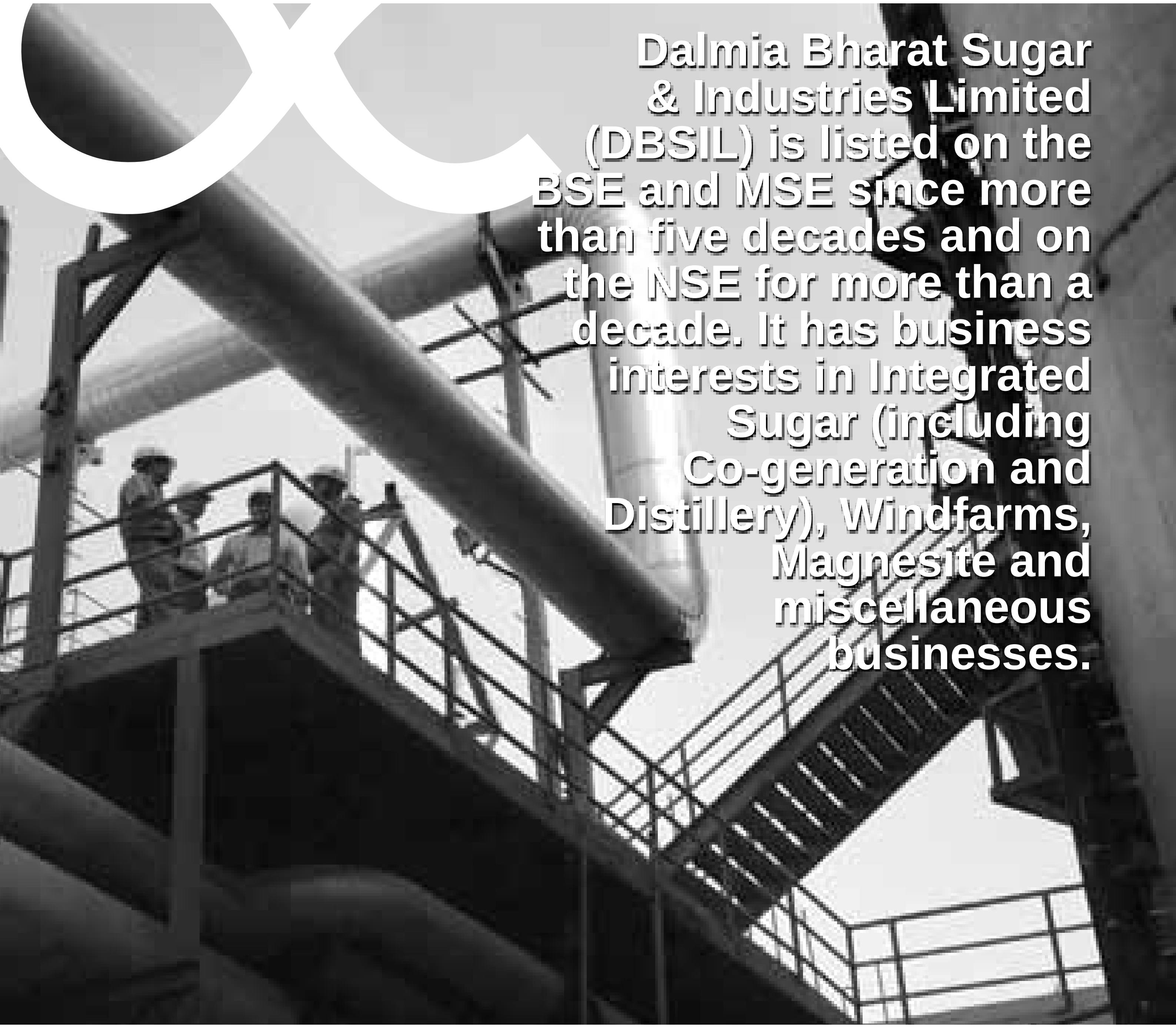
Dalmia
BHARAT SUGAR

Dalmia Bharat Sugar and Industries Limited | Annual Report 2011-12

Perspective is everything. Its framing and re-framing is essential. This visual can be seen as an amalgamation of troughs and crests, resonating rising and falling business sentiments. Or it can be viewed as a representation of infinite potential, possibilities and power. We prefer the latter interpretation. The Upside of Down and how we fostered performance from a bleak business outlook.



Dalmia Bharat Sugar & Industries Limited (DBSIL) is listed on the BSE and MSE since more than five decades and on the NSE for more than a decade. It has business interests in Integrated Sugar (including Co-generation and Distillery), Windfarms, Magnesite and miscellaneous businesses.

Our Values

Learning

Fire represents our Value of Learning. The fire within is a source of curiosity. It promotes learning. Applied creatively, learning fosters innovation.

Teamwork

Water represents our Value of Team Work, Trust, Mutual Respect, Flow and Collaboration. Being the best solvent, it absorbs and mixes with all elements.

Speed

Air represents our Value of Speed. Air empowers and evokes passion; and nurtures growth. Air denotes the fastest mode of travel.

Excellence

Earth represents our Value of Excellence. Focused around the Sun, Earth's ability to withstand extreme heat and pressure is essential for taking on big challenges.

Our Values are captured in the Acronym, 'Let's Excel': **LE:** Learning **T:** Teamwork **S:** Speed **Excel:** Excellence

The Upside of Down

The story of everything civilisation has achieved is centred around response to challenge. Consistent and creative responses take the story forward, while granting depth and competitive advantage. Business sentiments are sensitive; in the face of less than satisfactory environments, business tends to be adversely impacted. And when macro-economic and/or regulatory trends appear negative, it becomes even more difficult to perform.

The year in review was fraught with challenges for the sugar industry. Policy and executive decisions by the Government, the overall economic scenario, and industry dynamics contributed to a negative outlook. Your Company addressed this by looking inwards: improvising, re-arranging, innovating and re-positioning its value propositions.

1

With a sharp focus on operational efficiencies, we crushed a record quantum of cane.

2

By further streamlining our systems and processes, we successfully boosted capacity utilisation and improved our execution prowess.

3

By enhancing our sugar quality, we delivered a world-class product to our expanding institutional client portfolio.

4

By extending our co-generation (co-gen) and distillery operations, we further insulated ourselves from vagaries of the cyclical sugar industry.

5

By strengthening our R&D, we achieved the best ever steam consumption on cane.

After successfully negotiating one of the most difficult years in the life of our business, we are making progress on declared goals.

Highest ever Cane Crushing at 23.61 lakh MT during FY12

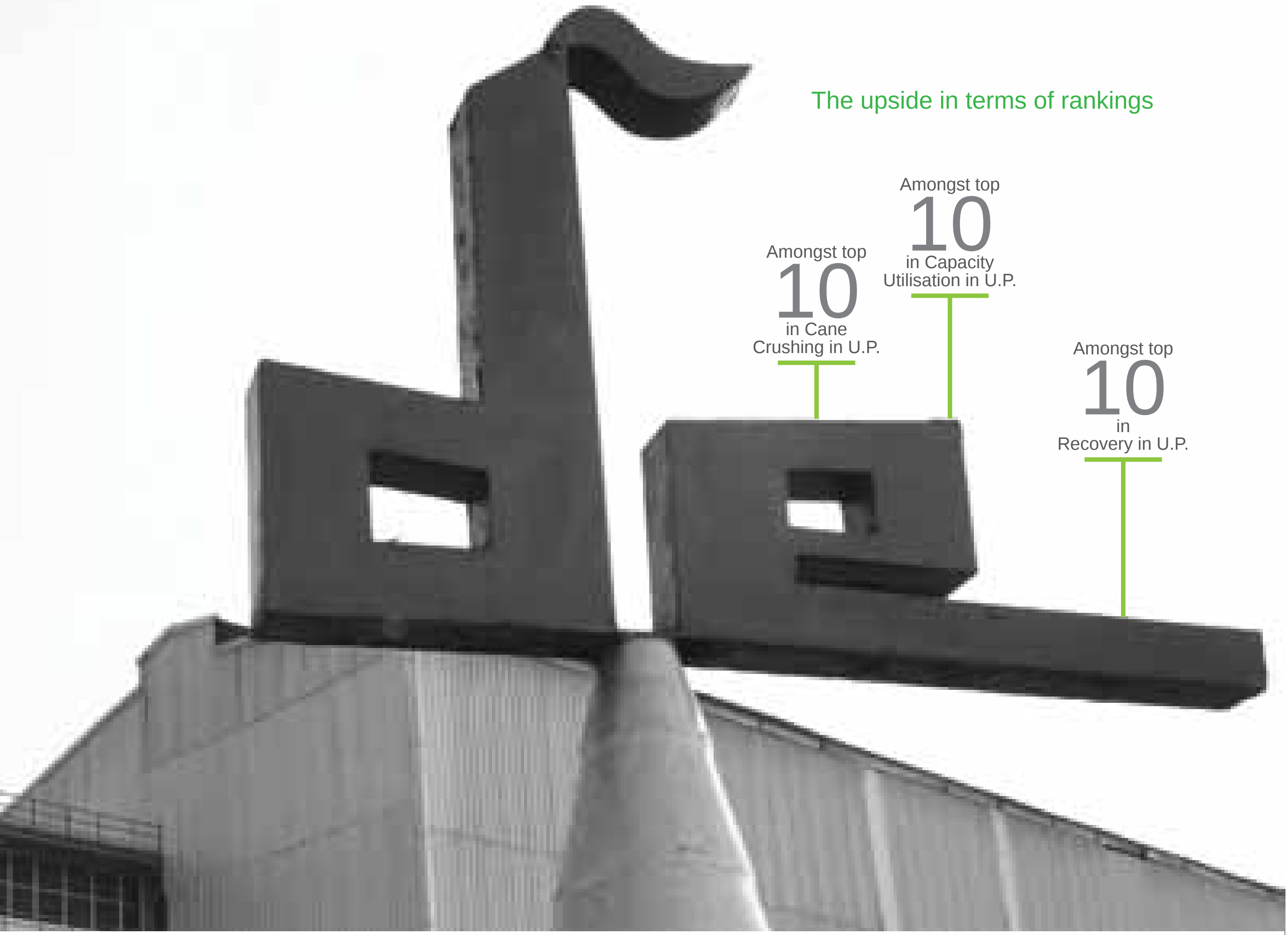
Dalmia Sugar Recovery at 9.17% in SY12. Total industry sugar recovery in U.P. at 9.10% in SY12

The Dalmia Bharat Sugar & Industries Limited

Since incorporation in the mid 1990s, DBSIL has emerged as a leading, fully-integrated sugar entity.

From a Company with a single manufacturing unit of 2,500 tonne cane crushed per day (TCD) in Ramgarh village, Sitapur, Uttar Pradesh, we have grown into three state-of-the-art units with a capacity of 7,500 TCD each.

Regular initiatives for cane development ensure steady supply of good quality cane. With high levels of cane crushing and capacity utilisation, we have been able to keep our losses among the lowest in the industry.



We have robust quality systems and have embarked upon 5S and TPM initiatives to raise the thresholds further. All our units have received certification on EMS and OHSAS, with the Food Safety and Quality certification. This will strengthen our position as preferred suppliers to global institutional buyers.

Our de-risked, forward integrated business model consists of 79 MW of co-gen capacity and a distillery of 80 kilo litres per day (KLPD). In co-gen, our power generation and exports have been the highest ever at 320 million units and 225 million units respectively. Our load factor is amongst the most competitive in the industry, the business shows good recovery in terms of auxiliary consumption. There has been significant year-on-year (y-o-y) growth in sugar co-gen due to higher availability of bagasse driven by a longer crushing season in Sugar Year (SY)11.

Production and dispatches of the distillery stood at an impressive 10,486 kilo litres (KL) and 6,744 KL respectively during FY12.

In an endorsement of its energy conservation, our Nigohi unit received the Certificate of Merit (sugar sector) under the National Energy Conservation Award 2011 from the Union Ministry of Power, Government of India.

Jai Hari Dalmia
Vice Chairman

Yadu Hari Dalmia
Vice Chairman

Letter from the Vice Chairmen

Dear Shareholder,

Over a year ago, when we restructured our businesses, we prepared the ground for Dalmia Bharat's exponential growth. The purpose of bifurcating our play into two distinct, separate thrust areas for Cement and Sugar was to create a more focused and integrated entity which would optimise shareholder value.

Despite a turbulent ride, the year in review has been a fairly satisfactory one for your Company. The business demonstrated exceptional focus, innovation and execution excellence to post an overall satisfactory performance in the face of strong global and domestic pressures.

Industry

The year saw significant improvement in the cane production, thereby leading to increase in yearly production of Sugar by 13% on all India basis, of which Uttar Pradesh saw an increase of 18%.

The regulatory environment was unfavourable and skewed towards populist measures which fixed unreasonable and unsustainable cane prices. This was exacerbated by the ceiling on sugar exports. Sugarcane price (SAP) was higher than expected in Uttar Pradesh. The SAP, at ₹240/quintal, was unsustainable and, with no commensurate increase in sugar prices, led to serious contractions in margins.

Sugar

By affecting significant improvement in operational efficiencies, your Company was able to secure results according to expectations. We reported the highest ever cane crush for the season, recorded by us so far. Losses and wastage were well under control and within the budgeted levels. We achieved the lowest ever steam consumption on cane, with zero discharge at our plant, this was one of the best in the industry. This happened especially after we successfully commissioned our initiative of steam saving at Ramgarh.

We benchmarked sugar quality, food safety and plant conditions to international standards. This led to market penetration in the institutional segment, resulting in better and more stable price realisation. We have also been able to establish ourselves as preferred suppliers in the traditional market.

Though recovery was impacted and fell short of target, a prudent approach ensured that profitability remained on track as we leveraged our strengths to optimise the opportunities available.

Sugarcane prices were increased to abnormal levels during the last season. The surplus sugar situation in the country created stress on prices. This caused EBITDA levels to be adversely impacted.

Power

The power business performed well and your Company reported its highest ever power generation and export numbers. We also made significant improvement in auxiliary consumption, which was the best this year at 8.00%. The PLF (Plant Load Factor) also improved significantly.

All our co-gen units received REC registration, a move that shall improve our EBITDA margins.

Another factor enabling your Company's growth was surplus bagasse availability because of prolonged sugar season. Due to this, the extended co-gen and distillery operations are expected to yield significant benefit to your Company from the coming fiscal.

Distillery

Your Company's performance in its distillery business was positive, with production and dispatches at their best ever at 10,486 KL and 6,744 KL, respectively. Realisation of distillery products was better as compared to the budgeted numbers, and accordingly, our EBITDA numbers for this division also stood impressive.

We commissioned the bio-methanation plant at our distillery. This will help in running the power plant for a longer duration.

Consolidated Performance of the Company

We were able to successfully counter the various challenges which confronted the industry to close the year at net sales of approx. ₹713 crore.

Your Company earned EBITDA of ₹89 crore during FY12 and PAT at ₹92 lakh. Sugar production and sales volumes stood at 2.15 lakh Metric Tonnes and 2.0 lakh Metric

We achieved the lowest ever steam consumption on cane, with zero discharge at our plant, this was one of the best in the industry. This happened especially after we successfully commissioned our initiative of steam saving at Ramgarh

FY12
23.61
Lakh MT
Cane
Crushed

FY12
2.15
Lakh MT
Sugar
Produced

Tonnes respectively during the year. The average sugar realisation was at ₹27,652 per tonne during the year, as against ₹26,682 per tonne in the previous year.

Outlook

We are confident of creating greater intrinsic value and stronger performance, going forward. Improved crop, backed by reasonable cane prices and pragmatic policies of new Government in Uttar Pradesh, augur well for your Company.

Your Company is focused on maximising returns from value-added revenue streams like co-gen and distillery through better utilisation of assets in the off season. The conversion of bagasse boiler in Jawaharpur plant into a multi fuel boiler, and our decision to run our power plant and distillery for more days in a year, are steps in this direction.

On the procurement front, we plan to do more work on cane development to ensure higher recovery of sugar and minimise use of rejected variety in the years to come.

Our quality focus shall also continue during the year and we shall work on grain size and improve the ICUMSA (whiteness) levels in our sugar. Optimisation of existing business and increase in cane crushing, capacity utilisation and recovery are other focused measures we shall continue to strive towards in our upward journey.

We anticipate key policy decisions by the Government to transform the fortunes of the industry. Additional sugar exports, if allowed by the Government, will add to our profitability, going ahead.

The Supreme Court judgement expected to lay down the guidelines for fixing of SAP will

be a defining one for the industry. The long awaited formula on ethanol pricing and mixing policy is also expected to change the course of the business positively. We will play these developments to our advantage.

We also expect some further relief, given the positive stance already being announced in OGL during the year, and are hopeful of significant forward movement on de-regulation once the Expert Committee constituted by the Prime Minister under the chairmanship of Dr. C. Rangarajan tables its recommendations. The Ministry of Consumer Affairs, Food and Public Distribution has been requested to facilitate the required support to the Committee in discharging its functions and we hope to play a greater role in pushing for the much-needed reforms in the industry.

We move forward with a confidence of purpose. To see beyond the obstacles and hurdles of today into opportunities of tomorrow. We are committed to viewing the upside of every down. That, we believe, differentiates the extraordinary from the ordinary.

In conclusion

We take this opportunity to thank all our stakeholders, with whose support we hope to take DBSIL to the next stage of its growth trajectory.

Jai Hari Dalmia
Vice Chairman

Yadu Hari Dalmia
Vice Chairman

Your Company is focused on maximising returns from value-added revenue streams like co-gen and distillery through better utilisation of assets in the off season

Building Greater Operational Efficiencies

2011-12 was a period of turbulence for the industry. Increased SAP in U.P. impacted margins, cane variety was of a poorer grade and recovery was lower than estimated. Temporary disruption of distillery operations added to our woes and it was a challenge for us to continue our upward journey in this negative environment.

We were, however, able to successfully manage the various challenges to our advantage on the back of our intrinsic strengths, expertise and experience. We learnt to get more out of our existing capacities. We also successfully managed to increase the grain size and improve the whiteness levels of our sugar, enabling a premium for our sugar compared to competition.

Sugar quality was significantly enhanced by re-designing boiling units, chemical usage and improved process control. Lesser steam consumption and setting up of steam saving devices at our Ramgarh plant resulted in substantial saving of bagasse.

With a longer sugar season resulting in prolonged co-gen and distillery operation, operational performance increased significantly, the benefits of which are expected to accrue from next year.

In a policy decision aimed at achieving greater stability in price realisation, we achieved significant market penetration in the institutional segment. Moving forward, we see in this segment a huge potential for growth and shall continue to increase our focus on it.

Enhanced operational excellence during FY12:

Resumed distillery operations of 80 kilo litres per day (KLPD) capacity in Jawaharpur to boost revenue and EBITDA.

Commenced bio-methanation plant for enhanced electricity production and increased export of electricity to the grid.

Installed steam saving devices at Ramgarh, leading to bagasse savings.

Achieved lowest ever process steam consumption.

Launched farmer CRM initiative to ensure that cane arrives at our plants in a timely and structured manner and to enable electronic transfer of payments to farmers.

Commitment to Sustainability

Produced

10,486

kilo litres of alcohol through distillery operations

Received the United Nations' approval for

31,493

CERs (Certified Emission Reductions) for Ramgarh unit for 2008-09 and 2009-10

Abiding by our commitment to the environment and sustainability, we use on-ground, sophisticated data to guide our actions. That takes a thorough and on-going analysis, determined discipline and the pursuit of ecological intelligence. All that we do centres around three cardinals:

- Know your Impacts
- Favour Improvements
- Share what you Learn

After an early lead in transforming our manufacturing process to a low carbon emission operation, we have completed the Clean Development Mechanism (CDM) registration for all our three sugar units. This will lead to additional revenue generation through realisation of carbon credits.

Our three co-gen plants are registered by NEDA (New and Renewable Energy Development Agency) under the Renewable Energy Certification (REC) mechanism, benefits of which will be realised in the coming financial years on sustainable basis.

We have received the United Nations' approval for 31,493 CERs (Certified Emission Reductions) for Ramgarh unit for 2008-09 and 2009-10.

Our focus on power production with renewable energy sources encouraged us to invest in wind farm based electricity generation and we are incubating a solar energy project in Rajasthan.

Our 80 kilo litres per day (KLPD) distillery at the Jawaharpur plant produces ethanol from molasses – a by-product of our sugar business. The endeavour to minimise carbon emissions through blending of ethanol with petrol continues.

Co-generation of power is another initiative that helps reduce carbon emissions; we are increasingly focused on growing this business to maximise environmental benefit.

Our commitment to environmental protection is non-negotiable and absolute. It shall increase incrementally as we invest increasingly in the best of technologies and equipment designed towards zero impact.

Beyond Business

Corporate Social Responsibility (CSR) is an integral part of our growth. Our CSR projects are active in 16 villages in Sitapur and Shahjahanpur, close to our plant locations in Jawaharpur, Nigohi and Ramgarh. Our commitment to education, health, livelihood and economic empowerment of the communities we work in makes our CSR mandate an all-encompassing charter of hope and growth for a population of almost 11,000 people.

We usher hope and growth for each of those **11,000** people whose lives we have touched and impacted so far.

We improved the education standards of at least **500** children as compared to **276** in the previous fiscal.

Self-help groups for women expanded from **65** women to **176** women in 2011-12.

We arranged for **282** nutrition and health days (NHD) and **6** integrated health camps in our villages, reaching more than **8,000** beneficiary men, women and children

Our integrated education programme is aimed at bringing down the drop-out ratio, improving class participation and performance, providing training inputs to teachers and sensitising parents on the importance of basic education. The year saw us make provision for teachers' honorarium at the primary school level and we organised week-long training for school teachers to enhance quality of education. Subject fairs and special events like drawing competitions were arranged to make learning more interesting for children.

During the year, we directly improved the education standards of 400 children as part of remedial education, as compared to 276 in the previous fiscal.

With our goal of reducing drop-out cases from school significantly, our programmes of awareness, satisfaction and collaboration with schools reached more than 1,200 children, enhancing the interest of parents and children in schools and education.

In healthcare, our focus is on medicines and nutrition supplements, especially for women, children and the elderly. Lifestyle change is emphasised in our communication to ensure prevention of contagious and infectious diseases.

Under the Government's Nutrition and Health Day (NHD) programme, assisted by Aanganwadi Workers (AWW) and Auxiliary Nurse Midwives (ANMs), we mobilise pregnant women, children and adolescents for ante-natal and post-natal check-ups, as well as immunisation. We are constantly striving to bring down infant mortality rate (IMR) and maternal mortality rate (MMR) in our target villages.

During the year, we arranged for 282 nutrition and health days (NHD) and six integrated health camps in our villages, reaching about more than 8,000 beneficiary men, women and children.

Women are a primary focus group in all our CSR activities. Focus on self-help groups for women continued during the year.

