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ANNUAL REPORT 2006-07

DCM SHRIRAM CONSOLIDATED LIMITED

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Corporate Information

Registered Office

DCM Shriram Consolidated Limited
6th Floor, Kanchenjunga Building,
18, Barakhamba Road,
New Delhi – 110 001.
Tel. No. : (91) 11-23316801
Fax No. : (91) 11-23318072
E.mail : dscl@dscl.com

Bankers

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

Auditors

M/s. A.F. Ferguson & Co.,
New Delhi

Subsidiary Companies

DCM Shriram Credit and Investments Limited
DSCL Energy Services Company Limited
DCM Shriram International Limited
DCM Shriram Infrastructure Limited
Anant Thermal Energy Limited
Shriram Bioseed Genetics India Limited
Shriram Bioseed (Thailand) Limited
Bioseeds Limited
Bioseed Research Vietnam
Bioseed Genetics Vietnam
Bioseed Research Philippines Inc.
Bioseed Research India Private Limited
DCM Shriram Aqua Foods Limited

Stock Exchanges where the Securities of the Company are Listed

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

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

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

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Notice

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

Notice is hereby given that the Eighteenth Annual General Meeting of DCM Shriram Consolidated Limited will be held on Friday, the 24th August, 2007 at 10.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi to transact the following business:

Ordinary Business:

1. To consider and adopt the Directors' Report, the audited Balance Sheet of the Company as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Ajit S. Shriram who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Pradeep Dinodia who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri S.L. Mohan who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s. A.F. Ferguson & Co., Chartered Accountants, as auditors of the Company and to fix their remuneration.

Special Business:

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

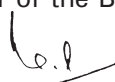
"Resolved that pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals as may be necessary, the Board of Directors of the Company or a duly constituted Committee thereof be and is hereby authorised to mortgage and/or charge all or any of the present and future movable and immovable properties of the Company, situated at DSCL Sugar-Ajbapur, District Lakhimpur Kheri, U.P., unit of the Company, together with all buildings and structures thereon and all plants and machineries attached to the earth both present and future and the whole of the undertaking of the Company relating to the said unit together with the power to take over the management of the business and concern and/or undertaking of the Company relating to the aforesaid unit in certain events of default for the purpose of securing the financial assistance from Sugar Development Fund, Ministry of Food & Civil Supply, Government of India for Rs.26.64 Crores together with interest, additional interest, further interest, liquidated damages, compound interest, premia on prepayment, costs, charges, expenses and all other monies payable by the Company and that such mortgage(s)/charge(s) shall rank pari passu with similar mortgage(s) and charge(s) created/to be created by the Company to secure the financial facilities/borrowings availed or to be availed by the Company from Financial Institution(s)/Bank(s)/Body(ies) Corporate.

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

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

New Delhi
29th June, 2007

By Order of the Board


(V.P. AGARWAL)
Company Secretary

Notes:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. A Proxy Form is sent herewith.
3. The Share Transfer Books and the Register of Members of the Company will remain closed from 10th August, 2007 to 17th August, 2007 (both days inclusive).
4. Members who are holding shares in identical names in more than one folio are requested to write to M/s. MCS Ltd., the Registrar and Transfer Agent (RTA), Srivenkatesh Bhavan, W-40, Okhla Industrial Area, Phase-II, New Delhi-110 020, enclosing their Share Certificate(s) to enable the Company to consolidate their holding in one folio.
5. Members are requested to notify immediately any change in their address to M/s. MCS Ltd., RTA, quoting their folio numbers.
6. Pursuant to Section 205A of the Companies Act, 1956, the dividends upto the financial year 1994-95 which remained unpaid/unclaimed had been transferred to the General Revenue Account of the Central Government. The Members, who have not claimed their dividend for the said period so far may claim the amount from the Registrar of Companies, NCT of Delhi and Haryana, 4th Floor, IFCI Tower, 61 Nehru Place, New Delhi.

Pursuant to the amended provisions of Section 205A of the Companies Act, 1956, which came into effect w.e.f. 31.10.1998, the Company is obliged to transfer any amount lying in the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer to the unpaid account to the credit of Investor Education and Protection Fund (the Fund). The Company has already transferred the unpaid dividend for the financial year 1998-99 to the Fund.

Please note that no claim shall lie against the Company or the Fund in respect of individual amounts of dividend, once the same is transferred to the Fund. In view of this, the Members of the Company who have not yet encashed their dividend warrant(s) for the financial year ended 31.3.2000 and thereafter may write to the Company immediately.

