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ANNUAL REPORT 2008-09

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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
HDFC Bank Limited

Auditors

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

Subsidiary Companies

DCM Shriram Credit and Investments Limited
DCM Shriram Aqua Foods Limited
DCM Shriram International Limited
DSCL Energy Services Company Limited
DCM Shriram Infrastructure Limited
DCM Shriram Thermal Energy Limited
DCM Shriram Energy and Infrastructure Limited
DCM Shriram Hydro Energy Limited
Hariyali Rural Ventures Limited
Hariyali Rural Foundation
Hariyali India Limited
Hariyali Insurance Broking Limited
Shriram Bioseed (Thailand) Limited
Shriram Bioseed Ventures Limited
Shriram Bioseeds Limited
Zeus Investments Limited
Bioseeds Limited
Bioseed Vietnam Limited
Bioseed Research Philippines Inc.
Bioseeds Holdings PTE. Limited
Shriram Bioseed Genetics India Limited
Bioseed Research India Private Limited
Shri Ganpati Fertilizers Limited
SBM Yarn Limited
Fenesta India 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.)

Notice is hereby given that the Twentieth Annual General Meeting of DCM Shriram Consolidated Limited will be held on Tuesday, 11th August, 2009 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, 2009 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 Vimal Bhandari, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Sunil Kant Munjal, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri D. Sengupta, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration.

Special Business:

7. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as 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 (hereinafter referred to as the Board of Directors) 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 Swatantra Bharat Mills, Tonk (Rajasthan), DSCL Sugar - Hariawan, Distt. Hardoi (U.P.), DSCL Sugar - Rupapur, Distt. Hardoi (U.P.), Shriram Fertilisers & Chemicals Complex at Kota (Rajasthan) and Shriram Alkali & Chemicals, Bharuch (Gujarat), units of the Company, together with all buildings and structures thereon and all plants and machinery attached to the earth, both present and future, and the whole of the undertaking of the Company relating to the said units together with the power in favour of the lender(s) to take over the management of the business and concern and/or undertaking of the Company relating to the aforesaid units, mortgaged to them as per details given hereunder, in certain events of default for the purpose of securing the financial assistance from the respective lenders as mentioned below:

- | | |
|--|-----------------------------|
| a) <u>On Company's property situated at Swatantra Bharat Mills, Tonk</u> | |
| <u>Lender</u> | <u>Financial Assistance</u> |
| <u>As and by way of First Charge on the Plant, Machinery, Land and Building</u> | |
| - Punjab National Bank | Rs.13.72 crores |
| b) <u>On Company's property situated at DSCL Sugar - Hariawan</u> | |
| <u>Lender</u> | |
| <u>As and by way of Exclusive Second Charge on the Movable and Immovable properties</u> | |
| - Government of India, Ministry of Consumer Affairs,
Food & Public Distribution
Department of Food & Public Distribution | Rs. 17.42 crores |
| c) <u>On Company's property situated at DSCL Sugar - Rupapur</u> | |
| <u>Lender</u> | <u>Financial Assistance</u> |
| <u>As and by way of Exclusive Second Charge on the Movable and Immovable properties</u> | |
| - Government of India, Ministry of Consumer Affairs,
Food & Public Distribution
Department of Food & Public Distribution | Rs. 16.75 crores |

- d) On Company's property situated at Kota, Rajasthan
Lender

As and by way of First ranking pari passu Charge on the Movable assets and Immoveable assets excluding Current assets and Second ranking charge on Current assets subject to first ranking security interest in favour of the Working Capital Lenders

- International Finance Corporation, D.C., Washington

Rs. 124.59 crores
(Equivalent to USD 25 million)

- e) On Company's property situated at Bharuch, Gujarat
Lender

As and by way of First ranking pari passu Charge on the Movable assets and Immoveable assets excluding Current assets and Second ranking charge on Current assets subject to first ranking security interest in favour of the Working Capital Lenders

- International Finance Corporation, D.C., Washington

Rs. 124.59 crores
(Equivalent to USD 25 million)

together with interest, compound interest, additional interest, further interest, liquidated damages, commitment charges, premia on prepayment, costs, charges, expenses and all other monies including any increase/decrease as a result of devaluation/revaluation/ fluctuation in the rates of exchange of foreign currency involved payable by the Company and that such mortgage(s)/charge(s), other than those at (b) and (c) above, 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 be and are hereby ratified and confirmed.

Resolved further that the Board of Directors 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 to be in the best interest of the Company."

