



**DCM
SHRIRAM**

DCM SHRIRAM INDUSTRIES LTD.

Annual Report 2004-05

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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 S.D. Nigam	<i>Whole - Time Director</i>
	Shri Madhav B. Shriram	<i>Whole - Time Director</i>
	Shri Atam Parkash	
	Shri P.R. Khanna	
	Dr. V.L. Dutt	
	Shri K.K. Mudgil	<i>UTI Nominee</i>
	Shri S.P. Arora	<i>IFCI Nominee</i>
Company Secretary	Shri B.P. Khandelwal	<i>Executive Director</i>
Principal Executives	Shri D.C. Mittal	<i>President</i>
	Shri G. Kumar	<i>Chief Operating Officer (Sugar)</i>
	Shri Anil Gujral	<i>Chief Operating Officer (Chemicals & Alcohol)</i>
	Shri V.K. Jhingon	<i>Vice President and Resident Head (Rayons)</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	
	The United Western Bank Ltd.	
	The Hongkong and Shanghai Banking Corporation Ltd.	
	Moradabad Zila Sahkari Bank Ltd.	
	Meerut Zila Sahkari Bank Ltd.	
	Ghaziabad Zila Sahkari Bank Ltd.	
	Saharanpur Zila Sahkari Bank Ltd.	
Auditors	A.F. Ferguson & Co.	
	New Delhi	
Registered Office	Kanchenjunga Building,	Tel. No. : (011) 2332 1413
	6 th Floor,	Fax No. : (011) 2331 0765
	18, Barakhamba Road,	e-mail : dsil@dcmsr.com
	New Delhi - 110 001, India	Website : http://www.dcmsr.com



Dr. Bansi Dharji
(1930 -2004)

A TRIBUTE

Our Late Chairman, Dr. Bansi Dharji was an icon of great vision and leadership. He was a pillar of strength for all organizations that he was associated with during his working life of more than 50 years.

Before he took over the stewardship of the Company as Chairman & Managing Director in 1990, he was Chairman and Sr. Managing Director of DCM Ltd., then a conglomerate of a dozen units. He left an everlasting impression in whatever assignment he had undertaken.

Dr. Bansi Dharji radiated a rare charm and confidence to people around him. We in the DCM Shriram family miss him greatly. He always cherished traditional values and ethos and at the same time had the inquisitiveness of a child to learn more and more.

A 'Karmayogi' in the true sense of the word, the ideals and standards set by him will act as a guiding principle for generations to come. His interests were not restricted to business, but were spread over areas of science, research, education, philanthropy, art and culture. He headed apex organisations such as FICCI, PHDCCI, ISMA, ICMA.

As a tribute to the great man who was an institution in his own right, we in the DCM Shriram family will always pursue and endeavour to achieve the goals set by him for the Company.

DCM SHRIRAM INDUSTRIES LIMITED

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

NOTICE

The 14th Annual General Meeting of the Company will be held on Thursday, the 15th December, 2005 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 2005, and the Profit & Loss Account for the year ended on that date.
2. To consider and, if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution :

"Resolved that Shri P.R. Khanna, who was appointed as a Director in a casual vacancy in terms of Section 262 of the Companies Act, 1956 with effect from 05.10.2005, and holds such office until this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"Resolved that Dr. V.L. Dutt, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 with effect from 05.10.2005, and whose terms of office expires at this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"Resolved that Shri Madhav B. Shriram, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 with effect from 05.10.2005, and whose terms of office expires at this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. 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 plus reimbursement of travelling and other incidental expenses, if any, incurred in connection with the audit."

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

"Resolved that, pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, as may be required, approval of the Company be and is hereby accorded to the appointment of Shri Tilak Dhar as Chairman & Managing Director of the Company for a period of 5 years, with effect from 05.10.2005 on the terms and conditions and remuneration as set out in the Explanatory Statement."

"Resolved further that the Board of Directors be and is hereby, authorised to alter/increase, vary or modify from time to time, the said terms including remuneration in such manner as it may deem fit within the limitations in that regard contained in Schedule XIII or other Sections of the said Act and any statutory modifications thereof."

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

"Resolved that, pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, as may be required, approval of the Company be and is hereby accorded to the appointment of Shri Madhav B. Shriram as Whole-time Director for a period of 5 years, with effect from 05.10.2005 on the terms and conditions and remuneration as set out in the Explanatory Statement."

