u>23294.52</u>	<u>23034.47</u>
	<u>28958.39</u>	<u>29647.19</u>
Sundry debtors		
Debts over six months		
Unsecured - considered good	464.33	623.43
- considered doubtful	69.20	13.01
Other debts		
Secured - considered good	175.33	4.34
Unsecured - considered good	<u>6662.96</u>	<u>3741.38</u>
	<u>7371.82</u>	<u>4382.16</u>
Less : Provision for doubtful debts	<u>69.20</u>	<u>13.01</u>
	<u>7302.62</u>	<u>4369.15</u>
Cash and bank balances		
Cash in hand	45.61	38.64
Cheques in hand	130.90	93.53
With scheduled banks - on current account	244.46	71.44
- on deposit account *	<u>958.78</u>	<u>791.23</u>
	<u>1379.75</u>	<u>994.84</u>
Loans and advances		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Secured	541.94	1200.00
Unsecured - considered good **	2531.46	2275.14
- considered doubtful **	<u>187.64</u>	<u>195.64</u>
	<u>3261.04</u>	<u>3670.78</u>
Less : Provision for doubtful advances	<u>187.64</u>	<u>195.64</u>
	<u>3073.40</u>	<u>3475.14</u>
Deposits		
With customs and excise authorities	195.77	186.04
Interest accrued on investments and deposits	492.11	698.23
	<u>164.89</u>	<u>286.77</u>
	<u>852.77</u>	<u>1171.04</u>
	<u>3926.17</u>	<u>4646.18</u>
	<u>41566.93</u>	<u>39657.36</u>

* Includes :

- Rs. 359.77 lacs (2007-2008-Rs.325.01 lacs) provided as security for loans from banks/bank guarantees / letter of credit.
- Rs. 47.98 lacs (2007-2008-Rs.36.59 lacs) earmarked for specific purpose.
- Rs. 1.00 lac (2007-2008-Rs.3.67 lacs) pledged with excise authorities.
- Rs. 124.56 lacs (2007-2008 - Rs. 80.22 lacs) for margin money.

** Includes :

- (a) Rs.Nil due from a director (2007-08 - Rs. nil). Maximum amount due during the year Rs. Nil (2007-08 - Rs. 0.75 lac)
- (b) Capital advances Rs.118.73 lacs (2007-2008-Rs.180.67 lacs).
- (c) Inter-corporate deposits Rs. 100 lacs (2007-2008-Rs.100 lacs).

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

	As at <u>31.03.2009</u>	As at <u>31.03.2008</u>
	Rs. lacs	Rs. lacs
7. CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Acceptances	1749.57	1010.46
Sundry creditors		
Micro, small and medium enterprises *	-	-
Others	14508.60	12729.83
Interest accrued but not due on loans	118.69	160.05
Unclaimed dividend	6.90	6.94
	<u>16383.76</u>	<u>13907.28</u>
Provisions		
Taxation (less advances)	80.97	205.93
Gratuity	580.13	496.37
Leave salary	512.07	436.00
Proposed dividend	347.97	-
Corporate dividend tax	59.14	-
	<u>1580.28</u>	<u>1138.30</u>
	<u>17964.04</u>	<u>15045.58</u>

* Refer note 8 in schedule 11.

	Year ended <u>31.03.2009</u>	Year ended <u>31.03.2008</u>
	Rs. lacs	Rs. lacs
8. OTHER INCOME		
Income from operations		
Processing charges	249.05	528.33
Export incentives	1747.55	1643.92
Gain on exchange fluctuations	770.33	418.93
Miscellaneous sales	796.99	499.41
	<u>3563.92</u>	<u>3090.59</u>
Other income		
Interest income on deposits etc.(gross) *	271.54	627.53
Profit on sale of fixed assets	166.13	123.61
Profit on sale of current non trade investments	36.76	41.96
Profit on sale of long term non trade investments	-	58.50
Provision for diminution in the value of long term non trade investments written back	166.00	501.25
Rent	48.66	41.91
Excess provision for liabilities written back	33.48	139.52
Miscellaneous	123.60	139.98
	<u>846.17</u>	<u>1674.26</u>
	<u>4410.09</u>	<u>4764.85</u>

* Income-tax deducted at source Rs. 30.31 lacs (2007-2008-Rs. 28.36 lacs).