16 Self Help Groups (SHG) comprising 175 rural women are actively serving as major platform for women's socio-economic empowerment; 8 of these SHGs have been linked to credit access with regional rural banks.

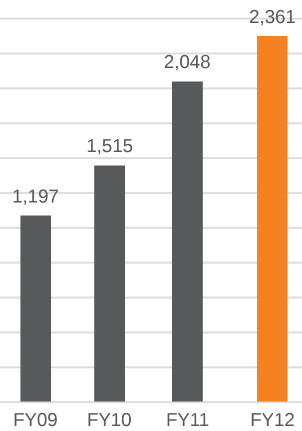
We are increasingly focused on integrating cane growing farmers through continuing initiatives to improve their living conditions. Our IT and telecom based timely information sharing exercise extends to every farmer associated with us and we see in their development and progress concrete steps to our own upward journey, which is built on the philosophy of 'growth for one is growth for all.'

The Upside in Numbers

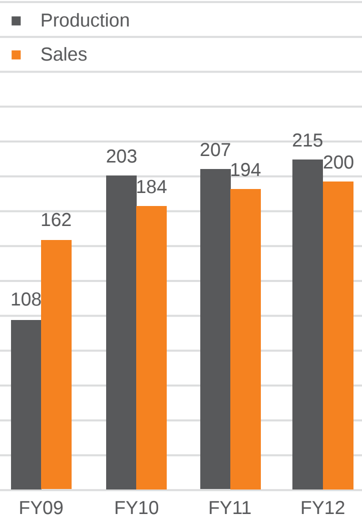
Financial Highlights

Particulars	FY Ending	FY12	FY11
Total Operating Income	₹ crore	739	684
Operating Profit (EBITDA)	₹ crore	89	82
Cash Profits	₹ crore	42	41
Profit Before Tax (PBT)	₹ crore	1	1
Profit After Tax (PAT)	₹ crore	1	4
Share Capital	₹ crore	16	16
Reserves & Surplus	₹ crore	425	425
Loan Funds	₹ crore	710	659
Net Block	₹ crore	579	606
Net Current Assets	₹ crore	193	188
Operating Profit Margin	%	12	12
EPS (fully diluted)	₹	0.11	0.47
Cash EPS (fully diluted)	₹	5.52	4.93
Net Debt Equity Ratio	x	1.4	1.3
Interest Coverage	x	1.0	1.0
Current Ratio	x	1.3	1.4
Dividend Rate	%	-	13
Dividend Payout Ratio	%	-	53
Share Price	₹	14	24
Market Capitalisation	₹ crore	112	197

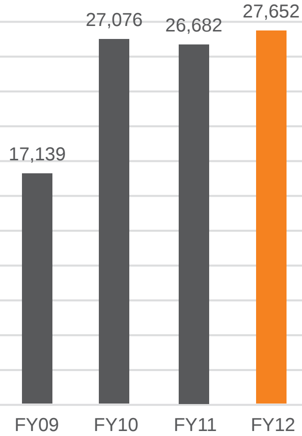
Cane Crushed ('000 MT)



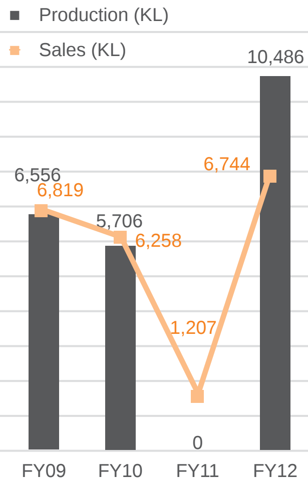
Sugar Production & Sales ('000 MT)



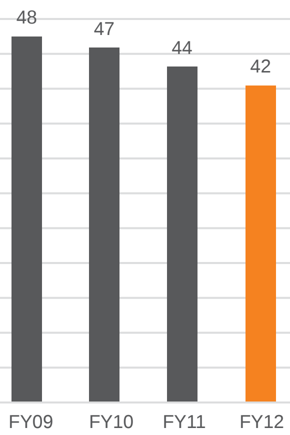
Sugar Sales Realisation (₹/MT)



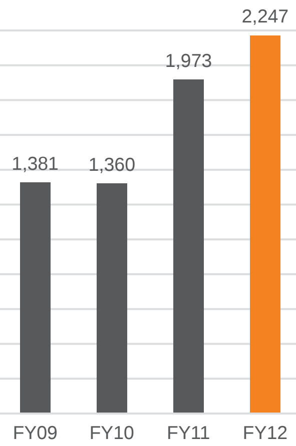
Distillery



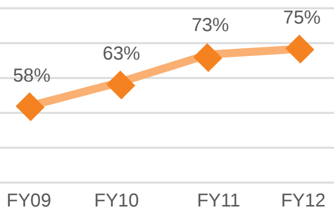
Steam Consumption (MT / MT)



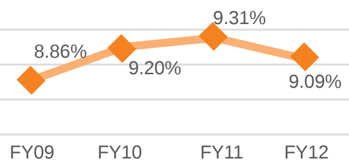
Power Exported (lakh kwh)



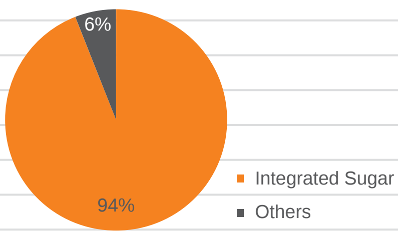
Capacity Utilisation Sugar



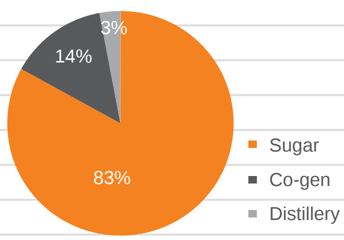
Sugar Recovery



Business Revenue Mix FY12



Integrated Sugar Revenue Mix FY12

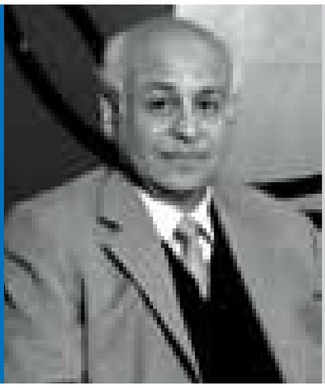


Board of Directors

Jai Hari Dalmia

Vice-Chairman

Mr. J. H. Dalmia holds a B.E. degree in Electrical Engineering from Jadavpur University and a Master's degree in Electrical Engineering from the University of Illinois, Urbana Champagne. He has more than 40 years of experience, cutting across various industries, with wide knowledge and experience of refractory, sugar and cement businesses. Mr. J. H. Dalmia is deeply involved in research and development, having personally received several patents for the Company's businesses. He was instrumental in establishing the Company's research and development efforts more than 20 years ago.



Yadu Hari Dalmia

Vice-Chairman

Mr. Y. H. Dalmia holds a B.Com (Hons.) degree from Delhi University and is a Fellow Member of the Institute of Chartered Accountants of India. He has more than 39 years of experience in the cement industry. A known and respected figure in the industry, Mr. Y. H. Dalmia has served as President of the Cement Manufacturers Association.

Gautam Dalmia

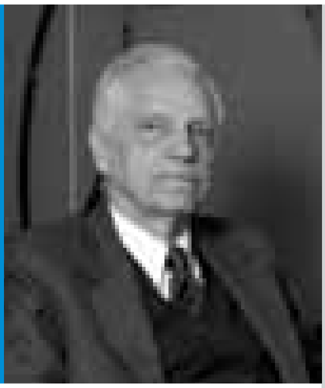
Managing Director

Mr. Gautam Dalmia holds B.S. and M.S. degrees in Electrical Engineering from Columbia University. He has 19 years of experience in the cement and sugar industries. He was part of the team that led the diversification of the Company into the sugar business in 1994. Mr. Gautam Dalmia was personally responsible for implementing a new strategy to turnaround the sugar business. He has led the effort to design and implement the Company's integrated sugar, ethanol and co-gen business and is directly responsible for managing the sugar business. He is also leading all operations and execution of cement projects. He provides leadership to the commercial functions for the group.

Puneet Yadu Dalmia

Managing Director

Mr. Puneet Dalmia holds a B.Tech degree from the Indian Institute of Technology, Delhi and is a gold medalist from the Indian Institute of Management, Bangalore in Strategy and Marketing. He has 15 years of experience in cement industry, having started his career as the co-founder and Chairman of one of the most profitable e-recruitment websites in India, which was later acquired by Monster.com, a Nasdaq listed multinational company. Mr. Puneet Dalmia conceptualised the growth strategy and governance architecture of the Group to focus on its core businesses and is spearheading the growth plans for the group.



J. S. Baijal

Independent Non-Executive Director

Mr. J. S. Baijal holds an M.A. degree in Economics from Allahabad University. A senior fellow in Harvard University, USA, he joined the Indian Administrative Service (IAS) in 1954 and has held the posts of Secretary, Finance, Government of Orissa; Joint Secretary to the Government of India, Ministry of Finance, Department of Economic Affairs; Director of National Fertilizers Limited, IFFCO; Minister Economic, Embassy of India, Washington D.C.; Chairman of the Industrial Development Corporation of Orissa; Officer on Special Duty with the Reserve Bank of India; Secretary, Irrigation & Power, Government of Orissa; Additional Secretary to the Government of India, Health & Family Welfare; Additional Secretary to the Government of India, Ministry of Finance, Department of Economic Affairs; Ex-officio Director of the Mineral & Metals Trading Corporation of India Limited, ONGC Limited, and Punjab National Bank; Secretary to the Government of India, Planning Commission; and Executive Director, World Bank, International Finance Corporation, and International Development Association, Washington. Since his retirement, he has held positions as Director of HDFC Bank Limited, before being appointed as a Director of the Company on May 31, 1999. He is a Trustee of Morgan Stanley Mutual Fund since 1994 and has over 11 years of experience in the cement industry.

M. Raghupathy

Independent Non-Executive Director

Mr. M. Raghupathy holds an M.A. degree in Economics from Madras University, with Statistics as the special subject. He was co-opted as a Director of the Company in 1997. He is the Chairman of the Audit Committee and Shareholders' Committee of the Company. He joined the Indian Administrative Service (IAS) in 1960 and has held various positions in the Government of Tamil Nadu such as Deputy Secretary to Government in the Revenue Department, Collector of Salem District, Director of Rural Development, Managing Director of Tamil Nadu Dairy Development Corporation, Commissioner of Animal Husbandry Department, Commissioner & Secretary to Government of Tamil Nadu in various departments like Transport,Housing and Urban Development, Agriculture (as Agriculture Production Commissioner) & Textiles, Principal Commissioner of Land Administration, Land Reforms and Revenue departments of the Government of Tamil Nadu, Chairman of Thiruvalluvar Transport Corporation Limited, Chairman of the Tamil Nadu Transport Development Finance Corporation, Chief Electoral Officer of Government of Tamil Nadu, Principal Vigilance Commissioner and Principal Commissioner of Revenue Administration. He has over 15 years of experience in the cement industry.

T. Venkatesan

Director

Mr. T. Venkatesan is a B.A. (Economics) and a Fellow Member of the Institute of Chartered Accountants of India. He brings with him a rich experience of over 31 years, having commenced his career with Thiru Arooran Sugars Limited in the finance and accounts department. He has worked with reputed companies such as Eicher Tractors Limited, Triveni Engineering Limited and the Aditya Birla Group. In his previous assignment with the Sterlite Group, he was instrumental in spearheading the expansion from 180 KTPA to 400 KTPA as CEO for Sterlite Industries' copper business. In addition, he was also holding additional charge as CEO and director on the Board of Vedanta Alumina Limited and has successfully implemented a ₹5,000 crore project in the State of Orissa. His expertise lies in accelerating growth and building organisational capability to ensure delivery of business goals. In his present capacity, he is responsible for operations and future growth of the cement segment.

B. B. Mehta

Director

Mr. B. B. Mehta is a B.Com (Hons.) and became a Member of the Institute of Chartered Accountants of India 1976 with 29th All India Rank. He has more than 35 years of experience in the field of Accounts, Finance, Commercial, Projects, Operations and General Management in the group Companies of Dalmia.

Kannan Panchapakesan

Director

Mr. Kannan Panchapakesan is a Bachelor of Engineering, Electronics and Computer Engineering, National Institute of Technology, Trichy; Master of Science, Electrical Engineering, Rochester Institute of Technology, NY; and Doctor of Philosophy, Electrical and Computer Engineering from The University of Arizona, Tucson, AZ. He brings to the table 11 years of experience, having started his career as Member of Technical Staff, Hughes Network Systems, Germantown, MD. He has also worked as DSP Systems Architect, Sarayu Softech, Chennai and Visiting Research Scholar, Department of Electrical and Computer Engineering, The University of Arizona, Tucson. He is Senior Research Engineer, Harmonic Inc. San Jose, CA, since May 2006. Writer of several publications, he has three US patents, in the area of signal processing, to his credit.

Corporate Information

Board of Directors

Jai Hari Dalmia
Vice-Chairman

Yadu Hari Dalmia
Vice-Chairman

Gautam Dalmia
Managing Director

Puneet Yadu Dalmia
Managing Director

J. S. Baijal
Independent Non-Executive Director

M. Raghupathy
Independent Non-Executive Director

T. Venkatesan
Director

B. B. Mehta
Director

Kannan Panchapakesan
Director

Auditors
Statutory Auditors
S.S.Kothari Mehta & Co.

Internal Auditors
Axis Risk Consulting Services Pvt. Ltd.
A Genpact Company,
Plot No. 22-B, 1st Floor,
Udyog Vihar Phase IV, Sector 18,
Gurgaon - 122 015, India

Head Office
11th & 12th Floors, Hansalaya Building
15, Barakhamba Road, New Delhi - 110 001

Registered Office
Dalmiapuram - 621 651
District Tiruchirapalli, Tamil Nadu

Bankers
Punjab National Bank
Yes Bank
Axis Bank Ltd.
IDBI Bank
Canara Bank
Corp. Bank
Bank of Baroda
DBS
Central Bank of India
Vijaya Bank
State Bank of Mysore
Allahabad Bank

Management Discussion and Analysis

I. SUGAR INDUSTRY OVERVIEW

i. Production

The International Sugar Organisation expects global production for Sugar Year (SY) 2011-12 at 172.3 MnT (Million Tonnes) raw value, with a surplus of 4.21 MnT as per its April 2012 update. Brazil's output is forecasted at 37.61 MnT in 2012-13, up from the 36.04 MnT in 2011-12. Mexico, which is one of the major producers in the region, has shown dip in the output in 2011-12. Lower production in Brazil and Mexico in 2011-12 is attributed to low cane yields due to effect of drought and frost in 2011 and also heavy rains at the end of the year. Thailand, the world's second biggest sugar exporter, in 2011-12 has produced 9.77 MnT raw value as of 1st April 2012, up from 8.344 MnT in the same period last year. Similarly, India and Pakistan are expected to be net exporters in SY12. China's sugar output has also surged, wherein the total output in the first five months starting October 2011 is 8.472 MnT, up by 5.5% from 8.032 MnT produced in the same period a year ago. In Russia the beet crop has more than doubled, and for the first time ever more than 5.0 MnT of refined sugar were produced in 2011-12, due to which the country is expected to practically withdraw from the world market.

(Source: International Sugar Organisation, 5th April, 2012)

ii. Demand–Lower Prices to Boost Consumption

The global demand for sugar may recover to a normal growth rate of 2.4% after three stagnant years. Prices have moved to affordable levels which are expected to spur demand, especially from China and Africa and from other importing countries like EU for the purpose of stock building.

Global consumption is anticipated at 168.16 MnT, with the surplus of 4.21 MnT.

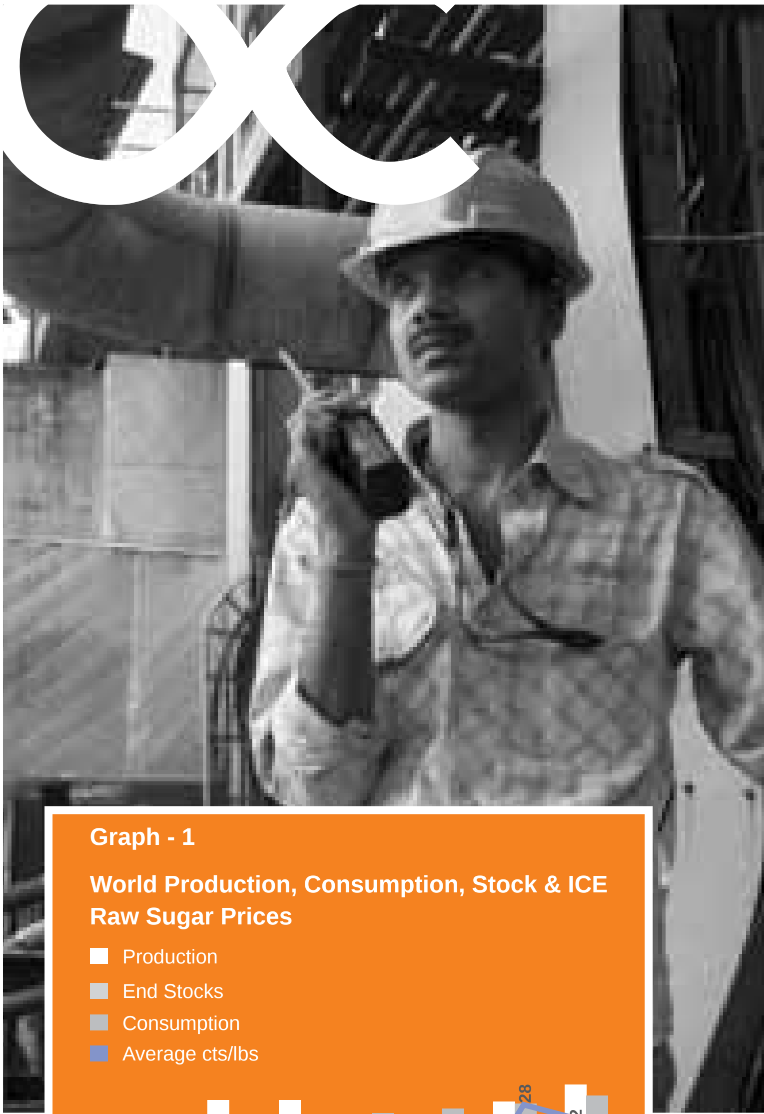
iii. Surplus–Production Exceeds Demand

Please refer to Graph - 1

iv. Prices–Sugar prices witness significant volatility amidst tight demand supply situation together with low stockpiles

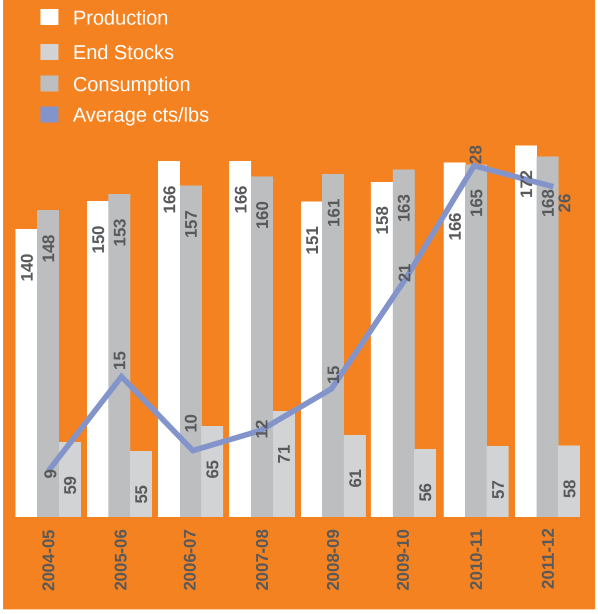
Please refer to Graph - 2

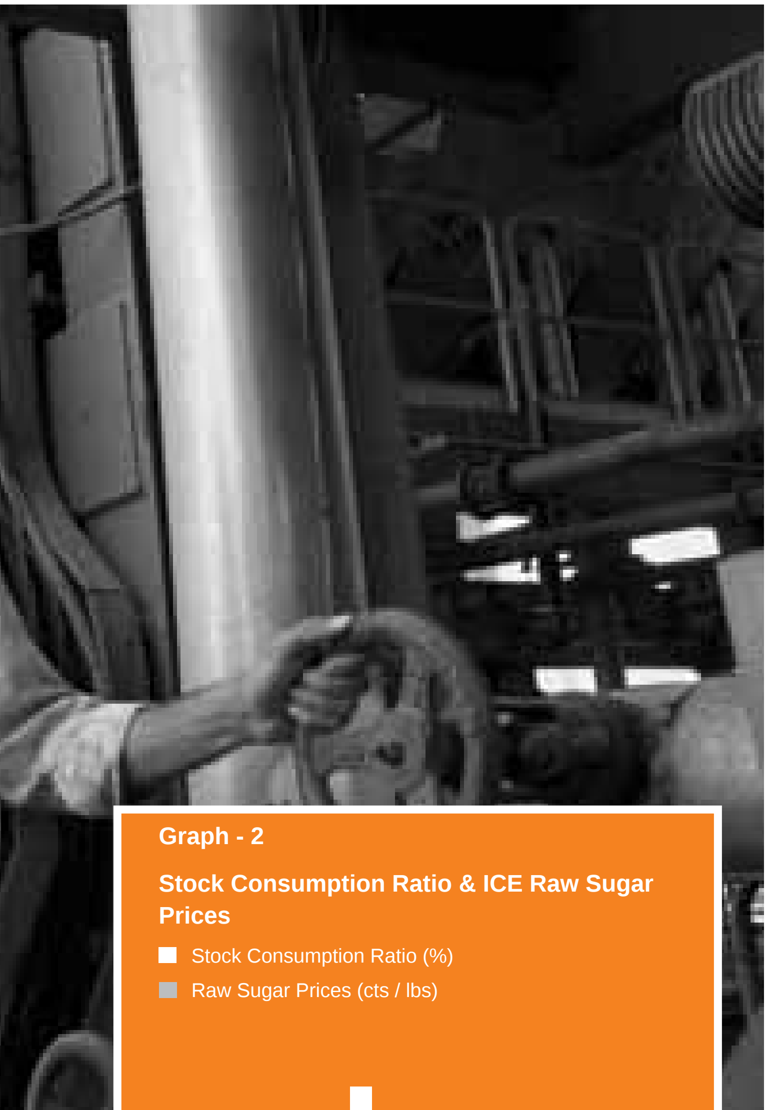
Two years of high global sugar prices are finally making



Graph - 1

World Production, Consumption, Stock & ICE Raw Sugar Prices





their presence felt. The market will see its first surplus in four years, following the rather minuscule surplus in SY11.

Following expectations of record harvest in Thailand and larger supplies from Brazil hitting the market, prices started dropping from December 2011 onwards and reached 21.27 cents/lb in April 2012.