"Resolved further that the Board of Directors be and is hereby, authorised to alter/increase, vary or modify from time to time, the said terms including remuneration in such manner as it may deem fit within the limitations in that regard contained in Schedule XIII or other Sections of the said Act and any statutory modifications thereof."

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

"Resolved that, subject to the approval of and subject to such modifications, as the Central Government while according its approval may make, where necessary, the Company hereby accords its consent, under Section 294 and 294AA and other applicable provisions, if any, of the Companies Act, 1956, to the appointment of the following as sole-selling agent of the Company for a term not exceeding 5 years commencing from the date of appointment, subject to any variation that may be made in the terms and conditions of appointment, including changes in areas and products by mutual consent of the parties.

Name of the agent	Area	Product	Commission	Date of commencement
M/s Letraco R.Y. Kayal & Co.	Egypt	High Tenacity Viscose Rayon Tyre Yarn, Cord Twines and Fabrics.	3% of F.O.B. value of goods	1.1.2005

9. 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 Company's any one or more of the undertakings or all the undertakings including the present and/or future properties, whether movable or immovable comprised in any existing or new undertaking or undertakings of the Company except those excluded specifically, as the case may be, in favour of the following Banks for securing the working capital facilities mentioned against each of them, or any future enhancement thereof together with interest or any other charges, expenses and other monies payable to them :-

NOTICE (Continued)

<u>Name of the Banks</u>	<u>Amount(Rs./lakhs)</u>
State Bank of India (SBI)	4100
Punjab National Bank (PNB)	3318
Oriental Bank of Commerce (OBC)	3118
Punjab & Sind Bank (PSB)	1000
State Bank of Bikaner & Jaipur (SBBJ)	2750
The United Western Bank Ltd. (UWB)	860
The Hongkong & Shanghai Banking Corporation Ltd. (HSBC)	320
Moradabad Zila Sahkari Bank Ltd. (DCB, Moradabad)	650
Ghaziabad Zila Sahkari Bank Ltd. (DCB, Ghaziabad)	382

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 second 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 Committee thereof be and is hereby authorised to finalise 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 the Committee thereof in the best interest of the Company."

"Resolved also that the Board of Directors or a Committee thereof be and is hereby authorised to approve the execution of any documents to extend the second charge created pursuant to this resolution in favour of any other Bank/s to secure working capital 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 Committee thereof be and are hereby confirmed and ratified."

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

"Resolved that pursuant to Section 293(1)(e) of the Companies Act, 1956, the Board of Directors be and is hereby authorised to make donations/ contributions for charitable purposes, not directly related to the business of the Company or the welfare of its employees, an amount not exceeding Rs.75 lacs in a financial year, in such year(s) in which the limit of 5% of average net profits as prescribed under Section 293(1)(e) of the Companies Act, 1956 is less than Rs.75 lacs."

By order of the Board
for DCM SHRIRAM INDUSTRIES LIMITED



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

New Delhi
29th October, 2005

NOTES:

1. Explanatory Statement, as required under Section 173(2) of the Companies Act, 1956, is attached.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from 09.12.2005 to 15.12.2005 (both days inclusive).
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IS ATTACHED.

ANNEXURE TO NOTICE

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

ITEM NO. 2

Shri P.R. Khanna, aged 72 years, was appointed by the Board of Directors in their meeting held on 05.10.2005 in the casual vacancy caused by the demise of Shri A.N. Haksar as a director liable to retire by rotation. He holds office until the ensuing Annual General Meeting. Notice u/s 257 of the Companies Act, 1956, has been received from a member signifying this intention to propose his candidature for the office of director at the forthcoming Annual General Meeting.

Shri P.R. Khanna holds 760 equity shares in the Company.

Shri P.R. Khanna is a Chartered Accountant and was a partner of Khanna & Annadhanam & Co. He has vast experience in the area of financial management and auditing. He was a director of State Bank of India and also a Trustee of UTI.