7. In terms of Section 109A of the Companies Act, 1956, the Member(s) of the Company may nominate a person on whom the Shares held by him/them shall vest in the event of his/their death. Member(s) desirous of availing this facility may submit nomination in Form 2B.
8. In terms of Notification issued by the Securities and Exchange Board of India, Equity Shares of the Company are under compulsory demat trading by all investors w.e.f. 21st March, 2000. Members are, therefore, advised to dematerialise their shareholding to avoid inconvenience in future.
9. Appointment/Re-appointment of Directors

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

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

Name of the Director	Shri Ajit S. Shriram	Shri Pradeep Dinodia	Shri S.L. Mohan
Date of Birth	03.10.1967	02.12.1953	10.02.1945
Nationality	Indian	Indian	Indian
Date of Appointment on the Board of the Company	02.05.2001	18.07.1994	24.10.2000
Qualification	B.Com, M.B.A.	B.A. (Eco. Hons.), LL.B., F.C.A.	B.E. (Mech.)
Expertise in Functional Area	Sugar Industry	Corporate Matters, Legal, FEMA, Company Law, Accounting and Direct Taxes	Insurance Industry
Directorships held in other Indian Companies	<ul style="list-style-type: none"> - DCM Shriram Credit and Investments Ltd. - DCM Shriram Infrastructure Ltd. - DCM Shriram International Ltd. - DSCL Energy Services Company Ltd. - Hariyali Kisaan Bazaar Ltd. - Anant Thermal Energy Ltd. 	<ul style="list-style-type: none"> - Hero Honda Motors Ltd. - Shriram Pistons & Rings Ltd. - Ultima Finvest Ltd. - DFM Foods Ltd. - Hero Corporate Service Ltd. - Manisha Commercial Ltd. - Sera Com Pvt. Ltd. - Shriram Holographics Pvt. Ltd. - Micromatic Grinding Technology Ltd. - Rajasthan Spinning & Weaving Mills Ltd. - Sarva Commercial Pvt. Ltd. - Shabnam Commercial Pvt. Ltd. - Panasonic Sales & Services India Pvt. Ltd. - SPR International Auto Exports Ltd. 	NIL
Chairman/Member of the Committee(s) of the Board of Directors of the Company	NIL	Chairman <ul style="list-style-type: none"> - Shareholders/Investors Grievance Committee Member <ul style="list-style-type: none"> - Audit Committee - Remuneration Committee 	NIL
Chairman/Member of the Committee(s) of the Board of Directors of other Companies in which he is a Director	Member <ul style="list-style-type: none"> - <u>Audit Committee</u> - DCM Shriram Credit and Investments Ltd. 	Chairman <ul style="list-style-type: none"> - <u>Audit Committee</u> - DFM Foods Ltd. - Hero Honda Motors Ltd. - Hero Corporate Service Ltd. - Panasonic Sales & Services India Pvt. Ltd. Member <ul style="list-style-type: none"> - <u>Shareholders/Investors Grievance Committee</u> - Hero Honda Motors Ltd. 	NIL
Number of shares held in the Company	Not Applicable	29,270	NIL

EXPLANATORY STATEMENT

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

ITEM NO. 7

The Company has availed financial assistance from Sugar Development Fund, Ministry of Food & Civil Supply, Government of India as detailed in the Resolution. The terms and conditions for availing the said financial assistance, inter-alia, provide for creation of security by way of mortgage/charge on immovable properties and by way of hypothecation of movable assets of the Company situated at DSCL Sugar, Ajbapur, District Lakhimpur Kheri, U.P. in the manner desired by the lenders and agreed to by the Company. The creation of mortgage/charge requires approval of the Members under Section 293(1)(a) of the Companies Act, 1956.

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

From the Chairman and Vice Chairman's desk

DSCL continues to move ahead with further strengthening of its competitive position and building for sustained growth in the future



Dear Friends,

The year 2006-07 has been a year of satisfactory progress for your company. We have completed the investment programme for 2004-07 involving project expenditure of about Rs. 1085 crs. in Chloro-Vinyl and Sugar businesses. All these projects stabilised during the year and achieved the planned operating performance. The company has taken up another investment of Rs. 300 crs. in its Chlor-Alkali business to be completed by Q1'2008-09. This will help in substantial improvement in the competitive position of our Bharuch (Gujarat) operations and provide volume growth.

During the year, we have further accelerated the growth in our newer businesses – Hariyali Kisaan Bazaar and Fenesta Building Systems.

Hariyali, our rural retail offering, has added 57 new outlets during the period to reach a total of 85 outlets as of June, 07. We are planning to expand to \approx 250 outlets by Dec, 08 covering the northern, central and southern states. The offerings from these outlets are also being expanded continuously to meet the farming and family needs of the rural population.