9. MANUFACTURING AND OTHER EXPENSES	Year ended	Year ended
	31.03.2009	31.03.2008
	Rs. lacs	Rs. lacs
Raw materials consumed	43994.46	37668.15
Goods purchased for resale	1330.25	1345.80
Stores and spares *	8095.36	7428.71
Power, fuel, etc.	5976.75	3752.58
Repairs		
Buildings	307.96	198.44
Plant and machinery	1147.88	854.76
Jobs on contract	96.59	47.28
Salaries, wages, bonus, etc. **	6066.86	5750.69
Contribution to provident and superannuation funds	531.94	523.73
Provision for gratuity	276.69	94.35
Provision for leave salary	218.66	80.75
Welfare	182.22	164.64
Rent	427.48	316.89
Insurance	129.20	107.66
Rates and taxes	178.98	20.16
Donations	6.66	0.50
Auditors' remuneration # #		
As auditors	16.94	17.68
As Tax auditors	0.22	0.28
Limited review of unaudited financial results	10.50	12.00
Verification of statements and other reports	4.90	5.61
Out-of-pocket expenses	0.13	0.21
Directors' sitting fees	6.37	6.62
Bad debts/advances written off	0.24	89.67
Provision for doubtful debts & advances	69.20	-
Provision for diminution in value of current non trade investments	12.95	-
Exchange fluctuations	1273.69	196.16
Loss on sale of fixed assets	149.19	65.29
Freight and transport	1012.30	983.96
Commission to sole selling agents #	-	5.85
Commission to selling agents	534.86	842.00
Brokerage, discounts (other than trade discounts), etc.	742.61	846.54
Sales expenses	333.76	353.86
Marketing & technical assistance fees	-	24.71
Miscellaneous expenditure written off	-	19.16
Increase / (Decrease) in excise duty on finished goods	(502.06)	448.57
Miscellaneous	2037.93	1684.91
	74671.67	63958.17
Increase in finished goods and process stocks		
Opening stocks	23737.21	16893.13
Less : Closing stocks	23750.96	23737.21
	(13.75)	(6,844.08)
	74657.92	57114.09

* After allocating Rs. 409.21 lacs (2007-2008-Rs.234.25 lacs) to other revenue accounts.

** After allocating Rs. 159.25 lacs (2007-2008-Rs.142.38 lacs) to other revenue accounts.

Central Government approval to the appointment of sole selling agent is awaited.

Includes remuneration of Auditors of Parent Company and its subsidiary.

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

	Year ended 31.03.2009	Year ended 31.03.2008
	Rs. lacs	Rs. lacs
10. INTEREST		
On debentures and other fixed loans	1135.06	1214.34
On others	2384.77	1587.13
	3519.83	2801.47

11. NOTES TO THE CONSOLIDATED ACCOUNTS

1. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements", and Accounting Standard 23 (AS 23) "Accounting for investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standard) Rules, 2006.

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

- a) DFBPL, which is incorporated in India became a subsidiary of the Company w.e.f. February 6, 2007 consequent to the Company acquiring 59.33% of its paid-up equity shares. As on March 31, 2009, the Company holds 99.99% (2007-08: 99.99%) voting power in DFBPL. The consolidated financial statements are based, in so far as they relate to amounts included in respect of the subsidiary, on the audited financial statements prepared for consolidation in accordance with the requirements of AS 21 by the concerned subsidiary.
- b) DHL, which is incorporated in India, is an associate of the Company and percentage of voting power therein as on March 31, 2009 is 49.28% (2007-08 49.28%). The consolidated financial statements are based, in so far as they relate to amounts included in respect of the associate, on the unaudited management accounts for the year ended March 31, 2009.