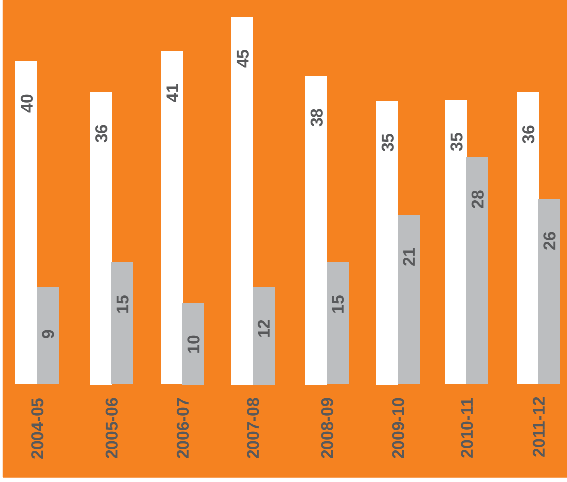
2012 is expected to be a surplus year, with global supply outpacing demand by about 4.21 MnT on account of large production harvests in India, the EU, Thailand and the Russian Federation. However, the global stocks/ consumption ratio is expected to remain significantly below its ten-year average level, indicating low global stocks of sugar (which were tapped in the last three crop years after poor weather hindered increased production amid steadily growing world demand). With a tight supply-demand situation and low global stocks, international prices are expected to remain volatile.

(Source: International Sugar Organisation, March 2012)

Graph - 2

Stock Consumption Ratio & ICE Raw Sugar Prices

- Stock Consumption Ratio (%)
- Raw Sugar Prices (cts / lbs)



II. INDIAN OVERVIEW

i. Production

India's sugar production rose 13% year-on-year (y-o-y) to 24.63 MnT (as on 15th April 2012), compared to 21.73 MnT in the corresponding period of SY11, an increase of 2.9 MnT.

Maharashtra, the country's largest sugar producing state, produced 8.5 MnT during the year; 9% higher than last year.

Uttar Pradesh saw a growth of 18% to 6.9 MnT. The southern states of Karnataka and Tamil Nadu registered higher production of 3.72 and 1.45 MnT respectively, as on 15th April 2012.

India's Food Ministry has projected sugar production at almost 25.2 MnT for SY12, while Indian Sugar Mills Association (ISMA) has projected the output to be 26 MnT.

Please refer to Table - 1

The government permitted exports of 3 MnT of sugar during SY12 in three equal tranches under an open general licence (OGL). Of this, 2 MnT was notified during FY12

Graph - 3

Stock Consumption Ratio & Sugar Prices

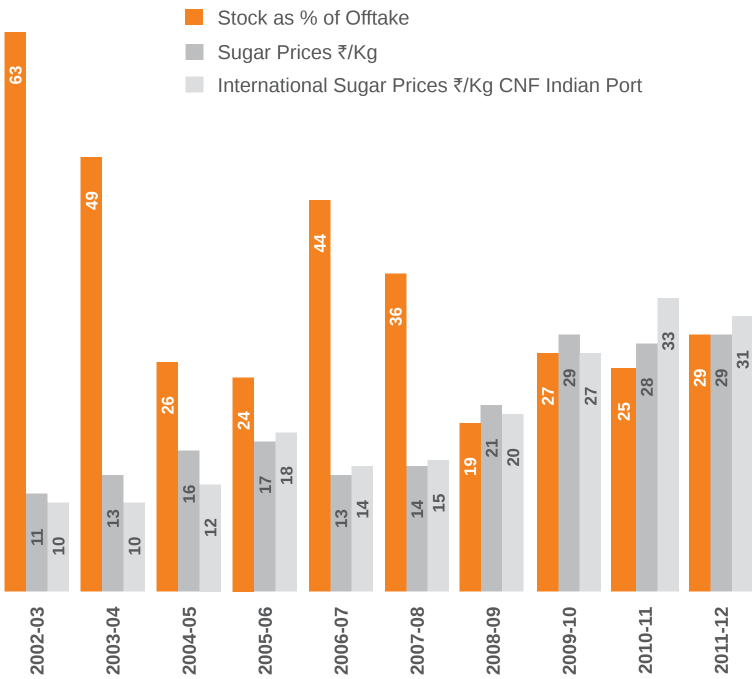


Table - 1

Indian Sugar Demand / Supply Balance

Indian Sugar Balance				(Lakh MT)	
Particulars	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12 (P)**
Opening Stock as on 1st Oct.	110	105	44	50	68*
Production during the Season	264	145	189	244	260
Imports	-	24	41	-	-
Total Availability Offtake:	**374**	**274**	**274**	**294**	**328**
i) Internal Consumption	219	229	213	208	215
ii) Exports	50	2	2	26	36
Total Offtake	**269**	**231**	**216**	**234**	**251**
Closing Stock as on 30th Sept.	**105**	**44**	**58**	**60**	**77**
Stock as % of Offtake	**48%**	**19%**	**27%**	**29%**	**36%**
Sugar Prices ₹/Kg (Ex-Mill)	**14**	**21**	**29**	**28**	**29**
International Sugar Prices ₹/Kg CNF Indian Port	**15**	**20**	**27**	**33**	**31**

Source: Indian Sugar Mills Association, ISMA;

** As reported by Sugar Directorate, Government of India.*

ii. Domestic Consumption

SY12 commenced with an opening balance of approximately 6.8 MnT. India is likely to achieve a sugar production of about 26 MnT during SY12. The domestic sugar industry estimates annual domestic sugar consumption at around 21.5 MnT; a growth of 3-4%.

With production exceeding domestic consumption for the second consecutive year, the surplus is likely to be mitigated by exports.

iii. Exports

The Government permitted exports of 3 MnT of sugar during SY12 in three equal tranches under an Open General Licence (OGL). Of this, 2 MnT was notified during FY12. Industry expects the Government to carry sugar inventory of three months, at the end of the present season. During the first week of May 2012, the Government relaxed quantity restrictions on exports of sugar under OGL, which is likely to ease stocks built up in the country.

iv. Prices

Domestic sugar prices started rising from the previous cyclical lows in mid-September 2010 onwards and, after remaining at par or below the production cost for a long time, inched closer to ₹30,000/MT level after many months in November 2011. During September and October 2011, an increase in the demand for sugar on account of the festive season resulted in increase in prices. Further, delayed crushing in key sugar producing States (on account of uncertainty over cane pricing) and announcement of 1 MnT of sugar exports under the OGL pushed up sugar prices in November.

Hence, domestic sugar prices have started softening since December 2011 mainly because of fresh production and softening international prices. This offset the positive impact of the government allowing additional 1 MnT of exports.

Please refer to Graph - 3

v. High Procurement Costs – U.P. Mills Impacted

Most sugar mills in India faced the brunt of increase in cane costs with the increase in State Advised Price (SAP). This was heightened in Uttar Pradesh. The poll-bound state government fixed SAP for SY12 at ₹250 per quintal for early varieties, ₹240 per quintal for normal varieties and ₹235 per quintal for rejected varieties. In the last crushing season, the Government fixed the SAP at ₹205 per quintal for normal and ₹210 per quintal for early maturing variety. This price of ₹240 per quintal was substantially higher than the Central Government's Fair and Remunerative Price (FRP) of ₹145 per quintal of cane. The SAP hike was a hard blow to the millers in U.P., who were already making a loss of almost ₹2-3 a kg due to higher cost of production of sugar. The ex-mill price of sugar is in the region of ₹29 per kg in U.P.

U.P. faces highest cane procurement price.

- Maharashtra announced new cane price at ₹180-205 per quintal (Farmers were demanding over ₹235 per quintal).
- Tamil Nadu announced SAP at about ₹200 per quintal.
- Karnataka fixed it at ₹180 per quintal.

As there was no commensurate increase in the prices of the sugar, this high sugarcane procuring price-final sugar price imbalance led to a serious contraction in the margin.

vi. Supreme Court: Clearance of Farmer Arrears in Uttar Pradesh

The situation in U.P. was further aggravated by the Honourable Supreme Court ruling for SY07 and SY08, and direction sugar mills in U.P. to make payment towards cane arrears (estimated at over ₹1,000 crore) to the sugarcane farmers for 2006-07 and 2007-08 seasons within a period of three months.

With surplus domestic production and limited export quantities expected to keep sugar prices low, coupled with a significant hike in the SY12 cane price, the directive to clear past cane arrears further tightened the liquidity position of U.P.-based sugar mills. Moreover, this impacted the profitability and cash flows for these mills to a great extent. Your Company, through a prudent strategy and conservative approach, had, however, already provided for such a contingency in its books of account.

vii. Outlook

Your Company expects a better sugarcane crop next year in the light of higher cane prices being paid to the farmers this year.

Sugar output in India for SY13 is expected to improve on higher cane crushing in key producing states of Tamil Nadu and U.P. A slight increase in the production from U.P. can also be expected to ride on better recovery and increased cane production due to higher cane remunerations to farmers.

In its recent report, the International Sugar Organisation (ISO) expects total sugar production at 24.5 MnT in SY13, whereas The National Federation of Co-operative Sugar Factories estimates 25 MnT.

Going forward, the long-term prices and profitability of Indian sugar companies are expected to remain volatile and dependent on domestic and international demand-supply trends. These, in turn, would depend on agro-climatic conditions in major producing countries and crude oil price trends, which determine the diversion of cane crop to ethanol. Consequently, price trends in international markets would be key determinants of future profitability.

Any action by the India government/courts in ensuring a rational linkage between cane prices and sugar prices will also be a key to long-term viability of sugar operations, especially in U.P. where they are governed by SAP.

De-control of the sugar industry, including abolition of levy sugar, will be critical.

Sugar output in India for SY13 is expected to improve on higher cane crushing in key producing states of Tamil Nadu and U.P.

III. BUSINESS OVERVIEW

Your Company is one of the largest sugar players in Uttar Pradesh with three integrated sugar plants at Ramgarh (District Sitapur), Jawaharpur (District Sitapur) and Nigohi (District Shahjahanpur). Its total cane crushing capacity stands at 22,500 TCD.

Your Company has invested in modern, state-of-the-art facilities and continues to invest in better technology to improve its performance, achieve higher operational efficiencies and maintain a strong technological edge in the industry. It has robust quality systems and has recently initiated 5S and TPM initiatives to create world-class systems and processes.

All the three units have received certification on Environmental Management System (EMS) and Occupational Health and Safety Assessment Series (OHSAS).

The Company has an integrated business model, with co-gen plants at all its sugar mills and a distillery unit at Jawaharpur, to de-risk itself from the cyclical nature of the sugar industry

The Company has an integrated business model, with co-gen plants at all its sugar mills and a distillery unit at Jawaharpur, to de-risk itself from the cyclical nature of the sugar industry. Its co-gen plants have a capacity of 79 MW; two thirds of this generation is exportable. All co-gen plants are certified as CDM (Clean Development Mechanism) projects. This enables your Company to earn tradable CER credits.

Your Company's Jawaharpur plant has an 80 KLPD (kilo litres per day) distillery capacity. The Company has wind farm capacity of 16.5 MW, located at Muppandal and Karangulam near Kanyakumari in Tamil Nadu.

Through its 100% subsidiary, your Company is also incubating a 10 MW solar power generation unit at Jodhpur, Rajasthan. The land for this has already been procured and the project is at an advanced stage of incubation.

The year in review was one of challenges. Subdued sugar realisations, higher cane prices announced by the state government and overall volatility, impacted margins for sugar mills across the industry.

Inspite of the challenges on the regulatory front, the Company focused on better capacity utilisation of the plants and recorded highest ever cane crush of 25.6 lakh MT during the current sugar season.

The benefits of higher cane crushing will be reflected in next financial year on account of extended co-gen operation during off season due to surplus bagasse availability.

III A. SUGAR - BUSINESS OVERVIEW

Operational Highlights

- Highest ever cane crushing of 23.6 lakh MT in FY12, increase of 15% on y-o-y basis.
- Highest ever power production of 3,203 lakh units, increase of 14% on y-o-y basis.
- Highest ever distillery production of 10,486 kilo litres.

Please refer to Table - 2 & 3

Your Company achieved highest cane crush of 25.63 lakh MT in the season 2011-12 as against 20.81 lakh MT in the previous sugar season, recording a jump of 23.16%.

Your Company joined hands with the U.P. Government in a novel e-governance project initiated for sugarcane farmers in the state

Table - 2

Operational Highlights - Sugar Business

	Unit of measurement	FY12	FY11
Operating Days – Sugar	Days	139	125
Total Cane Crushed	lakh MT	23.61	20.48
Sugar Recovery	%	9.09%	9.31%
Sugar Production	lakh MT	2.15	2.07
Sugar Sales	lakh MT	2.00	1.94
Sugar Average Net Sales Realisation	₹/MT	27,652	26,682

Table - 3

Operational Details at the 3 plants for FY12

FY12	Plant 1 Ramgarh	Plant 2 Jawaharpur	Plant 3 Nigohi	Total
Crushing (lakh MT)	7.35	8.25	8.00	23.61
Recovery (%)	8.99%	9.07%	9.20%	9.09%

Your Company continues to focus on enhancing operations across several parameters. It achieved the best ever steam consumption on cane at 41.75% after it successfully commissioned its project of steam saving at Ramgarh sugar mill.

i. Sales & Marketing

The emphasis on world-class manufacturing systems and high quality have enabled your Company's sugar find wide acceptance in markets across U.P. and eastern India, besides securing customers in reputed brands. Its growing sales to prestigious institutional customers, who follow stringent international standard quality norms, endorses the quality of your Company's sugar as well as world-class quality manufacturing and hygiene standards.

Your Company continued to explore the opportunity and study the potential to brand its sugar. A market assessment of feasibility is in progress and the capex to achieve this will be worked out.

In view of the surplus situation, the Government notified export of 2 MnT during 2011-12. Your Company has also benefited to the tune of ₹9.5 crore during the financial year because of the export notification.

ii. Cane Development

Your Company continues to focus on the promotion of sustainable farming techniques for cane developers. The endeavour is to enable farmers improve the quality of sugarcane produced with an end benefit measured in improved yield, propagation of higher recovery, sugarcane varieties and more modern techniques.

During the year in review, while the quantity of cane crushed was on track, there was a setback in respect of recovery. Your Company has embarked upon a comprehensive plan to address this issue on priority. It is committed to minimising the acceptance of rejected variety and is confident of achieving better recovery next year.

iii. Information Technology for Cane Developers

For improving service delivery to farmers, your Company has, over the years, leveraged modern information technology and telecom facilities to improvise farmer communication.

Your Company joined hands with the U.P. Government in a novel e-governance project initiated for sugarcane farmers in the state. Sugar Information Service (SIS), a model website, has been created and adopted by all 116 operational sugar mills in the state. This system helps the farmer get real time updates across the lifecycle of the crop to the point of payments for his produce.

This helps the mills manage their crushing schedule better and also helps farmers sell cane without waiting for days at the purchase centre.

This initiative has emerged as the biggest rural IT platform in the country and is a sustainable project as it involves the betterment of both farmers and millers.

To improve communication with cane developers, your Company has invested in several modern IT and telecommunication facilities to further integrate the business - from sowing to crushing.

iv. Energy Conservation

Your Company's constant endeavour to conserve energy and infuse even higher energy efficiency in its operations has resulted in the Nigohi sugar plant receiving the prestigious Certificate of Merit in the sugar sector for the National Energy Conservation Award – 2011 from Ministry of Power, Government of India .

Your Company invested in a special energy and steam saving project at Ramgarh sugar mill to lower process steam consumption.

As a result the steam consumption at Ramgarh, which was around 56% on cane till SY10, reduced to 43.69 in SY12.

Please refer to Graph - 4

III B. CO-GENERATION - BUSINESS OVERVIEW

Operational Highlights

The gross power generation in FY12 was highest ever at 320 million units as against 281 million units in the previous year, an increase of 14%.

Your Company has made vast improvements in its auxiliary consumption, which was the best in U.P. during the year at 8.1%, and its Plant Load Factor (PLF) was 99.39%, on operational days basis.

The CDM registration has provided consistent benefit for the last 3 years and your Company received UN approval for the issuance of 31,493 CERs for Ramgarh unit for the years 2008-09 and 2009-10. Pre-CDM VERs from Jawaharpur and Nigohi are expected to fetch around ₹1.5 crore.

Your Company has also been successful in getting all the three co-gen plants registered under REC mechanism, benefit for which will be realised in the coming financial year.

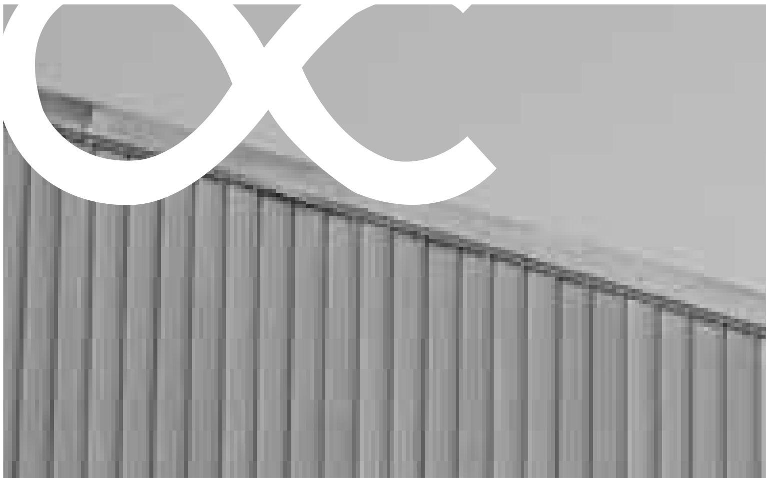
III C. DISTILLERY - BUSINESS OVERVIEW

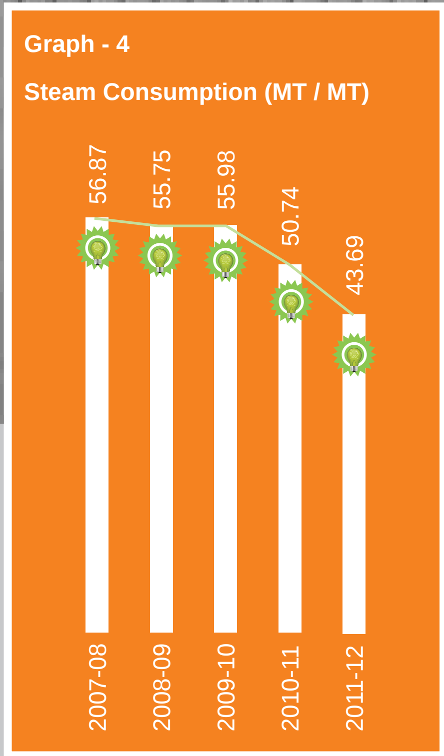
Operational Highlights

Please refer to Table - 4

Distillery

Extra Neutral Alcohol (ENA) during FY12 was in high demand from alcohol manufacturers in the domestic and foreign markets. Realisation of ENA from the alcohol industry is higher than ethanol.





Graph - 4

Steam Consumption (MT / MT)

Table - 4

Operational Highlights

Million Units

	FY11	FY12
Gross Power Generation	281	320
Net Power Export Grid	198	224

Table - 5

Distillery

	FY11	FY12
- Production (KL)	Nil	10,486
- Sales (KL)	1,207	6,744
Alcohol Recovery (%)	N/A	22.34

> **Your Company has been successful in getting all the three co-gen plants registered under REC mechanism, benefit for which will be realised in the coming financial year**

Demonstrating its commitment to the environment, your Company successfully commissioned a bio-methanation plant at distillery. This international-grade plant uses modern technology based CSTR (Continuous Stirred Type Reactor) from Switzerland with an aim of enhanced power generation through combustion of biogas in the boiler.

III D. SOLAR POWER – BUSINESS OVERVIEW

Your Company, through its 100% subsidiary Dalmia Solar Power Limited, is setting up a solar project of 10 MW in Rajasthan. The project is at the incubation stage; land possession and all other statutory approvals have been received. To take the project forward, the Company is in discussion with different vendors for commencing the EPC work.

IV. OUTLOOK

Your Company maintains a very cautious outlook going forward, as the overall unfavourable regulatory environment is against the industry's interest. Only positive changes in the policy framework will provide the much needed impetus to shape the future outlook of the sugar industry.

Moving forward, business growth and increasing the quantity of cane crushed continues to be a key focus area for your Company. Excellence in execution will remain focused commitment. Your Company will closely focus on every opportunity to improve its capacity utilisation and pursue every possibility to reduce its cost per MT of sugar produced. The various food safety and quality certification processes under implementation will enable the business to emerge as a preferred supplier to global institutional buyers.

At the same time, your Company will continue to look at developing new products and efficiency projects for its existing operations so as to mitigate risks due to cyclical nature of sugar industry.

Maximising returns from value added revenue streams like co-gen and distillery is a priority and your Company will continue to evaluate opportunities to optimise asset utilisation to the maximum in the off season.

The vast market potential and well-developed industrial, financing and business infrastructure has made India a favourable destination for Clean Development Mechanism (CDM) projects, with renewable energy projects having the major share

Co-gen

Your Company may explore opportunities to procure bio-mass for generation of electricity, thereby expanding the scale and increasing the running time for plants.

Distillery

The ethanol blending programme mandated by the Government is expected to drive strong earnings in the distillery business. The Government is reviewing a policy to align ethanol and petrol prices (quarterly re-setting). Such a policy will augur well for the industry's earning potential.

Your Company's distillery operations are expected to provide cushioning through healthy streamlining of the revenues of cyclical sugar industry. Going forward, your Company may explore opportunities to expand its distillery capacities.

V. OPPORTUNITIES

Sugar

Global sugar demand is expected to display robust growth over the coming decades, driven largely by increasing per capita demand in developing nations such as China. Low income countries display a relatively low rate of sugar consumption per person; however consumption rises rapidly as incomes increase. This is related to increased urbanisation and consumption habits. Access to refrigeration increases the availability of refrigerated (carbonated and sweetened) beverages and also cakes, etc.

China and Indonesia, two key highly populated developing nations, currently display low per capita sugar demand. In China, per capita sugar demand is just 7.6 kg/person/year, according to the United Nations FAO, while developed Western nations display considerably higher demand with Australia at 47 kg/person/year and the United States at 67.6 kg/person/year. CSA, on an optimistic note, believes China's sugar imports will rise to 4-5 MnT by 2020, which, based on current global trade patterns, would make China the world's largest sugar importer.

(Source: CBA = Commonwealth Bank of Australia: Agri updates, January 2012)

Green Energy

Renewable energy is central to climate change risk mitigation efforts. Broad estimates indicate that mitigation from existing renewable energy portfolio is equivalent to

4-5% of total energy related emissions in India. The vast market potential and well-developed industrial, financing and business infrastructure has made India a favourable destination for Clean Development Mechanism (CDM) projects, with renewable energy projects having the major share. The Government's national renewable energy plans offer ample opportunity for CDM projects and technological innovations. The Ministry for New and Renewable Energy has set a target of 2600 MW (under the Biomass Power and Bagasse Co-generation Programme) in the 12th Plan period.