Shri P.R. Khanna has been nominated as the Chairman of the Audit Sub-Committee and as a Member of the Remuneration Committee, Shareholders' Committee and the Committee for approving Borrowings/ Quarterly Results. He is a director on the following other companies:

Directorships**Chairman/Member of the Committee of the Board**

- | | |
|---|--|
| 1. Indag Rubber Ltd. | - Remuneration Committee (Member) |
| | - Audit Committee (Member) |
| | - Share Transfer, Grievance Committee (Member) |
| 2. Ansal Properties & Infrastructure Ltd. | - Remuneration Committee (Member) |
| | - Audit Committee (Member) |
| | - Share holders/Investors Grievance Committee (Member) |
| 3. Senator Capital Services Pvt. Ltd. | |
| 4. Daurala Foods & Beverages Pvt. Ltd. | |

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

ITEM NO. 3

The Board of Directors in their meeting held on 5.10.2005 has co-opted Dr. V.L. Dutt as an Additional Director on the Board as per Section 260 of the Companies Act. He holds office until the ensuing Annual General Meeting. Notice u/s 257 of the Companies Act, 1956, have been received from some members signifying their intention to propose his candidature for the office of director at the forthcoming Annual General Meeting.

NOTICE (Continued)

Dr. V.L. Dutt, aged 67 years, is an industrialist of repute. He is Chairman & Managing Director of KCP Ltd. and past President of FICCI. Dr. V.L. Dutt has vast experience and knowledge in industry and business, especially sugar and cement. He has been nominated as Chairman of the Remuneration Committee of the Company.

Dr. V.L. Dutt holds 2200 equity shares in the Company.

Dr. V.L. Dutt is a director on the following other companies:

Directorships

- | | |
|----------------------------------|---------------------------|
| 1. The K.C.P. Ltd. | (Chairman & Mg. Director) |
| 2. Fives Cail- KCP | (Chairman) |
| 3. KCP Biotech Ltd. | (- do -) |
| 4. KCP Vietnam Industries Ltd. | (- do -) |
| 5. DCM Shriram Fertilizers Ltd. | (Director) |
| 6. V. Ramakrishna Sons Pvt. Ltd. | (- do -) |

Except Dr. V.L. Dutt, none of the other directors of the Company is interested in the resolution.

ITEM NO. 4

The Board of Directors in their meeting held on 5.10.2005 has co-opted Shri Madhav B. Shriram as an Additional Director on the Board as per Section 260 of the Companies Act. He holds office until the ensuing Annual General Meeting. Notice u/s 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose his candidature for the office of director at the forthcoming Annual General Meeting.

Shri Madhav B. Shriram, aged 41 years, has an MBA background. He has 15 years of experience at various levels in the Company. He is director in the following other companies:

Directorships

1. Divine Investments Pvt. Ltd
2. Varuna Overseas Pvt. Ltd.

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

ITEM NO. 6 & 7

Shri Tilak Dhar, aged 49 years, joined the Company in 1990 as Joint Managing Director. Prior to that he was with DCM Ltd. Shri Tilak Dhar was co-opted as a director and has been appointed as Chairman & Managing Director of the Company subject to such approvals as may be necessary for 5 (five) years from 05.10.2005. He is not liable to retire by rotation as per Article 88 of the Articles of Association of the Company. Shri Tilak Dhar is B.Com., MBA and C.A.(Inter). He has experience of over 25 years managing various operations of the Company and of the undivided DCM Ltd. He was Chief Executive Officer of the Company prior to his induction to the Board. He is associated with various organisations relating to sugar industry. Shri Tilak Dhar is past president of ISMA and is also member of various Committees of FICCI. He was the Managing Director of Daurala Organics Limited since its inception till its merger with the Company.

He is a member of the Shareholders' Committee, which deals with the matters relating to transfer of shares and investor grievances and Chairman of the Committee for approving Borrowings/Quarterly Results. He is a director of the following other companies:

Directorships

1. DCM Shriram Fertilizers Ltd.
2. Indian Sugar Exim Corporation Ltd.
3. Indo International Distillers Association Pvt. Ltd.
4. Daurala Foods & Beverages Pvt. Ltd.
5. Indian Sugar Mills Association

The Board of directors of the Company at their meeting held on 05.10. 2005 has also appointed Shri Madhav B. Shriram, as Whole-time Director (WTD) for a period of 5 years with effect from 05.10.2005. The appointments are subject to approvals as may be required. The terms and conditions and the remuneration proposed for the managerial personnel as per recommendations of the remuneration committee of the Board are set out below:

Salary (Per Month)

Shri Tilak Dhar, (CMD)	Rs. 1,25,000 (Grade Rs. 1,25,000-15,000-2,00,000)
Shri Madhav B. Shriram, (WTD)	Rs. 1,00,000 (Grade Rs. 1,00,000-15,000-1,75,000)

Commission: CMD and WTD

As may be decided by the Board from year to year, provided that the total remuneration including salary, perquisites and Commission to Shri Tilak Dhar and Shri Madhav B. Shriram shall not exceed 2% and 1.5% respectively of the net profits of the Company in a particular year subject to the overall limits u/s 198 and 309 of the Companies Act, 1956 or any amendments thereto or any other provisions as may be applicable.