2. Principles of consolidation

The consolidated financial statements have been prepared on the following basis :

- i) the financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- ii) the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- iii) the excess of Company's portion of the equity of the subsidiary at the date on which investment in the subsidiary is made over the cost to the Company of its investment in the subsidiary company is recognised in the financial statements as capital reserve amounting to Rs. 234.89 lacs.
- iv) Investment in associate i.e. DHL has been accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets. Accordingly, the original cost of the Company's investment in DHL is Rs. 166 lacs (2007-08: Rs 166 lacs). The Company's share in accumulated profits of DHL is Rs. 1094.55 lacs (2007-08 : Rs. Nil) and has been accordingly reflected in these financial statements.

3. Significant Accounting Policies

- a) Basis of Accounting

The consolidated financial statements are prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets.

- b) Use of estimates

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

- c) Fixed assets

- i) Owned assets

All fixed assets are stated at cost of acquisition or construction, except for certain assets which are revalued and are, therefore, stated at their revalued book values. Financing costs (up to the date the assets are ready to be put to use for commercial production) relating to borrowed funds or deferred credits attributable to acquisition or construction of fixed assets are included in the gross book value of fixed assets to which they relate.

- ii) **Assets taken on finance lease**
Fixed assets taken on finance lease are stated at the lower of cost of finance lease assets or present value of the minimum finance lease payments at the inception of finance lease.
- iii) **Impairment of fixed assets**
Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.
- d) **Depreciation**
- i) Depreciation on all fixed assets is provided on the straight line method at the rates specified in schedule XIV to the Companies Act, 1956 or at rates arrived at on the basis of the balance useful lives of the assets based on technical evaluation/ revaluation of the related assets, whichever is higher.
- ii) Depreciation is calculated on a pro-rata basis only in respect of additions to plant and machinery having a cost in excess of Rs. 5000. Assets costing upto Rs.5000 are fully depreciated in the year of purchase. No depreciation is provided on assets sold, discarded, etc. during the year.
- iii) In respect of revalued assets, an amount equivalent to the additional charge arising due to revaluation is transferred from the revaluation reserve to the profit and loss account.
- iv) In respect of assets taken on finance lease, depreciation is provided in accordance with the policy followed by the Company for owned assets.
- v) No write-off is made in respect of leasehold land as the lease is a long lease.
- e) **Investments**
Long term investments are stated at cost as reduced by amounts written off / provision made for diminution in value. Current investments are stated at cost or fair value, whichever is lower.
- f) **Inventories**
Stores and spares are valued at cost or under. Stock-in-trade is valued at the lower of cost and net realisable value. Cost of inventories is ascertained on a 'weighted average' basis. In the case of finished goods and process stocks, appropriate share of labour and overheads and excise duty is included.
- g) **Research and development**
Revenue expenditure on research and development is charged as an expense in the year in which it is incurred.
- h) **Export benefits**
Export benefits are accounted for on accrual basis.
- i) **Employees' benefits**
Provision for employee benefits charged on accrual basis is determined based on Accounting Standard (AS) 15 (Revised) "Employee Benefits" as notified under the Companies (Accounting Standards) Rules, 2006 as under :
- i) Contributions to the provident fund, gratuity fund and superannuation fund are charged to revenue.
- ii) Gratuity liability determined on an actuarial basis is provided to the extent not covered by the funds available in the gratuity fund.
- iii) Provision for privilege and medical leave salary is determined on actuarial basis.
- iv) Provision for casual leave is determined on arithmetical basis.
- j) **Foreign currency transactions**
Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.
Monetary items denominated in foreign currency are reported using the closing exchange rates on the date of the balance sheet.
The exchange differences arising on settlement of monetary items or on reporting these items at the rates different from the rates at which these were initially recorded/ reported in previous financial statements, are recognised as income/ expense in the year in which they arise, except in respect of the foreign currency liabilities incurred in connection with fixed assets where the exchange differences arising during the construction period are adjusted in the cost of concerned assets.