(Source: The Ministry of New and Renewable Energy, 12th Plan period)

Distillery & Ethanol

A target of 20% blending of biofuels in diesel and petrol by the year 2017 has been indicated in India's National Policy on Biofuels announced in December 2009. Even if the current 5% of mandatory ethanol blending is implemented, it is estimated that the industry would require 700 million litres of ethanol. A clear policy with better pricing will augur well for the industry's future.

Financial analysts expect the Indian spirits market to grow at a 12% CAGR by volume in the next 5 years, making it one of the most attractive spirits markets in world. A high proportion of young people in the population, rising disposable income, increasing acceptance of alcohol as a social drink and a low level of per capita consumption means that there is a strong case to be made for India's spirits consumption growth far exceeding that of the developed world. India is the second largest market for spirits in the world by volume and has been growing at a CAGR of about 11% for the past ten years.

The opportunity outlook for the distillery operations thus appears positive.

VI. THREATS / KEY CHALLENGES

i. Regulatory Framework

Sugar is the only industry in India, with regulations across the entire value chain - sugarcane area, sugarcane price, stock limits, sales and export licensing.

Apex sugar industry bodies have been seeking de-control of the sector. This will lead to freedom to sell sugar in the open market and will drop levy obligation for the Public Distribution System. Under the levy obligation, sugar mills are required to sell 10% of their output to the Government at below-cost rates for supply to ration shops.

The industry supplies levy sugar at 65% of the cost of production, resulting in a loss of about ₹2,500-3,000 crore every year, according to Confederation of Indian Industry (CII).

Regulations required the industry to follow a monthly release system, under which the food ministry allocated the quantity of sugar to be sold in the open market every month. As sugar mills were not able to sell above this and a penalty was levied if they failed to sell within the stipulated month, therefore most of the mills were forced to sell under pressure to avoid the quota lapsing.

The Supreme Court had referred the issue of whether the state government has the right to fix SAP to a seven-judge bench. The ruling of this bench, if it scraps the power of the states to arbitrarily hike SAP, will prove to be a boost for the financial health of the sugar industry, especially in U.P.

This affected earnings and in turn, payments to farmers. It also affected the price of the balance 90% sugar sold in the open market. This monthly release system is now moved into a quarterly release system to enable the sugar companies plan their sales and cash flows better.

The government has set up a seven-member expert committee (headed by the chairman of Economic Advisory Council, C. Rangarajan) to examine all issues related to de-regulation of the sugar sector. The report is expected to be submitted in six months.

ii. FRP vs High SAP

The issue of State Advised Price (SAP) versus the Central Government's Fair and Remunerative Price continues to remain a challenge for sugar mills. The sugar industry had challenged the legality of state governments fixing cane price.

Fair and Remunerative Price (FRP) of sugarcane is the price to be paid by the sugar mills instead of statutory minimum support price earlier. FRP is fixed after taking into consideration the margins for sugarcane farmers on account of risk as well as profit on the cost of production of sugarcane, including the cost of transportation. This price is linked to a basic sugar recovery rate (from the sugarcane) of 9.5%, subject to a premium of ₹1.53 per quintal for every 0.1% point increase in recovery above 9.5, whereas state governments work out the State Advised Price (SAP) without considering any economic criteria.

The Supreme Court had referred the issue of whether the state government has the right to fix SAP to a seven-judge bench. The ruling of this bench, if it scraps the power of the states to arbitrarily hike SAP, will prove to be a boost for the financial health of the sugar industry, especially in U.P. The industry believes that, like de-regulation, the impact of a favourable ruling can play a key role in shaping the industry's future.

iii. Extreme Cyclical Swings, Costs and Cane Availability

India's sugar industry is prone to extreme cyclical swings. The most important reason responsible for the cyclical nature of sugarcane production is the demand supply imbalance. Excess production in a particular season leads to lower realisation in the market, this impacts the paying capacity of the mills to the farmers.

Sensing a likely lower sugarcane price realisation next year, farmers tend to switch to other crops resulting into short supply of sugarcane in next sugarcane season.

iv. Overuse of Fertilisers

Intensive agriculture, with high use of synthetic fertilisers and chemical pesticides, was introduced in India in the 1960s as part of the Green Revolution. While synthetic fertilisers, consumption increased and contributed to the growth of food production in the country, indiscriminate use of these synthetics has degraded the natural resource base, especially the soil. As a consequence, production is impacted by diminishing returns and falling dividends in agriculture intensive areas.

v. Challenges in Renewable Power

State Electricity Boards (SEBs) across India are saddled with losses because of power theft and technical losses during transmission and distribution, billing inefficiencies and, more importantly, the need to often buy expensive power to tide over short-term deficits. Some SEBs have also failed to revise tariffs for many years, adding to the losses and are either not able to raise money or can do so only at high rates of interest. The poor financial health is also on account of non-payment of subsidy amounts by state governments.

This can also be a serious threat to the co-gen business if the SEBs are unable to make prompt payment consistently.

Sectors like solar power need higher government support to invest in the latest and modern technology to propel growth in the sector.

vi. Challenges in Ethanol

The Public Sector Oil Marketing Companies (OMCs) procure ethanol on an ad hoc uniform ex-factory price of ₹27 per litre throughout the country. A tender is floated and the sugar mills compete with each other.

At the ₹27 per litre price that oil companies are offering today, it is economically unviable for mills to divert any cane juice molasses for ethanol. If ethanol is priced above ₹40 per litre, it is likely to generate revenues equal to what the industry earns from the regular full crystallisation or molasses route. In India, petrol prices are already decontrolled. Yet, oil companies pay a fixed ₹27 rate for ethanol that is lower than their ex-refinery realisation of nearly ₹40 on petrol.

Ethanol Blending Programme is yet to take off in a big way due to inconsistent availability of ethanol, restrictions and complex as well as differential tax structures prevailing across different states. Against the industry demand of 10.166 crore litres for SY12, the oil marketing companies (OMCs) received offer for only 6.074 crore litres from the sugar industry – that is about 60%. Some of the teething problems in implementation of the EBP programme also included the non-issuance of permit by U. P. Government for four months for movement of ethanol outside the state, besides other procedural delays.

VII. RISKS & CONCERNS

i. Raw Material Risk

Any shortage of sugarcane can adversely impact the operations of a sugar mill. Shortage of sugarcane can be a result of migration from cane production to other cash crops and also adverse weather conditions or crop diseases or drop in drawal rate. It can also result from non-remunerative cane procurement price declared by the State Government and/or Central Government.

While your Company is not immune to the industry phenomenon, its strategic locations and excellent relationship with farmers enable it to mitigate this risk effectively.

Your Company's procurement areas are located in two different districts of Uttar Pradesh, which is one of the largest sugar producing states in the country. Your Company actively engages with farmers and has also initiated several measures to facilitate better communication systems and promote modern farming techniques for higher productivity. Farmers are treated as partners in progress by your Company.

ii. Raw Material Price Risk

Price of sugarcane crop is fixed by the state governments and SAP is fixed keeping in mind various factors and political considerations. An increase in raw material price cannot be easily factored in the finished product as the sugar price is controlled by various market forces and government policies. This can affect the profitability of the Company.

iii. Sugar Price Risk

Open market price of sugar is determined by free market forces of demand and supply, as also the international demand / supply and availability of substitutes for the sugar products. The wholesale price of sugar has a significant impact on the profits of sugar companies. Hence, any decrease in the sugar prices may have an adverse impact on your Company.

India is ranked amongst the world's largest consumers of sugar and the risk of any significant and sharp drop in demand leading to sharp drop of prices is not foreseen. The sugar industry also generates revenues from by-products, which have reduced the industry's pure dependence on sugar.

iv. Regulatory Risk

The Indian sugar industry is highly regulated by the Government. These regulations are a challenge and also a risk to the growth and long-term sustainability of a profitable sugar industry. Unfavourable policies, which don't take into account the woes of the industry, are a risk to the Indian sugar industry. Any significant unfavourable change in the existing policies (which already are not conducive to the growth of the industry) by the Central Government and/or State Government may adversely impact the revenues of your Company.

v. Cyclicality & Dependence Risks

India's sugar industry is prone to extreme cyclical swings. To mitigate and minimise the risk from the sugar business, your Company has incorporated an integrated business model and, as a de-risking measure, also forayed into the renewal power sector. This strategic decision places your Company on a stronger footing and enables it to stabilise its topline, and will also strengthen its bottom line in future. The co-gen and distillery businesses of your Company will also help to minimise this risk.

VIII. CONSOLIDATED P&L

The Company, on a consolidated basis, has recorded total income of ₹742 crore for FY12. The EBITDA stood at ₹89 crore for FY12. Other income is ₹3.5 crore, depreciation and interest for the current year are at ₹42 crore and ₹50 crore, respectively. The Company has recorded PAT of ₹1 crore.

Operating Expenditure

Total operating expenditure of the Company in FY12 stood at ₹650 crore:

- There has been an increase of ₹100 crore in raw material cost in FY12, which stood at ₹598 crore. This was on account of higher average cane procurement cost and higher volume of cane crush.
- Stock adjustment stood at ₹(90) crore.
- Employee costs stood at ₹41 crore in FY12.
- Power & fuel costs stood at ₹29 crore. Cost incurred was higher for the year on account of higher amount of cane crushed at 23.61 lakh MT.
- Other expenses stood at ₹71 crore.

Operating EBITDA

Operating EBITDA stood at ₹89 crore for the year under review.

Depreciation

Depreciation cost stood at ₹42 crore in FY12.

Financial & Interest Expenses

Finance & interest expenses were higher at ₹50 crore in FY12.

Other Income

Other income stood at ₹3 crore for the year under review.

Provision for Tax

Provision for Tax (including current and deferred tax) stood at ₹(0.3) crore in FY12.

Net Profit

Net Profit was to the tune of ₹1 crore in FY12.

The Company, on a consolidated basis, has recorded total income of ₹743 crore for FY12. The EBITDA stood at ₹89 crore for FY12

IX. CONSOLIDATED BALANCE SHEET ANALYSIS

Capital Structure

The Company's paid-up equity capital remained constant at ₹16.2 crore as on March 31, 2012, comprising 8,09,39,303 ordinary shares (8,09,39,303 shares) of ₹2 each (fully paid up).

Reserves & Surplus

The Company's reserves and surplus stood at ₹425 crore in FY12. Of this, during the year under review, surplus in profit & loss account accounted for ₹401 crore and Debenture Redemption Reserve for ₹19 crore and Revaluation Reserve at ₹5 crore.

Loan Profile

The borrowed funds of the Company were ₹710 crore in FY12. Secured loans at ₹660 crore comprise 93% of the total loan funds.

Total Assets

Total assets of the Company were ₹1479 crore in FY12. The Company's net fixed assets as proportion of total assets were at 39% at the end of the year.

Fixed Assets

Fixed assets mainly constituted the Plants and Machinery valued at ₹461 crore, followed by ₹89 crore worth Building and Land worth ₹22 crore, respectively. It also included a small portion of Capital Work-in-Progress amounting to ₹5 crore.

Investments

Out of the total investments of ₹42 crore, the Company had a major investment of ₹37 crore in money market mutual funds.

Inventories

Inventories stood at ₹584 crore in FY12 on account of increase in sugar inventory in hand.

Sundry Debtors

The debtors of the Company stood at ₹76 crore in FY12, of which just 15% amounting to ₹11 crore are more than six months old.

Loans and Advances

Loans and advances comprised 14% of the Company's current assets. Loans and advances made by the Company were to the tune of ₹119 crore in FY12, primarily on account of MAT credit entitlements of ₹44 crore.

Cash & Bank Balance

The Company had cash & bank balance of ₹77 crore in FY12.

Current Liabilities & Provisions

Current liabilities & provisions excluding short term borrowings stood at ₹266 crore, wherein dues towards trade payables stood at ₹197 crore, other current liabilities and short term provisions stood at ₹69 crore.

X. HUMAN RESOURCES

Your Company firmly believes that only the engaged employees are the growth and progress propellers of the organisation. Your Company is focused on leveraging its people strength through various strategic interventions aimed at giving them necessary context and space to ideate, experiment, learn and enhance their value proposition, resulting in their remaining engaged and inspired.

During the year, your Company significantly scaled up its talent management initiatives aiming at ensuring continuous flow of leadership pipeline, together with augmenting competency level of its people resources. Leadership Competencies and Functional Competencies have been identified and all executives of the level of General Manager and above have been mapped and their development programme has been rolled out. Your Company is in the process of rolling out this initiative to the next level of executives.

On quality and efficiency improvement front, your Company has taken focused initiatives. TPM implementation in all plants are at an advanced stage. This, coupled with continuous training and development initiatives at all levels, and especially at operatives' level have enabled your Company register significant quality and efficiency improvements. All three units in the meantime have received certification under OHSAS 18001:2007 and EMS (ISO 14001:2004), which takes your Company a step closer to being internationally benchmarked. You will be glad to note that your company has been chosen as preferred supplier to global organisations.

Reinforcement of best practices and our corporate values is institutionalised in your Company. To ensure that employee transactions at all locations are standardised and all can enjoy uniform level of experience and empowerment, your Company has introduced Employee Self Service Portal called SPARSH which serves as platform for many other services like E-Learning, online PMS (to be launched), policy reference and updation etc.

Attrition management initiatives launched by your Company has brought the attrition level significantly down within a period of only six months. With continued focus in this area, your Company is confident of reducing it further to a healthy single digit level on annualised basis.

XI. INTERNAL CONTROL SYSTEMS

Your Company has proper and adequate systems of internal controls to ensure that all its assets are safeguarded. Your Company has established an internal audit department, which ensures adequate review of the entire Company's internal control systems, through its audit partners M/s. Axis Risk Consulting, for Sugar. The effectiveness of the internal control systems is continuously monitored by the Corporate Audit Department of your Company.

Cautionary Statement

Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are identified in this report, by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on 'risks and concerns'. The Company takes no responsibility for any consequence of decisions made based on such statements and holds no obligation to update these in the future.

Your Company has significantly scaled up talent management initiative aiming at ensuring continuous flow of Leadership pipeline together with augmenting competency level of its people resources

Directors' Report for the year ended March 31, 2012

The Directors have pleasure in submitting the Annual Report and Audited Statements of Account of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

(₹ in Crore)

	FY – 12	FY – 11
Net Sales Turnover	**712.83**	**666.81**
Profit before interest, depreciation and tax (EBITDA)	92.68	87.85
Less: Interest and Financial Charges	50.25	48.08
Profit before depreciation and tax (PBDT)	42.43	39.77
Less: Depreciation	41.82	39.41
Profit/(Loss) before tax (PBT)	**0.61**	**0.36**
Provision for current tax	0.24	0.10
Provision for tax – earlier years	-2.49	0.41
Provision for deferred tax	1.96	-3.25
Profit after tax (PAT)	**0.90**	**3.10**
Add: Surplus brought forward	402.13	806.72
Balance	403.03	809.82
Less: Transfer pursuant to Scheme of Arrangement	-	402.13
Profit available for appropriation	**403.03**	**407.69**
APPROPRIATIONS:		
General Reserve	-	0.08
Debenture Redemption Reserve (net)	3.13	3.13
Interim/Proposed Dividend	-	2.02
Dividend Distribution tax thereon	-	0.33
Balance carried forward	399.90	402.13
	403.03	**407.69**

DIVIDEND

Keeping in view the need to conserve resources, your Directors do not recommend payment of any dividend for the year under review.

OPERATIONS AND BUSINESS PERFORMANCE

Please refer to the chapter on Management Discussion and Analysis for a detailed analysis of the performance of the Company during 2011-12. In addition, working results for key businesses have been provided as an annexure to this report (Annexure - A).

CORPORATE GOVERNANCE

The Company's corporate governance practices have been detailed in a separate chapter and is annexed to and forms part of this Report. The Auditors certificate on the compliance of Corporate Governance Code embodied in Clause 49 of the Listing Agreement is also attached as annexure and forms part of this Report.

LISTING OF SHARES

The Company's shares continue to be listed on the Madras Stock Exchange, National Stock Exchange and Bombay Stock Exchange and the listing fees for the year 2012-13 has been paid.

INDUSTRIAL RELATIONS

The industrial relations during the year under review remained harmonious and cordial. The Directors wish to place on record their appreciation for the excellent cooperation received from all employees at various units of the Company.

EMPLOYEES' PARTICULARS

There was no employee in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Rules and Notifications made thereunder.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE TRANSACTIONS

A statement giving details of Conservation of Energy, Technology Absorption and Foreign Exchange transactions, in accordance with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, forms a part of this report as Annexure – B.

SUBSIDIARIES

The Central Government vide Notification No. 5/12/2007 – CL III, dated 8-2-2011 has given a general exemption to all Companies in terms of Section 212(8) of the Companies Act, 1956 from attaching the Annual Reports of its Subsidiaries. Accordingly, the Directors' Report and audited accounts of the Company's Subsidiaries, Himshikhar Investment Limited, Dalmia Solar Power Limited and Dalmia Sugar Ventures Limited, for the year ended 31st March 2012 are not being enclosed with this Annual Report. Any Member desiring to inspect the detailed Annual Reports of any of the aforementioned subsidiaries may inspect the same at the Head Office of the Company and that of the subsidiaries concerned. In event a Member desires to obtain a copy of the Annual Report of any of the aforementioned subsidiaries, he may write to the Registered Office of the Company specifying the name of the subsidiary whose Annual Report is required. The Company shall supply a copy of such Annual Report to such Member. The Annual Report of the aforementioned Subsidiaries are available at the Company's website www.dalmiasugar.com.

FIXED DEPOSITS

Company has not accepted any fixed deposits during the year.

DIRECTORS

The following Directors retire by rotation at the ensuing Annual General Meeting:

1. Shri M. Raghupathy; and
2. Shri T. Venkatesan.

Shri B.B. Mehta was appointed as an additional Director of the Company in the Meeting of the Board of Directors held on 23-5-2011 and he holds office till the conclusion of the ensuing Annual General Meeting. Shri P. Kannan was appointed as a Director in the vacancy caused by the resignation of Shri P.K. Khaitan and he holds office till the conclusion of the ensuing Annual General Meeting. The Company has received notices pursuant to the provisions of section 257 of the Companies Act, 1956 from a member signifying his intention to propose, the names of Shri B.B. Mehta and Shri P. Kannan as Directors of the Company, at the ensuing Annual General Meeting.

Shri Asanka Rodrigo, Shri Donald M. Peck, Shri M.H. Dalmia and Shri N. Gopalaswamy resigned from the Board of Directors of the Company on 1-6-2011, 7-11-2011, 30-11-2011 and 15-12-2011, respectively. Your Board places on record its appreciation for the valuable contribution made by them during their tenure as a Director of the Company.

Shareholdings in the Company by its Directors as at 31-3-2012, are as under:

Name of the Director	No. of Shares of ₹ 2/- each held
Shri Jai H. Dalmia	16,35,010
Shri Y.H. Dalmia	45,41,880
Shri Gautam Dalmia	7,51,990
Shri Puneet Yadu Dalmia	34,92,055
Shri T. Venkatesan	2,000

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2011-12.

CEO/CFO REPORT ON ACCOUNTS

As required under clause 49 of the Listing Agreement, the CEO/CFO's Report on the Accounts is attached.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of the provisions of Section 217(2AA) of the Companies Act, 1956 your Directors declare that:

(a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and no departures have been made there from;

(b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and

(d) the Directors had prepared the annual accounts on a going concern basis.

AUDITORS

M/s. S.S. Kothari Mehta & Co., Chartered Accountants the Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. As required under Section 224 of the Companies Act, 1956, the Company has obtained from them a certificate to the effect that their re-appointment, if made, would be in conformity with the limits prescribed in the said Section.

COST AUDITORS

M/s. R.J. Goel & Co., Cost Accountants, were appointed as the Cost Auditors of the Company to conduct cost audit of the sugar manufacturing units for the year ended 31-3-2011, and they have submitted the Cost Audit Reports for the said year on 16-8-2011 . The said firm has been appointed as Cost Auditors to conduct cost audit of the sugar manufacturing units, power co-generation units and wind farm unit for the year ended 31-3-2012.

For and on behalf of the Board

NEW DELHI
Dated: 11th May, 2012

J.S. Baijal
CHAIRMAN

Annexure – A

WORKING RESULTS

	FY – 12	FY – 11	FY – 10
SUGAR DIVISION ('000 MT)			
Cane Crushed	2361	2048	1515
Sugar Production	213	204	203
Sugar Sales	200	194	184
Molasses Production	119	101	79
MAGNESITE DIVISION ('000 MT)			
Refractory Products production	16	21	24
Refractory Products Sales and Self Consumption	15	19	23
ELECTRONICS DIVISION ('000 nos.)			
Chip Capacitors Production	812	5555	4452
Chip Capacitors Sales	812	5572	4503
Chip Resistors Production	7	30	52
Chip Resistors Sales	7	33	53
WIND FARM			
Installed Capacity (MW)	16.5	16.5	16.5
Production (Million Units)	28	28	30
Plant Load Factor	19.5%	19.5%	21.6%
GOVAN TRAVELS			
Business Handled (₹ Crore)	2.57	2.63	2.31
CO-GENERATION			
Installed Capacity (MW)	79	79	79
Production (Million Units)	320	281	200

Annexure – B

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO AND EARNINGS

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

(i) Replacement of Steam Turbine Drive by HT Electric Motor Drive at Cane Fibrizer and replacement of the driven equipment to match with the new drive;

(ii) Replacement of incandescent lamps, HPMV and HPSV lamps by CFL lamps;

(iii) Design change of Juice Sulphitor to dispense with its existing drive;

(iv) Automation of Bore Wells to conserve electrical energy and optimise the use of ground water;

(v) Modification of Cane Carrier design to conserve electric energy;

(vi) Installation of Variable Frequency Drivers (VFD) in various Pumps and Fans.

(vii) Installation of Steam saving equipments and devices to recover heat from the hot condensate and obnoxious gasses, etc.

(viii) Installation of Bio-methanation Plant at the Distillery.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Several small efficiency improvement projects have been planned for saving energy and steam consumption in the Sugar plant.

(c) Impact of measures taken already and proposed vide (a) and (b) above are aimed at:

(i) Enabling the Company to save electrical energy and reduction in steam consumption as compared to previous levels.

(d) Total energy consumption and consumption per unit of production as per Form "A" attached.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form "B" attached.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(i) Refractory products were exported during the year.

(b) Total foreign exchange used and earned during the year:

(i) Used: ₹ 0.34 Crore

(ii) Earned: ₹ 3.48 Crore.