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

"Resolved that pursuant to Section 163 and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded for maintaining the statutory records viz. Register of Members & Debenture holders, Index of Members & Debenture holders, Register of Share Transfers & Debentures and copies of the Annual Returns with M/s. MCS Limited at their new address at F-65, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi – 110 020."

New Delhi
30th June, 2009

By Order of the Board



(B.L. SACHDEVA)
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 28th July, 2009 to 4th August, 2009 (both days inclusive).
4. Members who are holding shares in physical form in identical names in more than one folio are requested to write to M/s. MCS Ltd., the Registrar and Share Transfer Agent (RTA), F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110 020, enclosing their Share Certificate(s) to enable the Company to consolidate their holding in one folio.

In terms of SEBI Circular dated 20th May, 2009, pertaining to transfer of physical shares of the listed companies, the transferee(s) are requested to furnish copy of their Income Tax PAN Card alongwith the Transfer Deed to the RTA for registration of transfer of shares, irrespective of the value of the transaction.

5. Members holding shares in physical form are requested to notify immediately any change in their address to M/s. MCS Ltd., RTA, quoting their folio numbers.
6. Pursuant to Section 205A of the Companies Act, 1956, the dividends upto the financial year 1994-95 which remained unpaid/unclaimed had been transferred to the General Revenue Account of the Central Government. The Members, who have not claimed their dividend for the said period so far may claim the amount from the Registrar of Companies, NCT of Delhi and Haryana, 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 interim dividend for the financial year 2001-02 to the Fund. Please note that no claim shall lie against the Company or the Fund in respect of individual amounts of dividend, once the same is transferred to the Fund. In view of this, the Members of the Company who have not yet encashed their final dividend warrant(s) for the financial year ended 31.3.2002 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 Vimal Bhandari, Shri Sunil Kant Munjal and Shri D. Sengupta, 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 Vimal Bhandari	Shri Sunil Kant Munjal	Shri D. Sengupta
Date of Birth	23.08.1958	14.12.1957	20.6.1942
Nationality	Indian	Indian	Indian
Date of Appointment on the Board of the Company	13.5.2003	13.5.2003	11.8.2003
Qualification	B.Com, C.A.	B.Com, Training in Mechanical Engineering.	Bachelor of Science in Physics, PGDM.
Expertise in Functional Area	Delivering on accounting, budgeting and other corporate objectives in financial services.	Information Technology, Insurance, Customer Relationship, Finance and Corporate Planning.	Market Development, Risk Analysis and Transfer Techniques, Managing Human Resources, Insurance and Reinsurance Principles and Practices, Funds Management and International Business Relations.
Directorships held in other Indian Companies	<ul style="list-style-type: none"> - AEGON India Pvt. Ltd. - Mirc Electronics Ltd. - Kalpataru Power Transmission Ltd. - Eveready Industries India Ltd. - AEGON Religare Life Insurance Co. Ltd. - Religare AEGON Asset Management Co. Pvt. Ltd. - Bayer CropScience Ltd. 	<ul style="list-style-type: none"> - Hero Cycles Ltd. - Hero Management Service Ltd. - Hero Corporate Service Ltd. - Hero Motors Ltd. - Satyam Auto Components Ltd. - Thakurdevi Investments Pvt. Ltd. - Bahadur Chand Investments Pvt. Ltd. - Easy Bill Ltd. - Hero Honda Motors Ltd. - Shivam Autotech Ltd. - Thakurdevi Hydro Pvt. Ltd. - Arrow Infrastructure Ltd. - BML Investments Pvt. Ltd. - Abhyuday Manufacturing and Automotive Ltd. - Hero Mindmine Institute Ltd. - Hero Ergo Life Insurance Co. Ltd. - Weave Engineering and Design Ltd. 	<ul style="list-style-type: none"> - Reliance General Insurance Co. Ltd. - Duncan Industries Ltd.
Chairman/Member of the Committee(s) of the Board of Directors of the Company			Member <ul style="list-style-type: none"> - Audit Committee
Chairman/Member of the Committee(s) of the Board of Directors of other Companies in which he is a Director	Chairman Audit Committee <ul style="list-style-type: none"> - Mirc Electronics Ltd. Member Audit Committee <ul style="list-style-type: none"> - Kalpataru Power Transmission Ltd. - Bayer CropScience Ltd. - AEGON Religare Life Insurance Co. Ltd. 	Chairman Audit Committee <ul style="list-style-type: none"> - Satyam Auto Components Ltd. Member Audit Committee <ul style="list-style-type: none"> - Easy Bill Ltd. - Hero Management Service Ltd. - Shivam Autotech Ltd. 	Member Audit Committee <ul style="list-style-type: none"> - Reliance General Insurance Co. Ltd.