'Fenesta' has now expanded its network pan-India and is growing across all regions. We continue to expand and strengthen our product delivery capabilities to provide superior value to our customers. Our aim is to make 'Fenesta' a synonym for UPVC Windows in the country.

Sugar and imported Bulk Fertilizer businesses recorded sharp reversals in business conditions during the year and affected the financial results of your company quite adversely. We have decided to stop trading in imported bulk fertilizer for the time being. Sugar, we believe, is fundamentally a good business and DSCL enjoys a strong competitive position in the same. Our company's philosophy of having a portfolio approach to commodity businesses will enable us to successfully ride the cycles in individual commodities, as is being seen in the case of sugar presently.

Strong processes and systems are an essential requirement in a large multi-business company like ours. Based on the inputs and advice from experts in their relevant fields, we have taken steps to strengthen our processes in the area of performance management and governance, risk management and compliance and basic business and transaction processing.

Human resources continues to be a priority area for us. Attracting and nurturing the best human resources to meet future challenges is receiving our fullest attention.

We believe that our basic business model is strong and will deliver superior performance based on integration and strong competitive position.

With best wishes,

(VIKRAM S. SHRIRAM)
Vice Chairman &
Managing Director

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

Shri Ajay S. Shriram
Chairman & Senior Managing Director

Shri Vikram S. Shriram
Vice Chairman & Managing Director

Shri Rajiv Sinha
Dy. Managing Director

Shri Ajit S. Shriram
Director (Sugar)

Dr. S.S. Baijal

Shri Arun Bharat Ram

Shri Pradeep Dinodia

Shri Vimal Bhandari

Shri Sunil Kant Munjal

Shri D. Sengupta

Shri S.L. Mohan
GIC Nominee

Shri S.C. Bhargava
LIC Nominee

Company Secretary

Shri V.P. Agarwal

Audit Committee

Dr. S.S. Baijal
Chairman

Shri Arun Bharat Ram
Shri Pradeep Dinodia
Shri D. Sengupta

Brief Profile of Directors of the Company

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

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

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

Shri Ajit S. Shriram, Director (Sugar), joined the Company in 1991 as an Executive after graduating in Commerce from Osmania University, Hyderabad. Later, he obtained an M.B.A. Degree from the International Institute for Management Development, Switzerland.

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

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

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

Shri Vimal Bhandari is a Non-Executive Director of the Company since 13.5.2003. He graduated in Commerce from Sydenham College, University of Mumbai and is a Member of the Institute of Chartered Accountants of India. He is currently serving as Country Head – India for AEGON N.V.

Shri Sunil Kant Munjal is a Non-Executive Director of the Company since 13.5.2003. He is Managing Director of Hero Cycles Limited and Chairman and Managing Director of Hero Management Service Limited and Chairman of Hero Corporate Service Limited. He is a Commerce Graduate from Delhi University and has training in Mechanical Engineering.

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

Shri S.L. Mohan, a nominee of General Insurance Corporation of India, is a Non-Executive Director of the Company since 24.10.2000. He retired as Chairman & Managing Director of Oriental Insurance Company Ltd. in February, 2005. He is B.E. (Mechanical) from Punjab University, Chandigarh.

Shri S.C. Bhargava, a nominee of Life Insurance Corporation of India (LIC), is a Non-Executive Director of the Company since 11.8.2004. He retired as Executive Director (Investment) of LIC in July, 2005. He is a Commerce Graduate from University of Mumbai and a Member of the Institute of Chartered Accountants of India.

Senior Executive Team

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

Mr Ajay S Shriram
Chairman & Senior Managing Director

Mr Vikram S Shriram
Vice Chairman & Managing Director

Mr Rajiv Sinha
Dy. Managing Director

Mr Ajit S Shriram
Director (Sugar Business)

Mr S D Omchary
Chief Executive Director (Textiles & Real Estate Development)

Mr S K Agrawal
Senior Executive Director - Chemicals Business

Mr K K Kaul
Executive Director & Resident Head - Kota

Mr Sunil Radhakrishna
Executive Director- Sugar Business

Dr G C Datta Roy
Chief Executive - Energy Business

Mr Sovan Chakrabarty
President & Business Head - Agri Inputs

Mr Rajesh Gupta
President and Business Head - "Hariyali"

Mr Rajat Mukerjee
Senior Vice President and SBU Head - Plastics

Mr Sandeep Mathur
Senior Vice President & Business Head - Fenesta™ Building Systems

Mr J K Jain
Chief Financial Officer (CFO)

Dr G Mukhopadhyay
Vice President & Business Head - Shriram PolyTech

Mr Sushil Baveja
Head-Corporate HR

Mr V P Agarwal
Company Secretary

Dr Sharad Sharma
President - Shriram Bioseed Genetics India Ltd.