Form 'A'

(Form of Disclosure of Particulars with respect to Conservation of Energy)

			2011-12	2010-11
A.	**POWER AND FUEL CONSUMPTION**			
1.	**ELECTRICITY:**			
a)		Purchased:		
		Units (KWH in million)	1.38	1.70
		Total Amount (₹ Crore)	0.88	0.98
		Rate/Unit (₹)	6.42	5.79
b)		Own Generation:		
	i)	Through Diesel Generator:		
		Units (KWH in million)	0.51	0.49
		KWH per Litre of HSD/FO	2.79	3.01
		Rate/Unit (₹)	17.81	15.05
	ii)	Through Co-Gen Plant:		
		Units (KWH in million)	69.20	59.16
		Total amount (₹ Crore).	29.83	25.50
		Rate/Unit (₹)	4.31	4.31
2.	**COAL-SLACK/STEAM – GRADES B TO E, LIGNITE AND COKE BREEZE**			
	Quantity ('000 MT)		NA	NA
	Total Cost (₹ crore)		NA	NA
	Average Rate (₹ / MT)		NA	NA
3.	**FURNACE OIL INCLUDING (LSHS & HSD)**			
	Quantity (KL)		2367	9377
	Total Amount (₹ Crore)		8.51	11.26
	Average Rate (₹ / KL)		35961	26812
4.	**OTHERS/INTERNAL GENERATION**			
	Quantity (Lakh MT)		-	-
	Total Amount (₹ crore)		-	-
	Average Rate (₹ / MT)		-	-

B. CONSUMPTION PER UNIT OF PRODUCTION:

PRODUCT	SUGAR			REFRACTORIES & REFRACTORY PRODUCTS		
	Standard If any	Current Year	Previous Year	Standard If any	Current Year	Previous Year
Electricity (Units/MT)		312	288		93	95
Furnace Oil (including LSHS) (Litres/MT)		N.A.	N.A.		150	214
Coal (Kgs. / MT)		N.A.	N.A.		N.A.	N.A.
PRODUCT	DISTILLERY					
	Standard If any	Current Year	Previous Year			
Electricity (Units/MT)		260	-			
Diesel Oil (including LSHS) (KL /MT)		N.A.	N.A.			
Coal (Kgs./MT)		_	_			

FORM "B"

(Form of Disclosure of Particulars with respect to Absorption)

RESEARCH AND DEVELOPMENT (R&D)

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

   Method of secondary air injection through nozzles in the boiler furnace.

2. **Benefits derived as a result of the above R&D:**
   Generation of increased volume of steam.

3. **Future plans of action:**
   Installation of bagasse drying technology for better combustion efficiency in boiler.

4. **Expenditure on R&D:**

		(₹ in Crore)
(a)	Capital	Nil
(b)	Recurring	0.27
(c)	Contribution/Expenditure on Research and Development	—
(d)	Total	0.27
	Total R&D Expenditure as a percentage of turnover	Negligible
	Above excludes material and other costs.	

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

Muddy juice recirculation back to Mills to dispense with the use of bagacillo and rotary vacuum filters.

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

The Company as a result of the above efforts has achieved lower stoppage days, which has resulted in better crush rates and consistent improvement in the quality of sugar manufactured.

3. No technology has been imported for the last five years.

Report on Corporate Governance

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

DBSIL (Dalmia Bharat Sugar and Industries Limited) believes in and remains committed to good Corporate Governance. The spirit of corporate governance has remained imbibed in the Company's business philosophy since its inception. This philosophy is shaped by the values of transparency, professionalism and accountability. Today, your Company's corporate governance practices are driven by strong Board oversight, timely disclosures, transparent accounting policies and high levels of integrity in decision-making.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the listing agreement of the Stock Exchanges. The stipulations mandated by Clause 49 became applicable to your Company in March 2001 and have been fully complied with since then. SEBI, through circulars dated 29th October 2004, 29th March 2005 and 8th April 2008, has revised Clause 49 and mandated listed companies to comply with the revised Clause 49.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports on DBSIL's compliance with the Clause 49.

BOARD OF DIRECTORS

Composition of the Board

As on 31st March 2012 the Company's Board comprised nine members — four Executive Directors and five Non-executive Directors, of which three are independent. Mr. J.S. Baijal, a Non-executive independent Director, was appointed as the Chairman in the Board Meeting held on 24-1-2012. The composition of the Board is in conformity with Clause 49 of the listing agreement, which stipulates that if the Chairman is Non-executive, and is not related to the promoters or persons occupying management positions at the Board level or at one level below the Board, one-third of the Board should be independent, or else, 50 per cent of the Board should comprise independent Directors.

Number of Board Meetings

The Board of Directors met five times during the year on 20-4-2011, 23-5-2011, 10-8-2011, 7-11-2011 and 24-1-2012. The maximum gap between any two meetings was less than 4 months.

Directors' Attendance Record and Directorships Held

As mandated by the Clause 49, none of the Directors are members of more than ten Board level Committees nor are they Chairman of more than five Committees in which they are members. Table 1 gives the details of the composition of the Board, attendance and details of Committee Membership and Committee Chairmanships.

Table 1: Composition of the Board of Directors

Name of the Directors	Category	Attendance Particulars			No. of other Directorships and Committee Memberships/Chairmanships		
		Number of Board Meetings		Last AGM	Other Directorships@	Committee Memberships #	Committee Chairmanships #
		Held	Attended				
Mr. J.S. Baijal Chairman	Independent - Chairman	5	5	No	2	4	-
Mr. M. Raghupathy	Independent and Non-Executive	5	5	Yes	1	-	-
Mr. N. Gopalaswamy**	Independent and Non-Executive	4	2	Yes	-	-	-
Mr. M. H. Dalmia**	Non-Executive	4	Nil	No	-	-	-
Mr. Donald M. Peck**	Independent and Non-Executive	3	Nil	No	-	-	-
Mr. J. H. Dalmia Vice-Chairman	Executive	5	2	No	6	-	-
Mr. Y.H. Dalmia Vice-Chairman	Executive	5	5	No	3	3	-
Mr. Gautam Dalmia Managing Director	Executive	5	5	No	4	2	1
Mr. Puneet Yadu Dalmia Managing Director	Executive	5	4	No	8	2	-
Mr. T. Venkatesan	Non-Executive	5	3	No	2	-	-
Mr. P. Kannan	Independent and Non-Executive	3	3	No	-	-	-
Mr. Asanka Rodrigo (Alternate to Mr. Donald M. Peck)**	Independent and Non-Executive	2	1	No	-	-	-
Mr. B.B. Mehta^^	Non-Executive	3	3	No	13	-	-

@ *The Directorships held by the Directors do not include Directorship of foreign companies and private limited companies.*

** *Mr. Asanka Rodrigo ceased to be an alternate director effective 1-6-2011, Mr. Donald M. Peck, Mr. M.H. Dalmia, and Mr. N. Gopalaswamy ceased to be Directors of the Company effective,7-11-2011, 30-11-2011 and 15-12-2011, respectively. Hence particulars of other Directorships have not been given.*

^^ *Mr. B.B. Mehta was appointed as a Director of the Company w.e.f. 23-5-2011.*

As required under Clause 49 of the Listing Agreement, the disclosure includes membership/chairmanship of audit committee and investor grievance committee of Indian public companies (listed and unlisted)

Mr. J. H. Dalmia and Mr. Y.H. Dalmia are brothers; Mr. Gautam Dalmia is the son of Mr. J. H. Dalmia and Mr. Puneet Yadu Dalmia is the son of Mr. Y.H. Dalmia.

As mandated by the revised Clause 49, the independent Directors on DBSIL's Board are not less than 21 years in age and:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding Company, its subsidiaries and associates which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executives during the preceding three financial years of the:
    - Statutory audit firm or the internal audit firm that is associated with the Company.
    - Legal firm(s) and consulting firm(s) that have a material association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

Information Supplied to the Board

The Board has complete access to all information with the Company. The agenda and papers for consideration of the Board are circulated at least three days prior to the date of the Board meeting. Adequate information is circulated as part of the agenda papers and also placed at the meeting to enable the Board to take an informed decision. Inter-alia, the following information is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting.

- Annual operating plans & budgets and any update thereof.
- Capital budgets and any updates thereof.
- Quarterly results of the Company and operating divisions and business segments.
- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

Remuneration Paid To Directors

The compensation payable to the Executive Directors is decided by the Remuneration Committee constituted by the Board of Directors. The details of remuneration paid, during the year, to the Executive Directors and the Non-Executive Directors is presented in Table 2.

Table 2: Details of remuneration paid to Directors for 2011-12 (₹ Lakhs)

Name of the Director	Category	Sitting Fees	Salary and Perquisites	Retirement Benefits	Commission@	Total
Mr. J.S. Baijal Chairman	Independent, Non-Executive	2.10	-	-	-	2.10
Mr. M. Raghupathy	Independent, Non-Executive	1.90	-	-	-	1.90
Mr. M. H. Dalmia	Non-Executive	-	-	-	-	-
Mr. N. Gopalaswamy	Independent, Non-Executive	0.90	-	-	-	0.90
Mr. Donald M. Peck	Independent, Non-Executive	-	-	-	-	-
Mr. J. H. Dalmia Vice-Chairman	Executive	-	23.95	2.30	-	26.25
Mr. Y.H. Dalmia Vice-Chairman	Executive	-	23.57	2.30	-	25.87
Mr. Gautam Dalmia Managing Director	Executive	-	23.72	2.30	-	26.02
Mr. Puneet Yadu Dalmia Managing Director	Executive	-	23.79	2.30	-	26.09
Mr. T. Venkatesan Non-Executive Director	Executive	0.60	-	-	-	0.60
Mr. P. Kannan	Independent, Non-Executive	0.70	-	-	-	0.70
Mr. Asanka Rodrigo (Alternate to Mr. Donald M. Peck)	Independent, Non-Executive	0.20	-	-	-	0.20
Mr. B.B. Mehta	Non-Executive	0.60	-	-	-	0.60

@ Commission paid on net profit only.

Retirement benefits to the Executive Directors comprise the Company's contribution to provident fund and superannuation fund. The payment of retirement benefits is being made by the respective fund(s). In addition to the above the Company also contributes, on actuarial valuation basis, amounts to the Gratuity Fund towards gratuity of its employees including the Vice Chairmen and Managing Directors. The Company has not provided any stock options to its employees including those at the Board level.

The appointments of Mr. Y.H. Dalmia, Vice Chairman, Mr. Gautam Dalmia, Managing Director and Mr. Puneet Yadu Dalmia, Managing Director were made for a period of five years effective 16th January 2007 and were renewed for a further period of five years effective 16th January 2012. The appointment of Mr. J. H. Dalmia, Vice Chairman, has been made for a period of five years with effect from 1st April 2007 and renewed for a further period of five years with effect from 1st April, 2012. No severance fees is payable to any of aforementioned persons in respect of their cessation.

Code of Conduct

DBSIL's Board has laid down a code of conduct for all Board members and designated senior management of the Company. The code of conduct is available on the website of the Company www.dalmiasugar.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

Risk Management

DBSIL has a risk management framework in place. Under this framework the management identifies and monitors business risks on a continuous basis, and initiates appropriate risk mitigation steps as and when deemed necessary. DBSIL has established procedures to periodically place before the Board the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate those risks through a properly defined framework.

Committees of the Board

As on 31st March 2012, the Company has five Board-level Committees – Audit Committee, Remuneration Committee, Finance Committee, Shareholders Grievance Committee and Investment Committee.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members is taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

a) Audit Committee

As on 31st March 2012, the Audit Committee comprises three members Mr. P. Kannan, Mr. M. Raghupathy, and Mr. J.S. Baijal, all of whom are independent Directors. Mr. N. Gopalaswamy, an independent Director was co-opted as the Member of the Audit Committee in the Board Meeting held on 20-4-2011 and ceased to be a member consequent upon his resignation as a Director of the Company effective 15-12-2011. Mr. P. Kannan, was appointed as a member of the Committee and the Chairman of the Audit Committee in the meeting of the Board of Directors of the Company held on 24-1-2012. Till the appointment of Mr. P. Kannan as the Chairman of the Audit Committee, Mr. M. Raghupathy was the Chairman of the said Committee. The Audit Committee met four times during the year on 23-5-2011, 10-8-2011, 7-11-2011 and 24-1-2012. The particulars of attendance of the members in the Meetings of this Committee is set out in Table 3 hereunder

Table 3: Attendance record of DBSIL's Audit Committee during 2011-12

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
Mr. M. Raghupathy	Independent	Member	4	4
Mr. J. S. Baijal	Independent	Member	4	4
Mr. N. Gopalaswamy	Independent	Member	3	2
Mr. P. Kannan	Independent	Chairman	-	-

The Officer responsible for the finance function, the head of internal audit and the representative of the statutory auditors, internal auditors and cost auditors are regularly invited by the Audit Committee to its meetings. Mr. K.V. Mohan, Company Secretary, is the Secretary to the Committee.

All members of the Audit Committee have requisite accounting and financial management expertise. Mr. M. Raghupathy, the then Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 26th August, 2011 to answer shareholders queries.

The functions of the Audit Committee of the Company include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
    - Changes, if any, in accounting policies and practices and reasons for the same.
    - Major accounting entries involving estimates based on the exercise of judgment by management.
    - Significant adjustments made, if any, in the financial statements arising out of audit findings.
    - Compliance with listing and other legal requirements relating to financial statements.
    - Disclosure of any related party transactions.
    - Qualifications, if any, in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up there on.
- 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.

- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results.
- If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/ prospectus/notice.

The Audit Committee is also apprised on information with regard to related party transactions by being presented:

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties which are not in the normal course of business.
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

b) Remuneration Committee

As on 31st March 2012, the Remuneration Committee comprised, Mr. J.S. Baijal, Mr. M. Raghupathy and Mr. P. Kannan, all independent Directors. Mr. Donald M. Peck and Mr. N. Gopalaswamy (appointed to this Committee on 20-4-2011) who were the members of this Committee till their respective resignations from the Board of Directors of the Company on 7th November, 2011 and 15th December, 2011, respectively. Mr. M. Raghupathy and Mr. P. Kannan, independent Directors, were appointed in the vacancies caused by the resignations of Mr. Donald M. Peck and Mr. N. Gopalaswamy in the meeting of the Board of Directors of the Company held on 24-1-2012. The Remuneration Committee met twice during the year on 26-5-2011 and 24-1-2012. The particulars of attendance of the members in the Meetings of this Committee is set out in Table 4 hereunder:

Table 4: Attendance record of DBSIL's Remuneration Committee during 2011-12

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
Mr. Donald M. Peck	Independent	Member	1	-
Mr. J. S. Baijal	Independent	Chairman	2	2
Mr. N. Gopalaswamy	Independent	Member	1	1
Mr. P. Kannan	Independent	Member	1	1
Mr. M. Raghupathy	Independent	Member	1	1

c) Shareholders Grievance Committee

The Shareholders Grievance Committee comprised Mr. M. Raghupathy, (Independent Director) as its Chairman, and Mr. N. Gopalaswamy (Independent Director) as its member. Mr. N. Gopalaswamy ceased to be a member of this Committee on his resignation from the Board on 15-12-2011. The terms of reference to this Committee is to look into and redress the complaints received from investors, in coordination with the Company's Registrars and Share Transfer Agent. The Committee did not meet during the year. During the year, 102 complaints were received from investors and all of them were resolved in time to the satisfaction of the concerned investors. At the close of the year there were no cases pending in respect of share transfers. Table 5 gives the details:

Table 5: Nature of complaints received and attended to during 2011-12

	Nature of Complaint	Pending as on 1st April 2011	Received during the year	Answered during the year	Pending as on 31st March 2012
1.	Transfer / Transmission / Duplicate	Nil	7	7	Nil
2.	Non-receipt of Dividend/Interest/ Redemption Warrants	Nil	57	57	Nil
3.	Non-receipt of securities/ electronic credits	Nil	25	25	Nil
4.	Complaints received from:				
-	Securities and Exchange Board of India	Nil	2	2	Nil
-	Stock Exchanges	Nil	2	2	Nil
-	Registrar of Companies/ Department of Company Affairs	Nil	Nil	Nil	Nil
5.	Others	Nil	9	9	Nil
	Total	Nil	102	102	Nil

The names and designations of the Compliance Officers are as follows: -

- Mr. K.V. Mohan, Company Secretary; and
- Mr. V. Sundararaj, Asst. General Manager (Accounts)

The Board of Directors has delegated the powers of approving the transfer of shares/debentures to senior executives of the Company.

d) Finance Committee

As on 31-3-2012, the Finance Committee comprises of Mr. J. H. Dalmia, Mr. Y.H. Dalmia, Mr. Gautam Dalmia, Mr. Puneet Yadu Dalmia and Mr. J.S. Baijal (Independent Director) as its Members. The Committee met once during the year on 10-2-2012. The particulars of attendance of the members in the Meetings of this Committee is set out in Table 6 hereunder: -

Table 6: Attendance record of Finance Committee during 2011-12

Name of Members	Category	Status	No. of Meetings Held	No. of Meetings Attended
Mr. J.S. Baijal	Independent	Member	1	1
Mr. J. H. Dalmia	Executive	Member	1	-
Mr. Y.H. Dalmia	Executive	Member	1	1
Mr. Gautam Dalmia	Executive	Member	1	1
Mr. Puneet Yadu Dalmia	Executive	Member	1	-

e) Investment Committee

The Board of Directors in their Meeting held on 28th May, 2009 formed an Investment Committee comprising Mr. J.H. Dalmia, Mr. Y.H. Dalmia, Mr. Gautam Dalmia and Mr. Puneet Yadu Dalmia as its Members. The Committee did not meet during the year.

Subsidiary Companies

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year.

As on 31st March 2012, under this definition, DBSIL does not have a 'material non-listed Indian subsidiary'.

Shares and Convertible Instruments held by Non-Executive Directors

Table 7 gives details of the shares and convertible instruments held by the Non-Executive Directors as on 31st March 2012.

Table 7: Details of the shares and convertible instruments held by the Non-Executive Directors as on 31st March, 2012

Name of the Director	Category	Number of shares held	Number of convertible instruments held
Mr. J.S. Baijal	Independent, Non-Executive	Nil	Nil
Mr. M. Raghupathy	Independent, Non-Executive	Nil	Nil
Mr. T. Venkatesan	Non-Executive	2,000	Nil
Mr. P. Kannan	Independent, Non-Executive	Nil	Nil
Mr. B.B. Mehta	Non-Executive	Nil	Nil

MANAGEMENT

Management Discussion and Analysis

The Annual Report has a detailed report on Management Discussion and Analysis.

Disclosures

Related party transactions in the ordinary course of business have been disclosed at Note No. 42 to the financial statements in the Annual Report. No transactions were made that had the possibility of injuring the Company's interests. The Company complied with the regulatory requirements on capital markets. No penalties/strictures have been imposed against it.

The Company has complied with the requirements of Section 205C of the Companies Act, 1956 and all amounts due to be credited to the Investor Education & Protection Fund have been duly credited within the time specified under the said section.

Disclosure of Accounting Treatment in Preparation of Financial Statements

DBSIL has followed the guidelines of Accounting Standards laid down by the Central Government under the provisions of section 211(3) of the Companies Act, 1956 in the preparation of its financial statements.

Details of Non-Compliance by the Company

DBSIL has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

Code for Prevention of Insider-Trading Practices

In compliance with the SEBI regulations on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of Company, and cautioning them of the consequences of violations.

CEO/ CFO certification

The CEO and CFO certification of the financial statements for the year is enclosed at the end of the report.

SHAREHOLDERS

Reappointment/Appointment of Directors

Pursuant to the Articles of Association of DBSIL, at every Annual General Meeting of the Company, one-third of the rotational Directors retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third retire from office. Accordingly, at the ensuing Annual General Meeting Mr. T. Venkatesan and Mr. M. Raghupathy, Directors of the Company retire by rotation and are eligible for re-appointment.

Mr. P. Kannan, who was appointed as Director of the Company in the casual vacancy caused by the resignation of Mr. P.K. Khaitan ceases to hold office at the conclusion of the ensuing Annual General Meeting. The Company has received a notice from a member stating that he proposes to signify the candidature of Mr. P. Kannan for being appointed as a Director of the Company at the ensuing Annual General Meeting.

Means of Communication with Shareholders

The Board of Directors of the Company approves and takes on record the unaudited financial results in the format prescribed by the Stock Exchanges within one month of the close of every quarter and such results are published in one financial newspaper, viz., Business Line, and one Regional Newspaper, Dinamani, within the stipulated time, i.e. 45 days from the end of each quarter. The Company also publishes its annual audited results in these newspapers within the stipulated period of 60 days from the end of the financial year.

As required under the Listing Agreement all the data related to quarterly and annual financial results, shareholding pattern, etc., is provided to the web-site of the Stock Exchanges within the time frame prescribed in this regard. All the details required to be forwarded to the Stock Exchanges are being sent by the Company from time to time.

General Body Meetings

Table 8 gives the details of the last three Annual General Meetings (AGMs).

Table 8: Details of last three AGMs

Financial year	Date	Time	Location
2010-11	26th August, 2011	10.00 a.m.	Community Centre, Dalmiapuram Dist. Tiruchirapalli, Tamil Nadu, 621651.
2009-10	27th August, 2010	10.00 a.m.	Community Centre, Dalmiapuram Dist. Tiruchirapalli, Tamil Nadu, 621651.
2008-09	25th September, 2009	10.00 a.m.	Community Centre, Dalmiapuram Dist. Tiruchirapalli, Tamil Nadu, 621651.

The details of Special Resolutions in respect of the last three Annual General Meetings are given in Table 9.

Table 9: Details of Special Resolutions passed in last three Annual General Meetings.

Date of Meeting	Type of Meeting	Particulars
26th August, 2011	AGM	• Resolution seeking approval of shareholders pursuant to section 81(1A)(a) read with sections 292(1)(a)/ 292(1)(b)/ 292(1)(c) of the Companies Act, 1956 for issuance and allotment of further securities convertible into equity shares to the extent of ₹1500 Crore which upon conversion of all securities would give rise to the issue of equity capital of an aggregate face value of ₹4 Crore. • To approve the minimum remuneration of upto an amount of ₹48 lakhs per annum to each of the Vice-Chairmen and Managing Directors of the Company for the financial year 2010-11 and 2011-12 in the event of loss or inadequacy of profits.
27th August, 2010	AGM	• Reaffirmation of insertion of new Article 138 in the Articles of Association of the Company. • Change in name of the Company from Dalmia Cement (Bharat) Limited to Dalmia Bharat Sugar and Industries Limited.

Postal Ballot

During the year ended 31st March 2012, the Company did not propose any Resolution through Postal Ballot.

Compliance

Mandatory Requirements

DBSIL is fully compliant with the applicable mandatory requirements of Clause 49.