Schedules to the Consolidated Financial Statements (continued)

11. NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

In case of forward exchange contracts, the premium or discount, arising at the inception of such contracts is amortised as income or expense over the life of the contract and the exchange differences on such contracts, i.e., differences between the exchange rates at the reporting/ settlement date and the exchange rates on the date of inception of contract/ the last reporting date, is recognised as income/ expense for the year except where the foreign currency liabilities have been incurred in connection with fixed assets where the exchange differences arising during the construction period are adjusted in the cost of concerned assets.

k) Revenue recognition

Sales are recognised at the point of despatch to customers and include excise duty.

l) Income-tax

Current income-tax liability (including fringe benefit tax) is provided for in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

4. a) Pursuant to the Scheme of Arrangement as approved by the High Court of Delhi vide its Order dated April 16, 1990 under sections 391/394 of the Companies Act, 1956, assets and liabilities relating to certain units, and certain reserves of the undivided DCM Limited were transferred/ allocated to the Company w.e.f. April 1, 1990, being the effective date. The excess of net assets acquired over the share capital and reserves had been transferred to the share premium account.
- b) There are various issues relating to sales tax, income-tax, interest, etc. arisen/arising out of the reorganisation arrangement which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited as and when the liabilities/benefits are finally determined. The ultimate effect of these is not ascertainable at this stage.

	As at 31.03.2009 (Rs. lacs)	As at 31.03.2008 (Rs. lacs)
5. Contingent liabilities not provided for:-		
Income tax matters*	196.70	-
Excise / Service tax/ Customs Duty matters*	670.38	759.91
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)*	842.95	907.05
Bills/cheques discounted	1718.04	1974.95

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

	This year (Rs. lacs)	Previous year (Rs. lacs)
6. Managerial remuneration		
- Remuneration*	136.87	118.33
- Commission	86.09	-
- Directors sitting fees	6.36	6.62
	229.32	124.95

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

7. Research and development expenses amounting to Rs. 45.77 lacs (2007-2008 - Rs. 40.96 lacs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. Nil (2007-08 - Rs. 1.59 lacs) has been included in fixed assets.

8. The Company has obtained confirmations from suppliers who have registered themselves under Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) which came into effect from October 2, 2006.

Based upon the information available with the Company, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is nil. Further no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

9. Accounting for taxes on income in accordance with Accounting Standard (AS) 22:

	(Rs. lacs) As at 31.03.2009	(Rs. lacs) As at 31.03.2008
a) Deferred tax assets		
Accrued expenses deductible on payment	410.73	189.36
Provision for gratuity and leave encashment	371.24	316.91
Provision for doubtful debts and advances	23.65	5.76
Unabsorbed depreciation and business losses	739.91	1670.56
Others	76.92	69.41
Total	<u>1622.45</u>	<u>2252.00</u>
b) Deferred tax liabilities		
Depreciation	4895.37	4127.59
Others	2.65	2.65
Total	<u>4898.02</u>	<u>4130.24</u>
Net	(3275.57)	(1878.24)

The deferred tax assets have been recognised keeping in view the concept of prudence and on the basis of virtual certainty that sufficient future taxable income will be available against which deferred tax assets will be realised.

10. Earnings per share

		This year	Previous year
Profit/(loss) after tax as per profit and loss account	(Rs.lacs)	3964.15	(424.96)
Weighted average number of Equity shares outstanding	(Nos.)	1,73,98,437	155,02,986
Earnings per share - basic / diluted (face value - Rs. 10 per share)	(Rs.)	22.78	(2.74)

11. Segment reporting

A. Business segments

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

B. Geographical segments

Geographical segments are Domestic and Overseas, by location of customers.

C. Segment accounting policies

In addition to the significant accounting policies applicable to the segments as set out in note 3 of schedule 11 "Notes to the Accounts", the accounting policies in relation to segment accounting are as under :-

i) Segment assets and liabilities

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

ii) Segment revenue and expenses

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

iii) Unallocated expenses

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

iv) Inter segment sales

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

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

11. NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

I. Information about Primary segments (Business segments)

(Rs. lacs)