EXPLANATORY STATEMENT

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

ITEM NO. 7

The Company has availed/proposes to avail financial assistance from Punjab National Bank, Government of India, Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution and International Finance Corporation, Washington D.C. 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, as detailed in the resolution to respective lenders, situated at Swatantra Bharat Mills, Tonk (Rajasthan), DSCL Sugar, Hariawan, District Hardoi (U.P.), DSCL Sugar, Rupapur, District Hardoi (U.P.), Shriram Fertilisers & Chemicals Complex at Kota (Rajasthan) and Shriram Alkali & Chemicals at Bharuch (Gujarat) in the manner desired by the lenders and agreed to by the Company. The creation of mortgage/charge requires approval of the Members under Section 293(1)(a) of the Companies Act, 1956.

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

ITEM NO. 8

M/s. MCS Limited, Registrar and Transfer Agent for shares, debentures, etc. of the Company (both in physical and demat form) has shifted its office from Srivenkatesh Bhavan, W-40, Okhla Industrial Area, Phase – II, New Delhi – 110 020 to **F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi - 110 020**. The statutory records mentioned in the resolution are now being maintained in their new Office.

Under Section 163 of the Companies Act, 1956, approval of the Members is required to keep statutory records at a place other than Registered Office of the Company.

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



Expanding Agri-rural presence, strengthening integration and swing capabilities in Chloro-Vinyl to deliver sustained growth and superior value

Dear Friends,

Report Junction.com

We are pleased to report that your Company recorded improved performance even in a challenging macro-environment. Strong presence in diverse sectors – agri-rural businesses and Chloro-Vinyl businesses – with multiple revenue streams and swing capabilities enabled us to optimise earnings and face the volatility much better.

Your company has continuously invested in its businesses to build a solid and secure operating base. Being amongst the lowest cost producers and integrating into value added products have been the constant drivers of our efforts over the last few years. These efforts have resulted in your company:-

- Setting up \simeq 275 MW of power generating capacity with multiple uses (including sale) which strengthens our competitiveness and helps to optimize the earnings per unit of Power.
- Emerging as one of the top three manufacturers of Chlor-Alkali products.
- Building robust Agri-inputs portfolio of value added products based on strong research and intensive agri - extension work with farmers.
- Establishing a large and integrated Sugar business in U.P.
- Strengthening the new businesses i.e 'Hariyali Kisaan Bazaar', 'Fenesta Building Systems' and 'Bioseed'. These businesses exhibit strong potential for value growth:
 - Hariyali, with over 300 outlets in 8 states, is the largest rural network of one stop destination for all needs of the farmers and the rural households. It is aggressively enhancing its rural penetration with continuous updation of its offerings. This would lead to high growth in revenue and margins going forward.

- 'Fenesta' is developing as a synonym to uPVC Windows in the country, both in institutional and retail segment. After achieving operating break-even during the year, it is poised for high growth in coming years.
- 'Bioseed' with its strong research capabilities, has over the last decade built a prominent presence in India, Vietnam and Philippines, and is now adding new markets. The research base has enabled a strong product pipeline and has put this business on a high growth trajectory.

The Company's commitment towards investing in its people resources has been strong. The employees, as always, have demonstrated highest level of engagement in dealing with the challenges of a difficult year and have contributed immensely towards strengthening of the Organization.

Highest standards of Corporate Governance are a strong focus in your company. We are continuously taking steps to strengthen and update the same by adopting and institutionalizing the best practices with the help of experts.

As a responsible corporate citizen, we continue to pursue various initiatives relating to education, health, infrastructure, farm income etc, which are aimed at improving the well being of society.

We would like to take this opportunity to thank all the members of the board, the employees, vendors, suppliers, businesses associates, lenders and shareholders who have always supported our progress across varied businesses. With their cooperation, we are confident of delivering superior value to all our stakeholders.

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
Deputy Managing Director

Shri Ajit S. Shriram
Director (Sugar)

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

Dr. S.S. Baijal

Shri Arun Bharat Ram

Shri Pradeep Dinodia

Shri Vimal Bhandari

Shri Sunil Kant Munjal

Shri D. Sengupta

Shri S.C. Bhargava
LIC Nominee

Company Secretary

Shri B.L. Sachdeva

Audit Committee

Dr. S.S. Baijal
Chairman

Shri Arun Bharat Ram

Shri Pradeep Dinodia

Shri D. Sengupta