Adoption of Non-Mandatory Requirements

Although it is not mandatory, a Remuneration Committee, Finance Committee and Investment Committee of the Board are in place. Details of the aforementioned Committees have been provided under the head "Committees of the Board" above.

Additional Shareholder Information

Annual General Meeting

Date	:	18th August, 2012
Time	:	10.00 a.m.
Venue	:	Community Centre Premises, Dalmiapuram - 621651, Dist. Tiruchirapalli, Tamil Nadu

Financial Calendar

Financial year: 1st April, 2012 to 31st March, 2013

For the year ended 31st March 2013, results will be announced on:

- First quarter: By mid-August, 2012
- Second quarter: By mid-November, 2012
- Third quarter: By mid-February, 2013
- Fourth quarter: By end May, 2013

Book Closure

The dates of book closure are from 14th August, 2012 to 18th August 2012 inclusive of both days.

Dividend Payment

No dividend has been declared by the Board of Directors of the Company for the financial year 2011-12.

Listing

Listing on Stock Exchanges in respect of the Equity Shares is as under:

a) The Madras Stock Exchange Association Limited,
Exchange Building,
Post Box No. 183,
11, Second Line Beach,
CHENNAI - 600001.

b) Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI - 400001.

c) The National Stock Exchange of India Limited,
Exchange Plaza,
5th Floor Plot No. C/1, G - Block,
Bandra Kurla Complex, Bandra (East)
MUMBAI - 400051

The Privately placed Non-Convertible Debentures are listed on WDM Segment of the National Stock Exchange of India Limited. Listing fees for the year 2012-13 has been paid to all the above Stock Exchanges. The annual custodial fees for the year 2012-13 has been paid to both the Depositories.

Stock Codes

Bombay Stock Exchange	:	500097 (DALMIASUG)
National Stock Exchange	:	DALMIASUG
ISIN (for Dematerialised Shares)	:	INE495A01022

(Besides the above the Privately Placed Debentures have also been dematerialised)

Stock Market Data

Table 1, 2, Chart A and Chart B gives details

Table 1: High, lows of Company's shares for 2011-12 at BSE and NSE

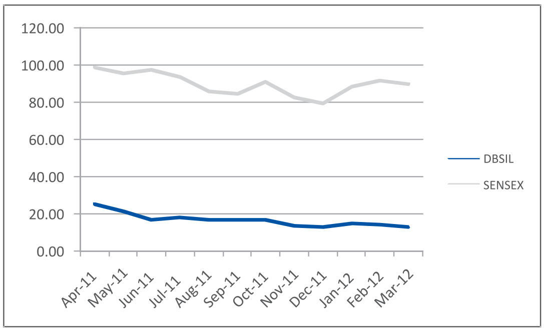
Month	BSE			NSE		
	High	Low	Close	High	Low	Close
April, 2011	28.50	24.20	25.35	28.50	24.05	25.05
May, 2011	28.50	19.05	21.45	26.40	19.50	21.55
June, 2011	23.00	16.40	16.95	22.20	16.40	16.85
July, 2011	20.00	16.80	18.35	20.15	16.75	18.40
August, 2011	19.45	16.00	16.60	20.05	15.15	16.70
September, 2011	18.95	16.55	17.15	19.65	16.50	17.20
October, 2011	17.95	16.00	17.00	18.00	15.80	17.05
November, 2011	18.00	13.55	13.75	17.80	13.50	13.75
December, 2011	15.60	12.60	13.02	15.00	12.20	12.95
January, 2012	15.75	12.46	14.66	15.50	12.45	14.60
February, 2012	17.45	14.06	14.51	16.80	14.00	14.45
March, 2012	16.84	12.00	13.50	16.60	13.00	13.80

Table 2: Stock Performance over past 5 years

	% of Change in					
	Company's Share		Sensex	Nifty	Company in comparison with	
	BSE	NSE			Sensex	Nifty
2011-12	71	76	-9	-9	80	84
2 years	-83	-83	1	1	-84	-84
3 years	-45	-44	83	75	-128	-118
5 years	-41	-39	36	39	-77	-78

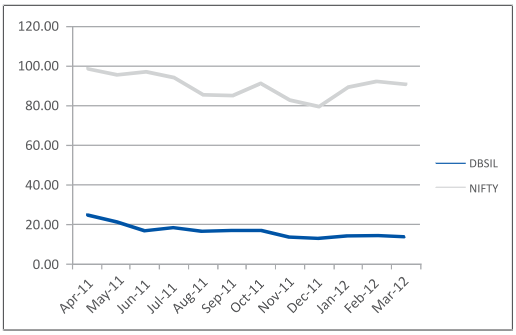
Note: The stock performance of Company's shares have been calculated on the closing prices after (a) considering the impact *of the Scheme of Arrangement; and (b) conversion of warrants and are thus not strictly comparable.*

Chart A: DBSIL's Share Performance versus BSE Sensex



Note: Share prices and Sensex indexed to 100 as on 1st working day of the financial year 2011-12, i.e. April 1, 2011

Chart B: DBSIL's Share Performance versus NIFTY



Note: Share prices and NIFTY indexed to 100 as on 1st working day of the financial year 2011-12, i.e. April 1, 2011

Distribution of Shareholding

Table 3 and 4 lists the distribution of the shareholding of the equity shares of the Company by size and by ownership class as on 31st March 2012.

Table 3: Shareholding pattern by size

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-500	12255	74.35	1775936	2.19
501-1000	1701	10.32	1316577	1.63
1001-2000	1282	7.78	1911142	2.36
2001-3000	429	2.60	1083388	1.34
3001-4000	237	1.44	851821	1.05
4001-5000	140	0.85	640728	0.79
5001-10000	243	1.47	1696548	2.10
10001 and above	195	1.18	71663163	88.54
Total	16482	100.00	80939303	100.00

Table 4: Shareholding Pattern by ownership

Particulars	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Promoters @	20	0.12	12740820	15.74
Promoter Bodies Corporate @	24	0.15	34368538	42.46
Central/State Governments	4	0.02	128155	0.16
Financial Institutions	2	0.01	1601246	1.98
Mutual Funds	1	0.01	2500	0.00
Foreign Institutional Investors	11	0.7	1093231	1.35
Insurance Companies	2	0.01	1128096	1.39
Bodies Corporate	395	2.40	5887653	7.27
Overseas Body Corporates	0	0.00	0	0.00
Foreign Corporate Bodies	2	0.01	4470588	5.52
NRI/Foreign Nationals	132	0.80	191489	0.24
Individuals/ Others	15889	96.40	19326987	23.88
Total	16482	100.00	80939303	100.00

Note: @ The Promoters have not pledged the shares of the Company against any loan drawn by them. This disclosure may be treated as a disclosure as required under Clause 35 of the Listing Agreement and under Regulation 31 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011.

Dematerialisation of Shares

As on 31st March 2012, over 95.88% shares of the Company were held in the dematerialised form.

Outstanding GDRs/ADRs/Warrants/Options

NIL

Details of Public Funding Obtained in the last three years

NIL

Registrar and Transfer Agent

For Equity Shares & Privately Placed Debentures:
Karvy Computershare Private Limited,
Plot Nos. 17 to 24, Vittal Rao Nagar,
Madhapur, HYDERABAD - 500081.

Share Transfer System

The share transfers in the physical form are presently processed by the Registrars and Transfer Agents and returned within a period of 30 days. The Company's Equity Shares are tradable in dematerialised form since August, 2000. Under the dematerialised system, the Shareholder can approach a Depository Participant (DP) for getting his shares converted from physical form to dematerialised form. The DP will generate a request for the dematerialisation, which will be sent by him to the Company's Registrars and Share Transfer Agents. On receipt of the same the shares will be dematerialised.

Registered Office Address:
Dalmia Bharat Sugar and Industries Limited
Dalmiapuram -621651,
Dist. Tiruchirapalli, Tamil Nadu
Phone: 04329 - 235131
Fax: 04329 235111

Address for Correspondence
Dalmia Bharat Sugar and Industries Limited
Shares Department
DALMIAPURAM – 621651
Dist. Tiruchirapalli, Tamil Nadu
Phone: 04329 - 235131
Fax: 04329 235111

PLANT LOCATIONS

Magnesite Refractory Products:
Dalmia Magnesite Corporation
Salem (Tamil Nadu)
Vellakkalpatti, P.O. Karuppur,
Salem – 636012.

SUGAR PLANTS :

Dalmia Chini Mills
(Unit: Ramgarh)
Village Ramgarh - 261403,
Tehsil Misrikh, District Sitapur
(Uttar Pradesh)

Dalmia Chini Mills
(Unit : Jawaharpur)
Village Jawaharpur - 261403,
Tehsil Sitapur Sadar, District Sitapur
(Uttar Pradesh)

Dalmia Chini Mills
(Unit : Nigohi)
Village Kuiyan,
Post Areli – 242407,
Tehsil Tilhar, District Shahjahanpur
(Uttar Pradesh)

Wind Farm Unit:
Dalmia Wind Farm
Muppandal (Tamil Nadu)
Aralvaimozhy –629301
District Kanyakumari (Tamil Nadu)

Electronics Division:
Dalmia Bharat Sugar and Industries Limited
Plot No. 53, 54A,
Keonics Electronics City, Phase - 1
Hosur Road,
Bangalore - 560100
Karnataka

Auditor's Certificate on Corporate Governance

TO,

THE MEMBERS DALMIA BHARAT SUGAR AND INDUSTRIES LIMITED

We have examined the compliance of Corporate Governance by **Dalmia Bharat Sugar and Industries Limited ('the Company'),** for the year ended March 31, 2012, as stipulated in clause 49 of the listing agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 above mentioned Listing Agreement.

We further state that such compliance in 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 **S.S. Kothari Mehta & Co.**
Firm Registration No. 000756N
Chartered Accountants
Arun K. Tulsian
Partner
Membership No. 89907

Place : New Delhi
Date : 11th May, 2012

To
The Board of Directors,
Dalmia Bharat Sugar and Industries Limited
Registered Office: Dalmiapuram – 621651
District Tiruchirapalli
Tamil Nadu

Dear Sirs,

I do hereby certify that all the Members of the Board of Directors of the Company and the Senior Management Personnel have affirmed their compliance with the Code of Conduct laid down by the Board of Directors of the Company in their Meeting held on 26-07-2005.

This certificate is being given in compliance with the requirements of Clause 49 (I) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges.

Place : New Delhi
Date : 11th May, 2012

Puneet Yadu Dalmia
Chief Executive Officer

To
The Board of Directors,
Dalmia Bharat Sugar and Industries Limited
Registered Office: Dalmiapuram – 621651
District Tiruchirapalli
Tamil Nadu

Dear Sirs,

1. We have reviewed the Balance Sheet, Profit and Loss account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements as at 31st March, 2012 and certify that to the best of our knowledge and belief:

1) These Statements do not contain any materially untrue statement or omit any material fact or contain Statements that might be misleading;

2) These Statements read together present a true and fair view of the Company's Affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

2. We further certify that, to the best of our knowledge and belief, no transactions have been entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;

3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;

4. We have indicated to the Auditors and the Audit Committee:

(i) Significant changes in internal control during the year;

(ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems.

Place : New Delhi
Date : 11th May, 2012

Narendra Mantri
Chief Financial Officer

Puneet Yadu Dalmia
Chief Executive Officer

Standalone Financial Accounts

AUDITOR'S REPORT

To

The Members of Dalmia Bharat Sugar and Industries Limited

1. We have audited the attached Balance Sheet of **Dalmia Bharat Sugar and Industries Limited** ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the 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.

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 (as amended) (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure 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 above, we report that:

   i. 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;

   ii. 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;

   iii. In our opinion, the Balance Sheet, Statement of Profit and Loss 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;

   iv. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and 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 Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

      b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and

      c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm Registration No. 000756N

Arun K. Tulsian
Partner
Membership No. 89907

Place : New Delhi
Date : May 11, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: Dalmia Bharat Sugar and Industries Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed 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 as compared to book records.

(c) Fixed assets disposed off during the year were not substantial.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except stocks lying with third parties and in transit which have been verified with reference to correspondence of third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.

(b) The procedures of physical verification of inventory 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 physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.

(iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b), (c) & (d) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us, the Company has taken unsecured loan from two companies covered in the register maintained under section 301 of the Companies Act, 1956, loan from the one of the companies having been squared off during the year. The maximum amount outstanding during the year is ₹206 Crore and the year end balance of such loan is ₹50 Crore.

(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.

(d) In respect of loans taken, repayment of the principal amount is as stipulated and payments of interest have been regular. There are no overdue amounts at the year-end as the loan is repayable on demand.

(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, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit carried out in accordance with the generally accepted auditing practices in India, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakh in respect of each party have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975.

(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 cost accounting records maintained by the Company pursuant to the Rules made by the Central Government 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. However, we are not required to make a detailed examination of such records.

(ix) (a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, Cess have generally been regularly deposited during the year with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection

Fund, Employees' State Insurance, Income-tax, Wealth-tax, Service-tax, Sales-tax, Customs Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise Duty and Cess on account of any dispute and forum where the dispute is pending, are as follows:

Name of the statute	Nature of the Dues	Amount (in Crore)	Period to which the amount relates	Forum Where dispute is pending
Central Excise Act, 1944	Cenvat Credit on Cement & Steel	60.89	Jun 05 to Mar 10	CESTAT, Delhi
Central Excise Act, 1944	Cenvat Credit on Cement & Steel	4.46	Sep 07 to Mar 11	Commissioner (A) LTU, New Delhi
Central Excise Act, 1944	Cenvat Credit on Cement & Steel	2.17	Mar 06 to Dec 11	Dy. Commissioner LTU, New Delhi
Central Excise Act, 1944	Demand on duty on Bagasse & electricity sale	291.12	Oct 07 to Mar 10	CESTAT, Delhi
Central Excise Act, 1944	Demand on duty on Bagasse & electricity sale	0.09	Mar 06 to Mar 10	Commissioner (A) LTU, New Delhi
Central Excise Act, 1944	Demand on duty on Bagasse & electricity sale	0.53	Mar 06 to Dec 11	Dy. Commissioner LTU, New Delhi
Central Excise Act, 1944	Demand on duty on Bagasse & electricity sale	0.13	Apr 10 to Dec 11	Superintendent, LTU New Delhi
Central Excise Act, 1944	Disallowance of Cenvat Credit	0.69	2006-07	CESTAT, Delhi
Central Excise Act, 1944	Disallowance of Cenvat Credit	30.55	Apr 10 to May 11	Commissioner LTU, New Delhi
Central Excise Act, 1944	Disallowance of Cenvat Credit	4.16	2002-03 to 2010-11	Commissioner (A) LTU, New Delhi
Central Excise Act, 1944	Disallowance of Cenvat Credit	1.18	2009-10 to 2011-12	Dy. Commissioner LTU, New Delhi
Central Excise Act, 1944	Disallowance of Cenvat Credit	0.01	2010-11	Superintendent, LTU New Delhi
Central Excise Act, 1944	Disallowance of Cenvat Credit	0.02	2004	Allahabad High Court
Finance Act, 1994	Disallowance of Service tax credit	5.89	Jun 06 to Mar 10	Ad. Commissioner LTU, New Delhi
Finance Act, 1994	Disallowance of Service tax credit	9.70	2003-04 to 2011-12	Commissioner (A) LTU, New Delhi
Finance Act, 1994	Disallowance of Service tax credit	4.63	2006-07 to 2011-12	Dy. Commissioner LTU, New Delhi
Finance Act, 1994	Disallowance of Service tax credit	0.33	2010-11 to 2011-12	Superintendent, LTU New Delhi
UP VAT	VAT on interunit transfer	0.39	2005-06 to 2010-11	Dy Commissioner Sitapur
Central Sales Tax	Entry Tax on sugar & Molasses	3.81	2005-06 to 2010-11	Dy Commissioner Sitapur
Central Sales Tax	Entry Tax on sugar	0.03	2001-02	Allahabad High Court, Lucknow Bench

(x) The Company has no accumulated losses as at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, banks or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(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 Order are not applicable to the Company.

(xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, where such end use has been stipulated by the lender(s).

(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 no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) Based on the books and records produced to us by the management, securities have been created in respect of debentures issued, wherever required.

(xx) During the period covered by our audit report, the Company has not raised any money by way of public issue.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm Registration No. 000756N

Arun K. Tulsian
Partner
Membership No. 89907

Place : New Delhi
Date : May 11, 2012

Balance Sheet as at March 31, 2012

(₹ in Crore)

	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital	2	16.19	16.19
Reserves and Surplus	3	423.81	423.28
		440.00	**439.47**
Non-Current Liabilities			
Long Term Borrowings	4	363.90	374.69
Deferred Tax Liability (Net)	5	78.74	76.78
Other Long Term Liabilities	6	0.38	1.09
Long Term Provisions	7	1.78	1.42
		444.80	**453.98**
Current Liabilities			
Short Term Borrowings	8	326.40	255.68
Trade Payables	9	194.53	98.25
Other Current Liabilities	10	66.91	74.38
Short Term Provisions	11	2.13	3.49
		589.97	**431.80**
Total		**1,474.77**	**1,325.25**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	573.91	595.94
Intangible Assets	12	0.09	0.01
Capital Work-in-progress		1.02	6.58
		575.02	**602.53**
Non-current Investments	13	4.60	4.60
Long Term Loans and Advances	14	109.93	97.11
Other Non-current Assets	15	0.58	0.15
		115.11	**101.86**
Current Assets			
Current Investments	16	36.54	34.05
Inventories	17	583.74	493.23
Trade Receivables	18	76.22	19.66
Cash and Cash Equivalents	19	76.58	54.72
Short Term Loans and Advances	20	11.56	19.20
		784.64	**620.86**
Total		**1,474.77**	**1,325.25**
Significant Accounting Policies	1		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For S. S. Kothari Metha & Co.
Chartered Accountants

per Arun K. Tulsian
Partner
Membership No. 89907

K. V. Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director (Group Finance)

B. B. Mehta
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : May 11, 2012

Statement of Profit & Loss
for the year ended March 31, 2012

(₹ in Crore)

	Notes		For the year ended March 31, 2012		For the year ended March 31, 2011
INCOME					
Revenue from Operations (Gross)	21		740.41		694.86
Less: Excise Duty			27.58		25.86
Revenue from Operations (Net)			**712.83**		**669.00**
Other Income	22		29.32		22.62
Total			**742.15**		**691.62**
EXPENSES					
Consumption of Raw Materials	23		598.01		498.27
(Increase)/ Decrease in Inventories of Finished Goods and Work in Progress	24		(89.73)		(37.72)
Employee Benefit Expenses	25		41.03		39.04
Other Expenses	26		100.16		104.18
Finance Cost	27		50.25		48.08
Depreciation and Amortization Expenses	12	42.19		40.81	
Less: Transferred from Revaluation Reserve		0.37		1.40	
Net Depreciation and Amortization Expenses			41.82		39.41
Total			**741.54**		**691.26**
Profit Before Tax			**0.61**		**0.36**
Tax Expense:					
Current Tax			0.24		0.15
Mat Credit (Entitlement) / Charge			0.92		(0.05)
Deferred Tax			1.96		(3.25)
Prior Year Tax Charge / (Written Back)			(3.41)		0.42
Total Tax Expense			**(0.29)**		**(2.73)**
Profit After Tax			**0.90**		**3.09**
Earning Per Share	28				
Basic and Diluted Earning Per Share (in ₹)			**0.11**		**0.38**
[Nominal Value of Share ₹2 (₹2) each]					
Significant Accounting Policies	1				

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For S. S. Kothari Metha & Co.
Chartered Accountants

per Arun K. Tulsian
Partner
Membership No. 89907

K. V. Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director (Group Finance)

B. B. Mehta
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : May 11, 2012

Notes to Financial Statements
for the year ended March 31, 2012

Note 1 : Significant Accounting Policies

A. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

B. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialized.

C. Fixed Assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets are recognised on the basis of recognition criteria as set out in the relevant Accounting Standard.

D. Depreciation/Amortisation

Depreciation is provided on fixed assets over the useful lives of the assets estimated by the management, which are equivalent to the rates prescribed in Schedule XIV to the Companies Act, 1956. The following methods of depreciation are used for fixed assets:

"Plant and machinery" at Salem (excluding earth moving machinery) and on all fixed assets at Wind Farm Unit, Bangalore Works and Dalmia Chini Mills (Sugar Units)	Straight Line Method
Leasehold Land	Amortised over the period of lease, i.e., 99 years
Revalued assets	Depreciation on amount added on revaluation of fixed assets is transferred from Revaluation Reserve.
Computer Software	Amortised over a period of 3-5 years on a Straight line basis.
Remaining Fixed Assets	Written Down Value Method

E. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Previously recognised impairment losses are reversed to the extent the recoverable amount exceeds the carrying amount.

F. Leases

Where the Company is the Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the Lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

Notes to Financial Statements
for the year ended March 31, 2012

G. Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

H. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

I. Segment Reporting

Identification of Segments

The Company's operating businesses are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter Segment Transfers

The Company accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of Common Costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated Items

Includes general corporate income and expense items which are not allocable to any business segment.

Segment Policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

J. Employee Benefits

a. Employee benefits in the form of the Company's contribution to provident fund, pension fund, superannuation fund and ESI are considered as defined contribution plan and charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective funds.

b. Retirement benefits in the form of gratuity and provident fund contribution to Dalmia Cement Provident Fund Trust are defined benefit plans. Gratuity is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Contributions to Dalmia Cement Provident Fund Trust are charged to the Statement of Profit and Loss of the year when the contributions to the fund is due. Shortfall in the funds, if any, is adequately provided for by the Company.

c. Leave encashment including compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

d. Actuarial gains/losses are immediately taken to Statement of Profit and Loss and are not deferred.

e. Payments made under the Voluntary Retirement Scheme are charged to the Statement of Profit and Loss in the year in which the same are incurred.

K. Inventories

a. Finished goods are valued at lower of cost or net realisable value. In case of Dead Burnt Magnesite Dust Stocks to the extent these are considered saleable, valuation is done at raw materials cost plus packing charges or net realizable value, whichever is lower. By-products are valued at net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on

Notes to Financial Statements
for the year ended March 31, 2012

normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

b. Work in progress is valued at lower of cost or net realisable value. Cost is determined on a weighted average basis.

c. Stores, Spares and Raw Materials are valued at lower of cost or net realisable value. However materials & other items of inventories held for use in the production are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

L. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined for each category separately. Long-term investments are carried at cost on individual investment basis. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments in case of long term investments.

M. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability that arose during the year. Sale is net of trade discount and sales tax.

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

Insurance Claim

Claims lodged with the insurance companies are accounted on accrual basis to the extent these are measurable and ultimate collection is reasonably certain.