Particulars	Sugar *		Industrial Fibres and related products		Chemicals		Elimination		Total	
	This year	Previous year	This year	Previous year	This year	Previous year	This year	Previous year	This year	Previous year
Segment revenue										
External sales	56813.56	41250.27	16701.04	12509.53	27471.46	19956.73	-	-	100986.06	73716.53
Income from operations	697.29	747.00	2250.05	1842.72	616.58	500.87			3563.92	3090.59
Inter segment revenue					4.24	1.67	(4.24)	(1.67)	-	-
Other Income	398.23	683.33	46.04	93.39	54.42	40.76			498.69	817.48
Unallocable income									347.48	856.78
Total revenue	57909.08	42680.60	18997.13	14445.64	28146.70	20500.03	(4.24)	(1.67)	105396.15	78481.38
Segment results	3322.15	(705.19)	1787.43	1704.87	3808.62	1201.35			8918.20	2201.03
Net unallocated income / (expenses)									44.82	(170.68)
Operating profit									8963.02	2030.35
Interest expense									3519.83	2801.47
Provision for tax										
- Current tax									-	-
- Deferred tax credit									1397.32	(414.39)
- Fringe benefit tax									81.72	68.23
Profit after tax									3964.15	(424.96)
Other information										
Segment assets	41590.28	38569.22	14362.72	14306.34	12059.94	10001.50			68012.94	62877.06
Unallocated assets									4880.32	3880.75
Total assets	41590.28	38569.22	14362.72	14306.34	12059.94	10001.50			72893.26	66757.81
Segment liabilities	10803.71	9293.01	3887.49	3565.12	2781.97	2057.95			17473.17	14916.08
Unallocated liabilities									33158.98	32735.69
Total liabilities	10803.71	9293.01	3887.49	3565.12	2781.97	2057.95			50632.15	47651.77
Capital expenditure	3883.66	2180.99	577.56	1472.86	584.60	155.08				
Depreciation	732.66	575.63	408.83	332.49	577.57	568.25				
Non cash expenses other than depreciation	113.15	4.20	0.11	2.24	0.13	1.20				

* Comprising sugar, power and alcohols.

II. Information about Secondary segments (Geographical segments)

(Rs. lacs)

Particulars	Domestic		Overseas		Total	
	This year	Previous year	This year	Previous year	This year	Previous year
External Revenue by location of customers	83101.88	61930.46	22294.27	16550.91	105396.15	78481.37
Carrying amount of segment assets by location	66176.79	61403.24	1836.15	1473.82	68012.94	62877.06
Capital expenditure by location of assets	5045.82	3808.93			5045.82	3808.93

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

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

Associates : DCM Hyundai Ltd. (DHL), Versa Trading Ltd. (VTL) (Formerly DCM Shriram Leasing & Finance Ltd.) - upto September 21, 2007.

Key management personnel : Mr. Tilak Dhar, Mr. Alok B. Shriram, Mr. D.C. Mittal, Mr. Madhav B. Shriram, Mr. G. Kumar and Mr. Anil Gujral.

Relatives/HUF of key management personnel : Mrs. Karuna Shriram, Mrs. Kiran Mittal, Mrs. Manju Kumar, Mr. Akshay Dhar and M/s. Banshi Dhar & Sons - HUF (BDS).

Others (Enterprise over which key management personnel or their relatives are able to exercise significant influence) : Hindustan Vacuum Glass Pvt. Ltd. (HVGPL) and Dr. Banshi Dhar Memorial Society (DBDMS).

B. Transactions with related parties referred to in 12 (A)

i) Transactions with associates

(Rs. lacs)

Particulars		This Year	Previous Year
Purchase of goods	- DHL	1.25	-
Interest charged on Loans	- DHL	90.98 *	114.02 *
Loans given	- DHL	-	477.92 *
Loans received back	- DHL	735.98 *	-
Interest received on Loans	- DHL	114.02 *	-
Conversion of advances into Preference shares	- VTL	-	700.00 @
Balance outstanding as at the year end from	- DHL	632.92	1391.94

* As per Rehabilitation Scheme for DHL approved by Hon'ble BIFR, other than Rs. 77.92 lacs loan given in previous year which was given for liabilities guaranteed.