Perquisites

Housing:

- Company maintained furnished accommodation will be provided.
- Gas, electricity and water - Actuals.

Medical - Actuals.

Leave Travel Concession - As per Company Rules.

Club Fees - Fees of Clubs, subject to a maximum of two clubs, admission and life membership fees not being allowed.

Personal Accident Insurance - Premium not to exceed Rs. 4,000 per annum plus service tax as applicable.

Provident Fund/Superannuation/Gratuity - As per Company rules.

Leave - As per Company Rules.

Car - Provision of a chauffeur driven car. A sum of Rs. 1,000 (Rupees One Thousand only) each per month will be recovered from the managerial personnel for personal use of car.

Telephone - Free telephone facility at residence, personal long distance calls to be paid for by them.

Entertainment - Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

Other terms applicable to the Appointments

Total Salary and perquisites to all managerial personnel in a year shall not exceed 10% of the net profits computed in the manner laid down in Section 309(5) of the Companies Act, 1956.

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

In the event of absence or inadequacy of profits in any financial year they will be paid the above remuneration subject to the overall ceilings laid down in Section II of Part II of Schedule XIII.

The appointment may be terminated by either party giving to the other six calendar months' notice in writing or lesser notice as may be agreed to. In the event of termination of the appointment by the Company, they shall be entitled to receive compensation in accordance with the provisions of Section 318 of the Companies Act.

The above may also be treated as an abstract u/s 302 of the Companies Act.

NOTICE (Continued)

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

ITEM NO. 8

The Company re-appointed M/s. Letraco R.Y. Kayal & Co., as its Sole Selling Agent abroad for some of its products in the interest of promoting exports w.e.f. 1.1.2005.

The material terms of appointment have been set out in the resolution.

The appointment is subject to approval of shareholders and the Central Govt. u/s 294 and 294AA of the Companies Act, 1956 and other approvals as may be necessary.

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

ITEM NO. 9

The Company avails working capital facilities from Banks from time to time. Such borrowings in addition to charge on moveable assets, are required to be secured by a second charge on the immovable assets of the Company. Other charge holders have consented to the creation of the second charge in favour of these working capital banks. The creation of mortgage/charge requires the approval of the shareholders under Section 293(1)(a) of the Companies Act, 1956.

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

ITEM NO. 10

The Company is authorised by its Articles to subscribe to charitable and other funds not directly relating to the business of the Company or the welfare of its employees. By virtue of Section 293(1)(e) of the Act, however, the maximum limit which can be so subscribed in any financial year is Rs.50,000 or 5% of the Company's average net profits as determined in accordance with Sections 349 of the Act, during the three immediately preceeding financial years, whichever is greater. Section 293(1)(e) permits such subscriptions in excess of these limits with the consent of the Company in General Meeting. The shareholders had in the AGM held on 28.6.1990 approved for the purpose a limit of Rs.7.5 lacs in a year, in which the net profit arrived at as above is less than Rs.7.5 lacs. Over the years, such contributions have gone up. The Board of Directors have sanctioned a donation of Rs.50 lacs to Dr. Banshi Dhar Memorial Society, set up to promote charitable/ philanthropic/ scientific research activities which were dear to Late Dr. Banshi Dharji, Company's founder Chairman & Managing Director. The Board accordingly seek ratification by the shareholders of the donation given in excess of the limit under the Act, if any, and sanction to make such contributions not exceeding Rs.75 lacs in a financial year in which the limit of 5% of average net profit as determined above is less than Rs.75 lacs.

Shri Tilak Dhar, Shri Alok B. Shriram and Shri Madhav B. Shriram, being Governors of the said Society may be deemed to be interested in the item.

Interest

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

Inspection

Copies of Board Resolutions dated 05.10.2005 (Item Nos. 2, 3, 4, 6 and 7) and copy of letter dated 31.12.2004 issued to M/s. Letraco R.Y. Kayal & Co.(Item No. 8) and a copy of the Memorandum and Articles of Association of the Company 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.