N. Foreign Currency Transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Forward Exchange Contracts not Intended for Trading or Speculation Purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on

Notes to Financial Statements
for the year ended March 31, 2012

cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

O. Income Taxes

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised 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 realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

P. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Q. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are shown by way of note in the Notes to Accounts in respect of obligations where based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are neither recognized in the accounts nor disclosed.

R. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

Notes to Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
2. Share Capital		
Authorised :		
11,47,26,820 (11,47,26,820) Ordinary Shares of ₹2/- each	22.95	22.95
8,52,73,180 (8,52,73,180) Unclassified Shares of ₹2/- each	17.05	17.05
	40.00	**40.00**
Issued, Subscribed and Fully Paid Up :		
8,09,39,303 (8,09,39,303) Ordinary Shares of ₹2/- each	16.19	16.19
	16.19	**16.19**

(a) Reconciliation of Ordinary Shares outstanding at the beginning and at the end of the reporting period

	2011-12		2010-11	
	No. of Shares	₹ Crore	No. of Shares	₹ Crore
At the beginning of the period	80,939,303	16.19	80,939,303	16.19
Issued during the period	-	-	-	-
At the end of the period	80,939,303	16.19	80,939,303	16.19

(b) Terms/ Rights attached to Ordinary Shares

The Company has only one class of Ordinary Shares having a face value of ₹2 per share. Each Ordinary Shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2012 the amount of dividend per share recognised as distribution to ordinary shareholders was ₹ Nil (₹0.25).

In the event of winding-up of the company, the ordinary shareholders shall be entitled to be repaid remaining assets of the company, in the ratio of the amount of capital paid up on such ordinary shares.

(c) Details of Shareholders holding more than 5% shares in the Company

Ordinary Shares of ₹2/- each Fully Paid up	2011-12		2010-11	
	No. of Shares	% holding	No. of Shares	% holding
Mayuka Investment Limited	17,736,537	21.91	17,736,537	21.91
Shree Nirman Limited	-	-	6,540,130	8.08
Sita Investment Company Limited	5,876,800	7.26	5,876,800	7.26
Ankita Pratisthan Limted	5,829,070	7.20	5,829,070	7.20
Shri Yadu Hari Dalmia	4,541,880	5.61	-	-

Notes to Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
3. Reserves and Surplus		
Capital Reserve		
Opening Balance as per last Financial Statements	0.35	0.35
Closing Balance	0.35	0.35
Revaluation Reserve		
Opening Balance as per last Financial Statements	5.10	53.85
Less:		
(i) Deduction pursuant to Scheme of Arrangement	-	47.35
(ii) Amount transferred to Statement of Profit & Loss as reduction from Depreciation	0.37	1.40
Closing Balance	4.73	5.10
Securities Premium Reserve		
Opening Balance as per last Financial Statements	-	199.68
Less: Deduction pursuant to Scheme of Arrangement	-	199.68
Closing Balance	-	-
General Reserve		
Opening Balance as per last Financial Statements	0.08	239.38
Add: Amount transferred from surplus balance in the Statement of Profit & Loss	-	0.08
Less: Deduction pursuant to Scheme of Arrangement	-	239.38
Closing Balance	0.08	0.08
Debenture Redemption Reserve		
Opening Balance as per last Financial Statements	15.62	61.45
Add: Amount transferred from surplus balance in the Statement of Profit & Loss	3.13	3.13
Less: Deduction pursuant to Scheme of Arrangement	-	48.96
Closing Balance	18.75	15.62
Surplus in the Statement of Profit and Loss		
Balance as per last Financial Statements	402.13	806.72
Profit for the year	0.90	3.09
Less : Deduction Pursuant to Scheme of Arrangement	-	402.12
Less : Appropriations		
(i) Transfer to Debenture Redemption Reserve	3.13	3.13
(ii) Transfer to General Reserve	-	0.08
(iii) Proposed Dividend on Ordinary Shares	-	2.02
(iv) Dividend Distribution Tax	-	0.33
Total Appropriations	3.13	5.56
Net Surplus in the Statement of Profit and Loss	**399.90**	**402.13**
Total Reserves and Surplus	**423.81**	**423.28**

Notes to Financial Statements

for the year ended March 31, 2012

(₹ in Crore)

		As at March 31, 2012		As at March 31, 2011
4. Long Term Borrowings				
Secured				
A. Redeemable Non-Convertible Debentures		100.00		100.00
B. Term Loans:				
i. From Banks	200.00		214.12	
Less: Shown in Current maturities of Long Term Borrowings	-	200.00	14.12	200.00
ii. From Others	83.98		88.99	
Less: Shown in Current maturities of Long Term Borrowings	20.08	63.90	14.30	74.69
		363.90		**374.69**

1) Debentures referred to in A above to the extent of :
10.26%, Series XII ₹100.00 crore (₹100.00 crore) are secured by mortgage and charge on first pari-passu basis on all the immovable and movable assets excluding current assets, both present and future, of the Company's sugar unit at Jawaharpur & Nigohi and redeemable in three yearly equal instalments commencing from September 30, 2014.

2) Term Loans from Banks referred to in B (i) above to the extent of :
₹200.00 crore (₹200.00 crore) is secured by subservient charge on entire fixed assets excluding vehicles of sugar units at Jawaharpur and Nigohi and subservient charge on plant & machinery at Ramgarh Sugar unit. The same is repayable in five yearly unequal instalments in the range of ₹30 crore to ₹50 crore each commencing from December 2013, carrying interest @ Base rate + 1% (present 11.75%).

3) Nil (₹14.12 crore) is secured by residual charge on the movable and immovable fixed assets of the sugar units.

4) Term Loan from Others referred to in B (ii) above to the extent of :
₹83.98 crore (₹88.99 crore) which consist of various loans and are secured by second exclusive charge on movable and immovable properties of the sugar unit at Ramgarh, Jawaharpur and Nigohi. The same is repayable in unequal instalments in the range of ₹1.33 crore to ₹20.08 crore per year till FY 2017-18 and carry interest in the range of 4% to 7.50%.

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
5. Deferred Tax		
Deferred Tax Assets/ Liabilities are attributable to the following items :		
Liabilities		
Depreciation	86.05	89.73
	86.05	89.73
Assets		
Voluntary Retirement Expenses	0.04	0.20
Expenses allowable for Tax purpose when paid	7.27	5.79
Unabsorbed Depreciation	-	6.96
	7.31	12.95
Net	**78.74**	**76.78**

Notes to Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
6. Other Long Term Liabilities		
Security Deposit Received	0.13	0.11
Other Liabilities	0.25	0.98
	0.38	**1.09**

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
7. Long Term Provisions		
Provision for Employee Benefits	1.78	1.42
	1.78	**1.42**

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
8. Short Term Borrowings		
Secured		
Working Capital Loan from Banks	71.40	50.68
Short Term Loan from Banks	205.00	180.00
	276.40	230.68
Unsecured		
Short Term Loan from Related Parties	50.00	25.00
	50.00	25.00
	326.40	**255.68**

(i) Working capital Loan from Banks are secured by hypothecation of inventories and other assets in favour of the participating banks ranking pari passu on inter-se-basis, repayable during next one year and carrying interest in the range of 11% to 11.75%.

(ii) Short term Loans from Banks are secured by hypothecation of receivables. It is repayable during next one year and carry interest in the range of 10.75% to 11%.

(iii) Short term Loans from Related Parties are repayable during next one year and carry interest @ 10%.

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
9. Trade Payables		
Micro and Small Enterprises	-	-
Others	194.53	98.25
	194.53	**98.25**

Notes to Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
10. Other Current Liabilities		
Current maturities of Long Term Borrowings	20.08	28.42
Interest accrued but not due on Borrowings	5.00	3.12
Advances from Customers	2.21	2.51
Security Deposit Received	1.02	1.52
Unclaimed Dividend *	2.14	2.41
Other Liabilities		
Excise Duty Payable on Closing Stock	20.39	18.69
Statutory Dues Payable	7.17	9.33
Others	8.90	8.38
	66.91	**74.38**

* Amount payable to Investor Education and Protection Fund is ₹ Nil (₹ Nil).

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
11. Short Term Provisions		
Provision for Employee Benefits	2.13	1.14
Proposed Dividend	-	2.02
Dividend Distribution Tax	-	0.33
	2.13	**3.49**

Notes to Financial Statements
for the year ended March 31, 2012

12. Fixed Assets

(₹ in Crore)

Particulars	Tangible Assets									Intangible Assets	Total
	Owned Assets							Owned Assets Leased out			
	Land (Freehold)	Land (Leasehold)	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Building	Plant and Equipment	Computer Software	
Cost											
as at March 31,2010	131.54	2.32	257.28	2,884.75	10.20	6.84	13.50	2.77	60.15	4.27	**3,373.62**
Deductions pursuant to Scheme of Arrangement	110.61	1.74	143.86	2,098.08	6.48	5.56	11.00	2.77	60.15	4.25	**2,444.50**
Additions	0.05	-	2.36	11.08	0.19	0.26	0.46	-	-	0.01	**14.41**
Disposals	-	-	0.35	10.43	-	-	0.20	-	-	-	**10.98**
as at March 31,2011	20.98	0.58	115.43	787.32	3.91	1.54	2.76	-	-	0.03	**932.55**
Additions	0.09	-	0.50	19.32	0.09	0.15	0.36	-	-	0.10	**20.61**
Disposals	-	-	0.03	0.62	-	0.03	0.10	-	-	-	**0.78**
as at March 31,2012	21.07	0.58	115.90	806.02	4.00	1.66	3.02	-	-	0.13	**952.38**
Depreciation / Amortisation											
as at March 31,2010	-	1.20	71.55	679.96	5.00	3.34	7.95	1.07	18.28	1.11	**789.46**
Deductions pursuant to Scheme of Arrangement	-	1.11	50.15	410.46	2.92	2.59	5.62	1.07	18.28	1.09	**493.29**
Charge for the year @	-	0.01	2.71	37.45	0.20	0.15	0.42	-	-	-	**40.94**
Disposals	-	-	-	0.38	-	0.01	0.12	-	-	-	**0.51**
as at March 31,2011	-	0.10	24.11	306.57	2.28	0.89	2.63	-	-	0.02	**336.60**
Charge for the year @	-	0.01	2.75	38.87	0.17	0.05	0.42	-	-	0.02	**42.29**
Disposals	-	-	-	0.44	-	0.03	0.04	-	-	-	**0.51**
as at March 31,2012	-	0.11	26.86	345.00	2.45	0.91	3.01	-	-	0.04	**378.38**
Net Block											
as at March 31,2011	20.98	0.48	91.32	480.75	1.63	0.65	0.13	-	-	0.01	**595.95**
as at March 31,2012	21.07	0.47	89.04	461.02	1.55	0.75	0.01	-	-	0.09	**574.00**

@ includes depreciation charged to other heads ₹0.10 crore (₹0.13 crore).

Notes to Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
13. Non-current Investments		
Unquoted		
Shares of Co-operative Societies (Unquoted)		
DMC Employees Co-op Stores Limited	((3010))	((3010))
Government or Trust Securities (Unquoted)		
National Saving Certificates	((23000))	((23000))
Investments in Subsidiaries		
Equity Shares		
Unquoted		
2,50,000 (2,50,000) Equity Shares of ₹10 each fully paid up in Dalmia Sugar Ventures Limited	0.05	0.05
4,50,000 (4,50,000) Equity Shares of ₹10 each fully paid up in Himshikhar Investment Limited	4.45	4.45
50,000 (50,000) Equity Shares of ₹10 each fully paid up in Dalmia Solar Power Limited	0.05	0.05
Investments in Companies other than Subsidiaries		
Equity Shares (Quoted)		
2,50,000 (2,50,000) Equity Shares of ₹2 each fully paid up in Dalmia Bharat Enterprises Limited	0.05	0.05
	4.60	**4.60**
Quoted :		
Book Value	0.05	0.05
Market Value	3.59	4.63
Book Value of Unquoted Investments	4.55	4.55

(₹ in Crore)

	As at March 31, 2012		As at March 31, 2011	
14. Long Term Loans and Advances (Considered good unless otherwise stated)				
Capital Advances		0.29		0.98
Security Deposit		1.02		0.73
Loan to				
Related Parties		2.27		1.82
Employees @				
Secured		-		0.15
Unsecured		0.07		-
Others		30.83		30.18
Advances Recoverable in cash or in kind or for value to be received		1.12		0.82
Advance Income Tax (net of provisions ₹10.62 crore (₹67.72 crore)		29.93		17.11
MAT Credit Entiltlement		44.40		45.32
Others (Considered Doubtful)	1.13		1.16	
Less : Provision for Doubtful Advances	1.13	-	1.16	-
		109.93		**97.11**
@ Due from Officers of the Company		0.01		-

Notes to Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
15. Other Non Current Assets		
Fixed Deposits with Banks	0.58	0.15
	0.58	**0.15**

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
16. Current Investments		
Units of Mutual Funds (Quoted)		
Debt Based Schemes	36.08	32.59
Balanced Schemes	0.46	1.46
Total	**36.54**	**34.05**
Quoted :		
Book Value	36.54	34.05
Market Value	37.61	34.95

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
17. Inventories		
(Mode of valuation - Refer Note No. 1(K) on Inventories)		
Raw Materials		
On hand	13.96	11.78
Work in Progress	13.24	11.08
Finished Goods	538.10	450.53
Stores, Spares etc		
On hand	18.31	19.71
In transit	0.08	0.11
Loose Tools	0.05	0.02
	583.74	**493.23**

(₹ in Crore)

		As at March 31, 2012		As at March 31, 2011	
18. Trade Receivables					
a)	**Receivables Outstanding for a period exceeding Six months from the date they are due for payment**				
	Considered good				
	Unsecured		11.18		0.18
	Considered Doubtful	0.09		0.22	
	Less: Provision for Bad and Doubtful Receivables	0.09	-	0.22	-
b)	**Other Receivables**				
	Considered good				
	Unsecured		65.04		19.48
			76.22		**19.66**

Notes to Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
19. Cash and Cash Equivalents		
Cash on Hand	0.65	1.13
Cheques in Hand	4.32	8.11
Balances with Banks :		
- On Current Accounts	39.09	25.25
- On Cash Credit Accounts	7.36	5.06
- Deposits with Original maturity of less than 3 months	20.35	-
- Unpaid Dividend Account	2.14	2.41
- Deposits with Original Maturity of more than 3 months but less than 12 months	2.67	12.76
	76.58	**54.72**

(₹ in Crore)

		As at March 31, 2012		As at March 31, 2011
20. Short Term Loans and Advances (Unsecured considered good Unless otherwise stated)				
Loan to				
Employees @		0.14		0.71
Others		0.08		-
Advances Recoverable in Cash or in kind or for value to be received		6.97		9.26
Loans and Advance to Related Parties (Refer Note No. 42 to Financial Statements)		0.28		4.85
Interest Receivable		0.19		0.72
Deposits and Balances with Government Departments and Other Authorities		3.90		3.66
Others (Considered doubtful)	0.17		-	
Less: Provision for Doubtful Loans and advances	0.17	-	-	-
		11.56		**19.20**
@ Due from Officers of the Company		0.04		0.10

Notes to Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
21. Revenue from Operations (Gross)		
Sugar Sales	577.62	539.81
Power Sales	103.66	94.49
Refractory Products Sales	26.88	39.66
Other Sales	32.25	20.90
	740.41	**694.86**

(₹ in Crore)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
22. Other Income				
Dividend Income				
- from non current Investments		0.03		-
- from Current Investments		0.03		0.19
Interest Income from Bank deposits and others		0.80		3.72
Profit on sale of Current Investments	2.48		2.30	
Less: Loss on sale of Current investments	-	2.48	0.36	1.94
Miscellaneous Receipts		25.98		16.77
		29.32		**22.62**

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
23. Consumption of Raw Materials		
Sugar Cane	590.79	447.04
Raw Sugar	-	38.56
Raw Magnesite	6.95	10.94
Others	0.27	1.73
	598.01	**498.27**

Notes to Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

		For the year ended March 31, 2012		For the year ended March 31, 2011
24. (Increase) / Decrease in inventories of finished goods and work in progress				
Finished Goods				
- Closing Stock		538.10		450.53
- Opening Stock	450.53		448.74	
Less: Deduction pursuant to Scheme of Arrangement	-	450.53	29.61	419.13
		(87.57)		(31.40)
Work-in-Progress				
- Closing Stock		13.24		11.08
- Opening Stock	11.08		56.94	
Less: Deduction pursuant to Scheme of Arrangement	-	11.08	52.18	4.76
		(2.16)		(6.32)
		(89.73)		**(37.72)**

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
25. Employee Benefit Expenses		
Salaries, Wages and Bonus	35.85	33.84
(after allocating ₹3.75 crore (₹3.91 crore) to other accounts)		
Contribution to Provident Fund and Other Funds	3.29	3.40
Workmen and Staff Welfare expenses	1.89	1.80
	41.03	**39.04**

Notes to Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
26. Other Expenses		
Power and Fuel	28.77	35.45
Packing Materials	10.63	11.78
Consumption of Stores and Spares Parts	7.79	7.03
(after allocating ₹22.38 crore (₹17.08 crore) to other accounts)		
Excise duty variation on opening/closing stock	1.87	2.57
Repairs and Maintenance :		
- Plant & Equipments	13.89	11.33
- Buildings	1.87	1.97
- Others	1.07	0.49
Rent	0.21	0.26
Rates and Taxes	0.91	0.66
Insurance	0.52	0.58
Travelling	1.23	1.10
Advertisement and Publicity	0.75	0.17
Freight and Forwarding Charges	0.48	0.64
Cane Development Expenses	7.80	5.52
Management Service Charges	5.35	5.19
Selling Expenses	0.01	0.01
Commission paid to Other Selling Agents	1.24	0.70
Rebates, Discount and Allowances	1.47	1.79
Director's Sitting Fees	0.07	0.08
Charity and Donation	0.19	0.20
Assets written off / Loss on sale of Fixed Assets	0.02	0.04
Provision for Doubtful Debts	0.25	0.06
Miscellaneous Expenses	13.77	16.56
	100.16	**104.18**

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
27. Finance Cost		
Interest		
- On Term Loans and Debentures	43.86	43.30
- On Borrowing from Banks	1.59	0.22
- Others	3.55	2.18
Other Borrowing Costs	1.25	1.85
Exchange Differences to the extent considered as an adjustment to Borrowing Cost	-	0.53
	50.25	**48.08**

Notes to Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
28. Earning Per Share		
Net profit for Calculation of Basic and Diluted EPS (₹ In Crore)	0.90	3.09
Total number of Equity Shares outstanding at the end of the Year	80,939,303	80,939,303
Weighted Average number of Equity Shares for calculating Basic and Diluted EPS	80,939,303	80,939,303
Basic and Diluted EPS (₹)	**0.11**	**0.38**

Notes to Financial Statements
for the year ended March 31, 2012

29. Contingent Liabilities (not provided for) in respect of:

(₹ in Crore)

S. No.	Particulars	2011-12	2010-11
a)	Claims against the Company not acknowledged as debts	**0.55**	0.82
b)	Demand raised by Income tax authorities under dispute	**58.40**	20.72
c)	Demand raised by custom, excise, entry tax, service tax and sales tax authorities under dispute	**44.35**	22.75
d)	Other money for which the Company is contingently liable	**0.15**	0.15

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors etc, the Company believes that there is a fair chance of favourable decisions in respect of the items listed above and hence no provision is considered necessary against the same.

30. Capital and other commitment:

(₹ in Crore)

Particulars	2011-12	2010-11
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**0.04**	2.06
Estimated amount of contracts remaining to be executed on other than capital account and not provided for (net of advances)	**0.73**	0.60

31. Remuneration paid to Auditors (included in Miscellaneous Expenses) :

(₹ in Crore)

Particulars	2011-12	2010-11
a) Statutory Auditor		
i) Audit Fee	**0.06**	0.05
ii) For Tax Audit and Other services	**0.08**	0.03
iii) For Expenses	**0.01**	-
b) Cost Auditor		
i) Audit Fee	**0.01**	0.01

32. Details of Dues to Micro and Small Enterprises as per MSMED Act to the extent of information available with the Company:

(₹ in Crore)

Particulars	2011-12	2010-11
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-
Total	**-**	-

Notes to Financial Statements
for the year ended March 31, 2012

33. Operating Lease

Assets taken on Lease

Office premises are taken on operating lease. There is no escalation clause in the lease agreement.

(₹ in Crore)

Particulars	2011-12	2010-11
Lease payments for the year	**0.21**	0.26
Total	**0.21**	0.26

There are no non cancellable operating leases.

Additional information pursuant to the provisions of Revised Schedule VI to the Companies Act, 1956:

34. Details of Opening and Closing Inventory of Finished Goods:

(₹ in Crore)

Class of Product	2011-12	2010-11
Opening stock		
Cement	**-**	20.56
Refractory products	**14.67**	12.26
Sugar	**422.43**	387.55
Multilayer Ceramic Chip Capacitors	**0.01**	0.01
Refractories etc.	**-**	8.60
Power-Banked	**0.41**	0.75
Industrial Alcohol	**0.04**	2.76
Others	**12.97**	16.25
Total	**450.53**	448.74
Closing stock		
Refractory products	**16.85**	14.67
Sugar	**478.22**	422.43
Multilayer Ceramic Chip Capacitors	**0.03**	0.01
Power-Banked	**0.35**	0.41
Industrial Alcohol	**6.10**	0.04
Others	**36.55**	12.97
Total	**538.10**	450.53

35. CIF Value of Imports:

(₹ in Crore)

Particulars	2011-12	2010-11
Raw materials	**0.02**	8.82
Components, spare parts, coal etc.	**0.37**	7.93

36. Expenditure in Foreign Currency (Accrual basis):

(₹ in Crore)

Particulars	2011-12	2010-11
Professional Fees, Consultation Fee and Interest	**0.09**	-
Others	**0.25**	0.28
Total	**0.34**	0.28

Notes to Financial Statements
for the year ended March 31, 2012

37. Earnings in Foreign Currency (Accrual Basis):

(₹ in Crore)

Particulars	2011-12	2010-11
Export of goods at FOB value	3.48	1.88
Total	**3.48**	1.88

38. Details regarding imported and indigenous materials consumed during the year:

	Imported		Indigenous		Value of total consumption
	Value ₹ in Crore	% to total consumption	Value ₹ in Crore	% to total consumption	Value ₹ in Crore
Raw Materials	**0.27**	**0.05%**	**597.74**	**99.95%**	**598.01**
	(37.63)	(7.55%)	(460.64)	(92.45%)	(498.27)
Stores, Spares Parts and Components	**0.29**	**0.97%**	**29.88**	**99.03%**	**30.17**
	(0.34)	(1.42%)	(23.77)	(98.58%)	(24.11)

39. Gratuity and Other Post Employment Benefit Plans:

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the plan.