@ Issued against receivables of previous years which had accumulated on account of liabilities guaranteed and repayment of fixed deposits as per CLB Order and which were provided for in the year 2004-05.

ii) Transactions with key management personnel, their relatives / HUF and others

(Rs. lacs)

Particulars		This year	Previous year
Remuneration (including commission)*			
- Key management personnel	- Mr. Tilak Dhar	74.31	38.11
	- Mr. Alok B. Shriram	74.31	33.74
	- Mr. D.C. Mittal	33.99	31.97
	- Mr. Madhav B. Shriram	55.72	33.74
	- Mr. G. Kumar	18.62	12.74
- Relatives of key management personnel		0.85	-
		257.80	150.30
Rental expenses			
- Key management personnel	- Mr. G. Kumar	2.50	4.75
- Relatives/HUF of key management personnel	- BDS	25.89	66.22
	- Mrs. Karuna Shriram	3.36	3.36
	- Mrs. Kiran Mittal	10.32	10.32
		42.07	84.65
Sale of Goods	- HVGPL	1.59	-
Purchase of Goods	- HVGPL	22.03	-
Balance outstanding as at the year end from:	- BDS	22.64	21.45
	- Mrs. Kiran Mittal	10.32	10.32
		32.96	31.77

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

CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Schedules to the Consolidated Financial Statements (continued)

11. NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

13. Disclosures in respect of assets taken on finance lease under Accounting Standard (AS)19 "Leases".

A. Finance Lease

- i) The Company has taken motor vehicles and plant and machinery under finance lease arrangements for which the ownership will be transferred to the Company at the end of the finance lease term.
- ii) Reconciliation between the total of minimum finance lease payments at the balance sheet date and their present value : (Rs.lacs)

Particulars	Total		Payments not later than one year		Payments 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 finance lease payments at the balance sheet date	51.27	66.43	26.81	29.99	24.46	36.44
Less : Future finance and other charges	18.30	10.83	3.67	6.85	14.63	3.98
Present value of minimum finance lease payments at the balance sheet date	32.97	55.60	23.14	23.14	9.83	32.46

B. Operating Lease

- i) The Company generally enters into cancellable operating leases for office premises and residence of its employees, normally renewable on expiry.
- ii) Lease rent charged to the profit and loss account relating to operating leases entered or renewed after April 1, 2001 are Rs. 447.63 lacs (2007-2008 – Rs. 318.95 lacs).

14. a) Category-wise quantitative data about derivative instruments :-

Nature of Derivative	Number of deals		Purpose		Amount in foreign currency			Amount (Rs. lacs)	
	As at 31.03.09	As at 31.03.08	As at 31.03.09	As at 31.03.08	Currency	As at 31.03.09	As at 31.03.08	As at 31.03.09	As at 31.03.08
Forward Cover	-	15	-	Hedging	US\$	-	889126	-	352.54
Forward Cover	1	27	Hedging	Hedging	Euro	250000	1250000	170.08	780.87

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

Particulars	As at 31.03.2009				As at 31.03.2008			
	Amount in foreign currency		Amount (Rs. lacs)		Amount in foreign currency		Amount (Rs. lacs)	
- Sundry debtors	Euro	734882	494.13	Euro	300138	184.22		
	US\$	2351036	1189.40	US\$	455726	181.08		
	GBP	284332	208.53	GBP	162932	128.76		
- Acceptances	US\$	3415140	1749.58	US\$	2523626	1010.46		
- Sundry creditors	US\$	1368921	704.31	US\$	1255978	504.90		
	Euro	1864	1.27	-	-	-		
- Commission	US\$	46060	23.70	US\$	44111	17.73		
- Royalty	US\$	53100	27.32	US\$	45763	18.39		

15. In the previous year the Company had issued 7,00,000 Warrants to the specified entities of promoters / promoter group / persons acting in concert with them on preferential basis. Each Warrant carried entitlement to subscribe to 3 equity shares of Rs 10 each at a premium of Rs. 80 per share. 11,55,000 fully paid equity shares were allotted during the year 2007-08 and the remaining 9,45,000 fully paid equity shares were allotted on 1.4.2008. A petition filed by a shareholder before the Hon'ble Company Law Board under Section 397 / 398 of the Companies Act, challenging the preferential issue, is pending. The same shareholder also filed a Civil Suit challenging some of the items in the Agenda for the Annual General Meeting (AGM) held on 25.9.2008 before the Hon'ble Delhi High Court, which is also pending. As per the interim order of the Court, the AGM was held as scheduled and all items were passed with the requisite majority.

16. Current Investments (Mutual fund units) purchased and sold during the year are as follows :

S. No.	Name of the fund	Face Value (Rs.)	Nos. (in lacs)	Cost (Rs.lacs)
1	DWS Money Plus Fund – Institutional Plan Growth	10	55.59	634.00
2	HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale Growth	10	57.46	1061.47
3	HDFC Fixed Maturity Plan 90D	10	49.97	499.67
4	HSBC Liquid Plus Fund Institutional growth	10	23.86	270.00

17. The Company has accounted for cane purchases for crushing season 2007-08 at a price of Rs. 110 per qtl in terms of the interim Order passed by the Hon'ble Allahabad High Court. Subsequently the Hon'ble High Court passed final Order directing sugar mills to pay State Advised Price at Rs. 125 per qtl. Appeal against the Order of the Hon'ble High Court has been filed with the Hon'ble Supreme Court which has directed to pay Rs. 110 per qtl as interim arrangement. Necessary adjustments, if any, will be made in accordance with the final Order of the Hon'ble Supreme Court.

18. Employee benefits

a) Defined contribution plans

The Company charged Rs. 364.65 lacs (previous year Rs. 359.35 lacs) for provident fund contribution and Rs. 137.91 lacs (previous year Rs. 129.93 lacs) for superannuation contribution to the profit and loss account. The contributions towards these schemes by the Company are at rates specified in the rules of the schemes. In case of Provident Fund administered through a trust, shortfall if any, shall be made good by the Company.

b) Defined benefit plans

i) Liability for gratuity, Privilege leaves and Medical leaves is determined on actuarial basis. Gratuity liability is provided to the extent not covered by the funds available in the gratuity fund.

ii) Gratuity Scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service, except death while in employment.

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

	As at March 31, 2009 (Rs./lacs)		As at March 31, 2008 (Rs./lacs)	
	Gratuity Scheme	Privilege and Medical leaves	Gratuity Scheme	Privilege and Medical leaves
Change in present value of obligation				
1. Present value of obligation as at the beginning of the year	1976.41	366.92	1943.58	400.00
2. Current service cost	105.27	41.28	92.27	30.84
3. Interest cost	138.35	25.68	155.91	32.09
4. Actuarial (gain)/loss	147.69	135.99	(27.26)	8.69
5. Benefits paid	(198.11)	(129.91)	(188.09)	(104.69)
6. Present value of obligation as at the end of the year	2169.61	439.96	1976.41	366.92
Change in plan assets				
1. Plan assets at the beginning of the year	1480.04	-	1369.21	-
2. Expected return on plan assets	124.89	-	127.32	-
3. Contribution by the Company	-	-	-	-
4. Benefits paid	(15.45)	-	(16.49)	-
5. Actuarial gain / (loss)	-	-	-	-
6. Plan assets at the end of the year	1589.48	-	1480.04	-
Liability recognised in the financial statements	580.13	439.96	496.37	366.92
Cost for the year				
Change in present value of obligation				
1. Current service cost	105.27	41.28	92.27	30.84
2. Interest cost	138.35	25.68	155.91	32.09
3. Expected return on plan assets	(139.12)	-	(128.02)	-
4. Actuarial (gain)/loss	161.92	135.99	(26.56)	8.69
5. Net cost	266.42	202.95	93.60	71.62
Constitution of plan assets				
Other than equity, debt, property and bank account	-	-	-	-
Funded with LIC *	1589.48	-	1480.04	-
Main actuarial assumptions				
Discount rate	7.00% p.a.	7.00% p.a.	8.00 % p.a.	8.00 % p.a.
Rate of increase in compensation levels	5.50% p.a.	5.50% p.a.	5.50 % p.a.	5.50 % p.a.
Rate of return on plan assets	9.40% p.a.	-	9.35 % p.a.	-
Expected average remaining working lives of employees (years)	13.18	14.68	12.73	14.52

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

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

19. Previous year figures have been regrouped / recast, wherever necessary.

20. Schedules 1 to 11 form an integral part of the consolidated financial statements.