Statement of Profit and Loss

Net employee benefit expense (recognised in Employee benefit Expenses)

(₹ in Crore)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Current Service Cost	0.93	0.86
Interest Cost	0.87	0.71
Expected return on plan assets	(1.16)	(1.05)
Net Actuarial (Gain)/ Loss	0.27	11.73
Past Service cost	-	-
Total Expense	0.91	12.25
Actual return on planned assets	1.17	1.01

Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Present value of obligation as at year-end	12.66	10.84
Fair value of plan assets as at year-end	13.49	12.33
Less : Unrecognised past service cost	-	-
Funded status {Surplus/(Deficit)}	0.83	1.49
Net Asset/(Liability) as at year end	0.83	1.49

Notes to Financial Statements
for the year ended March 31, 2012

Changes in the Present Value of the Defined Benefit Obligation are as follows:

(₹ in Crore)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Opening defined benefit obligation	**10.84**	19.28
Transfer pursuant to Scheme of Arrangement	**-**	(10.25)
Interest cost	**0.87**	0.71
Current service cost	**0.93**	0.86
Benefits paid out of funds	**(0.26)**	(1.02)
Actuarial (gains)/ losses on obligation	**0.28**	11.69
Closing defined benefit obligation	**12.66**	10.84

Changes in the Fair Value of Plan Assets are as follows:

(₹ in Crore)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Opening fair value of plan assets	**12.33**	21.46
Transfer pursuant to Scheme of Arrangement	**-**	(10.24)
Expected return	**1.16**	1.05
Contribution by employer	**0.25**	1.12
Benefits paid	**(0.26)**	(1.02)
Actuarial gains/ (losses) on obligation	**0.01**	(0.04)
Closing fair value of plan assets	**13.49**	12.33

The Company expects to contribute ₹0.50 Crore (₹0.25 Crore) to gratuity in 2012-13.

The Major Categories of Plan Assets as a Percentage of the Fair Value of Total Plan Assets are as follows:

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Qualifying Insurance Policy	**100%**	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Principal Assumptions used in determining Gratuity for the Company's plans are shown below:

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Discount Rate	**8.00%**	8.00%
Expected rate of return on assets	**9.40%**	9.40%
Mortality Table	**LIC (1994-96)**	LIC (1994-96)
Salary Escalation	**7.00%**	7.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Notes to Financial Statements
for the year ended March 31, 2012

Amounts for the Current and previous four years in respect of Gratuity are as follows:

(₹ in Crore)

Particulars	Gratuity				
	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	**12.66**	10.84	19.28	16.09	15.00
Plan assets	**13.49**	12.33	21.46	15.02	11.54
Surplus/ (deficit)	**0.83**	1.49	2.18	(1.07)	(3.46)
Experience adjustment on plan assets	**0.04**	(0.40)	1.80	0.07	-
Experience adjustment on plan liabilities	**(0.28)**	(11.69)	(1.09)	0.83	-

Provident and Other Funds

Contribution to Defined Contribution Plans:

(₹ in Crore)

Particulars	2011-12	2010-11
Pension Fund/Superannuation funds/ESI/PF	**2.52**	2.58

Provident Fund

The Guidance note issued by Accounting Standard Board (ASB) on implementing AS 15, Employee Benefit (Revised 2005) states that provident funds set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan. The fund does not have any existing deficit or interest shortfall.

40. Segment Information

Primary Segment: Business Segment

The Company's operating businesses are organized and managed separately according to the nature of products manufactured and services provided. The identified reportable segments are Own Manufactured Sugar, Power and Others.

The **"Own Manufactured Sugar Segment"** includes manufacture and marketing of Sugar.

The **"Power Segment"** includes generation and sale of Power. Power is also used for captive consumption by the Company.

The **'Others' segment'** includes Magnesite , Distillery, Travel, and Electronics activities of the Company.

The company caters mainly to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such there are no reportable Geographical Segments.

Notes to Financial Statements
for the year ended March 31, 2012

Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on March 31, 2012:

(₹ in Crore)

Segment Particulars	Sugar	Power	Others	Total
Revenue				
Gross Revenue	**657.49**	**184.82**	**46.90**	**889.21**
	(587.19)	(153.35)	(42.19)	(782.73)
Less: Inter/ Intra Segment Revenue	**67.52**	**81.15**	**0.13**	**148.80**
	(29.01)	(58.86)	-	(87.87)
Less: Excise Duty	**25.66**	-	**1.92**	**27.58**
	(24.79)	-	(1.07)	(25.86)
Net Revenue	**564.31**	**103.67**	**44.85**	**712.83**
	(533.39)	(94.49)	(41.12)	(669.00)
Results				
Segment result	**(47.50)**	**82.26**	**16.10**	**50.86**
	(-31.55)	(73.37)	(6.62)	(48.44)
Less: Finance Cost	-	-	-	**50.25**
	-	-	-	(48.08)
Profit before tax	-	-	-	**0.61**
	-	-	-	(0.36)
Tax expenses	-	-	-	**(0.29)**
	-	-	-	(-2.73)
Profit after tax	-	-	-	**0.90**
	-	-	-	(3.09)
Assets	**950.57**	**283.38**	**123.77**	**1357.72**
	(848.03)	(253.51)	(115.07)	(1216.60)
Non Segments Assets	-	-	-	**117.05**
	-	-	-	(108.65)
Total Assets	-	-	-	**1474.77**
	-	-	-	(1325.25)
Liabilities	**305.54**	**1.09**	**10.42**	**317.05**
	(135.27)	(1.17)	(11.42)	(147.86)
Non Segments liabilities	-	-	-	**717.72**
	-	-	-	(737.92)
Total Liabilities	-	-	-	**1034.77**
	-	-	-	(885.78)
Depreciation	**20.92**	**17.00**	**4.37**	**42.29**
	(19.70)	(16.03)	(5.21)	(40.94)
Capital Expenditure	**9.29**	**0.02**	**11.30**	**20.61**
	(6.77)	(7.48)	(0.16)	(14.41)

Note: Revenue in respect of captive power consumption produced from co-generation plant has been arrived at based on the rates at which the same would have been purchased from State Electricity Board.

41. During the preceding previous year, the Company had incurred some expenditure related to acquisition/construction of fixed assets and therefore accounted for the same under Capital work in progress. Details of the expenses capitalised and carried forward as capital work in progress are given below:

(₹ in Crore)

Particulars	2011-12	2010-11
Carried forward as part of Capital Work in Progress	-	17.85
Less: Transfer pursuant to Scheme of Arrangement	-	17.85
Carried forward as part of Capital Work in Progress	-	-

Notes to Financial Statements
for the year ended March 31, 2012

42. Related Party Disclosure as required by Accounting Standard-18.

a) **List of related parties along with nature and volume of transactions is given below:**

Subsidiaries of the Company

Himshikhar Investment Limited, Dalmia Solar Power Limited and Dalmia Sugar Ventures Limited

Key Management Personnel of the Company

Shri Jai Hari Dalmia– Vice-Chairman, Shri Yadu Hari Dalmia – Vice-Chairman, Shri Gautam Dalmia - Managing Director, Shri Puneet Yadu Dalmia – Managing Director.

Relatives of Key Management Personnel

Shri V.H. Dalmia (Brother of Vice-Chairman), Shri J.H.Dalmia (HUF), Smt. Kavita Dalmia (Wife of Vice- Chairman) Shri Y.H.Dalmia (HUF), Smt. Bela Dalmia (Wife of Vice-Chairman), Shri Gautam Dalmia (HUF), Smt. Anupama Dalmia (Wife of Managing Director), Smt. Avantika Dalmia (Wife of Managing Director), Kumari Shrutipriya Dalmia (Daughter of Vice-Chairman), Kumari Sukeshi Dalmia (Daughter of Managing Director), Kumari Vaidehi Dalmia (Daughter of Managing Director), Kumari Sumana Dalmia (Daughter of Managing Director), Kumari Avanee Dalmia (Daughter of Managing Director), Mst. Priyang Dalmia (Son of Managing Director), Shri M.H.Dalmia (Brother of Vice-Chairman) and Smt. Abha Dalmia (Wife of Brother of Vice-Chairman).

Enterprises controlled by the Key Management Personnel of the Company

Rama Investment Company Private Limited, Puneet Trading & Investment Company Private Limited, Kavita Trading & Investment Company Private Limited, Sita Investment Company Limited, Mayuka Investment Limited, Ankita Pratisthan Limited, Himgiri Commercial Limited, Valley Agro Industries Limited, Shri Nataraj Ceramic and Chemical Industries Limited, Shri Chamundeswari Minerals Limited, Shree Nirman Limited, Keshav Power Private Limited, Avanee and Ashni Securities Private Limited, ZipAhead.Com Limited, Alirox Abrasives Limited, Sukeshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya Dalmia Trust, Priyang Trust, Avanee Trust, New Habitat Housing Finance and Development Limited, Dalmia Bharat Enterprises Limited, Dalmia Power Limited, Kanika Investment Limited, Arjuna Brokers & Minerals Limited, Dalmia Cement Ventures Limited, D.I. Properties Limited, Dalmia Minerals & Properties Limited, Geetee Estates Limited, Hemshila Properties Limited, Ishita Properties Limited, Shri Radha Krishna Brokers & Holdings Limited, Shri Rangam Properties Limited, Sri Dhandauthapani Mines and Minerals Limited, Sri Madhusudana Mines and Properties Limited, Sri Shanmugha Mines & Minerals Limited, Sri Subramanya Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Trivikrama Mines and Properties Limited, Golden Hills Resort Private Limited, Rajputana Properties Private Limited, Cosmos Cements Limited, Sutnga Mines Private Limited, DCB Power Ventures Limited, OCL India Limited and Dalmia Cement (Bharat) Limited.

b) **The following transactions were carried out with the related parties in the ordinary course of business:**

(₹ in Crore)

Nature of Transaction	Subsidiary Companies	Key Management Personnel	Key Management Personnel controlled enterprises	Total
Sale of goods and services	-	-	**6.26**	**6.26**
	(0.01)	(-)	(6.97)	(6.98)
Reimbursement of expenses - receivable	-	-	**0.19**	**0.19**
	(0.17)	(-)	(0.65)	(0.82)
Reimbursement of expenses - payable	-	-	**0.30**	**0.30**
	(-)	(-)	(1.85)	(1.85)
Purchase of goods and services	-	-	**6.15**	**6.15**
	(-)	(-)	(5.75)	(5.75)

Notes to Financial Statements
for the year ended March 31, 2012

Nature of Transaction	Subsidiary Companies	Key Management Personnel	Key Management Personnel controlled enterprises	Total
Rent payment	- (-)	- (-)	**-** (0.10)	**-** (0.10)
Loans and Advances given	**0.45** (1.27)	- (-)	**-** (-)	**0.45** (1.27)
Loan Taken	- (-)	- (-)	**222.00** (189.20)	**222.00** (189.20)
Loan Refund	- (-)	- (-)	**197.00** (164.20)	**197.00** (164.20)
Loans and advances received back	- (3.55)	- (-)	**-** (-)	**-** (3.55)
Sale of Assets	- (-)	- (-)	**0.01** (-)	**0.01** (-)
Receipt of fund on their behalf and transfer	- (-)	- (-)	- (250.56)	**-** (250.56)
Purchase of Fixed Assets	- (-)	- (-)	**0.01** (0.24)	**0.01** (0.24)
Interest paid on Loan	- (-)	- (-)	**3.97** (1.77)	**3.97** (1.77)
Salary and Perquisites	- (-)	**1.04** (1.97)	- (-)	**1.04** (1.97)

1. Sale of goods and services includes transaction with Dalmia Cement (Bharat) Limited ₹0.53 Crore (₹2.86 Crore), OCL India Limited ₹4.59 Crore (₹2.99 Crore) and Dalmia Bharat Enterprises Limited ₹1.14 Crore (₹1.12 Crore).

2. Reimbursement of expenses – receivable includes transaction with Dalmia Bharat Enterprises Limited ₹0.05 Crore (₹0.23 Crore), Dalmia Cement (Bharat) Limited ₹0.14 Crore (₹0.42 Crore) and Dalmia Solar Power Limited ₹ Nil (₹0.16 Crore).

3. Reimbursement of expenses – payable includes transaction with Dalmia Bharat Enterprises Limited ₹0.20 Crore (₹ Nil) and Dalmia Cement (Bharat) Limited ₹0.10 Crore (₹1.85 Crore).

4. Purchase of goods & services includes transaction with Dalmia Bharat Enterprises Limited ₹5.75 Crore (₹5.42 Crore).

5. Rent payment includes transaction with Ishita Properties Limited ₹ Nil (₹0.03 Crore) and Dalmia Bharat Enterprises Limited ₹ Nil (₹0.07 Crore).

6. Loans and advances given includes transaction with Dalmia Solar Power Limited ₹0.45 Crore (₹1.27 Crore).

7. Loan taken includes transaction with Dalmia Bharat Enterprises Limited ₹166.00 Crore (₹189.20 Crore) and DCB Power Ventures Limited ₹56.00 Crore (₹ Nil).

8. Loan refund includes transaction with Dalmia Bharat Enterprises Limited ₹141.00 Crore (₹164.20 Crore) and DCB Power Ventures Limited ₹56.00 Crore (₹ Nil).

9. Loan and advances received back includes transaction with Dalmia Solar Power Limited ₹ Nil (₹2.56 Crore) and Dalmia Sugar Ventures Ltd. ₹ Nil (₹0.99 Crore).

Notes to Financial Statements
for the year ended March 31, 2012

10. Sale of fixed assets includes transaction with Dalmia Cement (Bharat) Limited ₹0.01 Crore (₹ Nil).

11. Receipt of fund on their behalf and transfer includes transaction with Dalmia Bharat Enterprises Limited ₹ Nil (₹20.84 Crore) and Dalmia Cement (Bharat) Limited ₹ Nil (₹229.72 Crore).

12. Purchase of fixed assets includes transaction with Dalmia Cement (Bharat) Limited ₹0.01 Crore (₹ Nil) and Dalmia Bharat Enterprises Limited ₹ Nil (₹0.24 Crore).

13. Interest paid on loan includes transaction with Dalmia Bharat Enterprises Limited ₹3.73 Crore (₹1.77 Crore).

14. Salary and perquisites includes transaction with Shri J. H. Dalmia ₹0.26 Crore (₹0.52 Crore), Shri Y. H. Dalmia ₹0.26 Crore (₹0.51 Crore), Shri Gautam Dalmia ₹0.26 Crore (₹0.48 Crore), Shri Puneet Yadu Dalmia ₹0.26 Crore (₹0.46 Crore).

c) Balances Outstanding at Year End:

(₹ in Crore)

Nature of Transaction	Subsidiary Companies	Key Management Personnel / Promoters	Key Management Personnel / Promoter controlled enterprises	Total
Loans receivable	**2.27**	-	-	**2.27**
	(1.82)	(-)	(-)	(1.82)
Loan Payable	-	-	**50.00**	**50.00**
	(-)	(-)	(25.00)	**(25.00)**
Amounts receivable	-	-	**0.48**	**0.48**
	(-)	(-)	(4.85)	(4.85)
Amounts payable	-	-	**0.01**	**0.01**
	(1.14)	(-)	(29.09)	(30.23)

1 Loan receivable includes Dalmia Solar Power Limited ₹2.27 Crore (₹1.82 Crore).

2 Loan payable includes Dalmia Bharat Enterprises Limited ₹50.00 Crore (₹25.00 Crore).

3 Amount receivable includes Dalmia Bharat Enterprises Limited ₹0.20 Crore (₹ Nil), Dalmia Cement (Bharat) Limited ₹0.23 Crore (₹4.85 Crore) and OCL India Limited ₹0.05 Crore (₹ Nil)

4 Amount payable includes Dalmia Cement (Bharat) Limited ₹0.01 Crore (₹ Nil), Dalmia Bharat Enterprises Limited ₹ Nil (₹29.09 Crore) and Himshikhar Investment Limited ₹ Nil (₹1.13 Crore).

43. Presentation and Disclosure of Financial Statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the figures in accordance with the requirements applicable in the current year.

Notes to Financial Statements
for the year ended March 31, 2012

44. Figures less than ₹ Fifty thousand which are required to be shown separately have been shown at actual in double brackets.

45. Previous Year Comparatives

Figures in brackets pertain to previous year. Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

For S. S. Kothari Metha & Co.
Chartered Accountants

per Arun K. Tulsian	**K. V. Mohan**	**Narendra Mantri**	**B. B. Mehta**	**Puneet Yadu Dalmia**
Partner	**Company Secretary**	**Deputy Executive Director (Group Finance)**	**Director**	**Managing Director**
Membership No. 89907				

Place : New Delhi
Date : May 11, 2012

Cash Flow Statement for the Year Ended March 31, 2012

(₹ in Crore)

		2011-12	2010-11
A.	**Cash Flow from Operating Activities**		
	Net Profit before tax	**0.61**	**0.36**
	Adjustments		
	Depreciation / Amortization	41.92	39.54
	Provision for doubtful debts/ advances	0.25	0.06
	Bad Debts/ Advances written off	0.01	0.05
	Dividend Income	(0.06)	(0.19)
	Finance Cost	50.25	48.08
	Interest Income	(0.80)	(3.72)
	(Profit)/Loss on sale of Investments	(2.48)	(1.94)
	Assets Written off / Loss on Sale of Fixed Assets	0.02	0.04
	Operating Profit before working Capital Changes	**89.72**	**82.28**
	Adjustments for working Capital changes :		
	Inventories	(90.51)	3.20
	Trade and Other Payables	96.18	57.76
	Trade and Other Receivables	(51.06)	(33.40)
	Cash Generated from Operations	**44.33**	**109.84**
	Direct Taxes Paid	(9.65)	(5.08)
	Net Cash from Operating activities	**34.68**	**104.76**
B.	**Cash Flow from Investing Activities**		
	Purchase of fixed Assets	(15.05)	(13.38)
	Proceeds from sale of Fixed Assets	0.25	10.46
	(Purchase)/ Sale of Current Investments (net)	(0.01)	(25.32)
	Interest Received	1.33	3.72
	Dividend Received from Current Investments	0.03	0.19
	Dividend Received from Non Current Investments	0.03	-
	Net Cash used in Investing Activities	**(13.42)**	**(24.33)**

Cash Flow Statement for the Year Ended March 31, 2012

(₹ in Crore)

		2011-12	2010-11
C.	**Cash Flow from Financing Activities**		
	Proceeds / (repayment) of Short term Borrowings	70.72	(75.70)
	(Repayment) of Long term Borrowings	(19.13)	(14.80)
	Finance Cost	(48.37)	(49.32)
	Dividend Paid	(2.29)	(8.09)
	Corporate Dividend tax paid	(0.33)	(1.34)
	Net cash from / (used in) financing activities	**0.60**	**(149.25)**
	Net increase in cash and cash equivalents (A+B+C)	**21.86**	**(68.82)**
	Cash and cash equivalents (Opening Balance)	**54.72**	**210.85**
	Cash deductions pursuant to Scheme of Arrangement	**-**	**(87.31)**
	Cash and cash equivalents (Closing Balance)	**76.58**	**54.72**
	Change in Cash & Cash Equivalents	**21.86**	**(68.82)**

Note:

1) Cash & cash equivalents components are as per Note 19.
2) Previous year figures have been regrouped/restated wherever considered necessary.

As per our report of even date

For S. S. Kothari Metha & Co.
Chartered Accountants

per Arun K. Tulsian
Partner
Membership No. 89907

K. V. Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director (Group Finance)

B. B. Mehta
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : May 11, 2012

AUDITORS' REPORT

To

The Board of Directors of Dalmia Bharat Sugar and Industries Limited

1. We have audited the attached Consolidated Balance Sheet of Dalmia Bharat Sugar and Industries Limited and its subsidiary companies as at March 31, 2012, the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement of the Company 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.

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 misstatements. 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 the 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 Company's subsidiaries, whose financial statements reflect total assets of ₹10.67 crore as at March 31, 2012 and total revenues of ₹0.06 crore and cash flows of ₹(-) 0.03 crore for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the Company's subsidiaries, is based solely on the report of the other auditors.

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' notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the subsidiary companies included in the Consolidated Financial Statements.

5. Based on our audit and on consideration of the report of other auditors on separate financial statements and on the other information of the subsidiary companies and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the Accounting Principles generally accepted in India

   i. In the case of Consolidated Balance Sheet, of the Consolidated state of affairs of Dalmia Bharat Sugar and Industries Limited and its subsidiaries as at March 31, 2012;

   ii. In the case of Consolidated Statement of Profit and Loss, of the profit of Dalmia Bharat Sugar and Industries Limited and its subsidiaries for the year ended on that date; and

   iii. In the case of Consolidated Cash Flow Statement, of the cash flows of Dalmia Bharat Sugar and Industries Limited and its subsidiaries for the year ended on that date.

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm Registration No. 00756N

Arun K. Tulsian
Partner
Membership No. 89907

Place : New Delhi
Date : May 11, 2012

Consolidated Balance Sheet as at March 31, 2012

(₹ in Crore)

	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital	2	16.19	16.19
Reserves and Surplus	3	425.32	424.77
		441.51	**440.96**
Non- Current Liabilities			
Long Term Borrowings	4	363.90	374.69
Deferred Tax Liability (Net)	5	78.74	76.78
Other Long Term Liabilities	6	0.38	1.09
Long Term Provisions	7	2.01	1.71
		445.03	**454.27**
Current Liabilities			
Short Term Borrowings	8	326.40	255.68
Trade Payables	9	196.64	100.34
Other Current Liabilities	10	66.91	73.49
Short Term Provisions	11	2.13	3.49
		592.08	**433.00**
Total		**1,478.62**	**1,328.23**
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	12	574.14	596.05
Intangible Assets	12	0.09	0.01
Capital Work-in-progress		5.13	10.36
		579.36	**606.42**
Non-current Investments	13	5.94	4.94
Long Term Loans and Advances	14	107.93	95.64
Other non-current Assets	15	0.58	0.15
		114.45	**100.73**
Current Assets			
Current Investments	16	36.54	34.05
Inventories	17	583.74	493.23
Trade Receivables	18	76.22	19.66
Cash and Cash Equivalents	19	76.75	54.93
Short Term Loans and Advances	20	11.56	19.21
		784.81	**621.08**
Total		**1,478.62**	**1,328.23**
Significant Accounting Policies	1		

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

For S. S. Kothari Metha & Co.
Chartered Accountants

per Arun K. Tulsian
Partner
Membership No. 89907

K. V. Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director (Group Finance)

B. B. Mehta
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : May 11, 2012

Consolidated Statement of Profit & Loss
for the year ended March 31, 2012

(₹ in Crore)

	Notes		For the year ended March 31, 2012		For the year ended March 31, 2011
Income					
Revenue from Operations (Gross)	21		740.41		694.86
Less: Excise Duty			27.58		25.86
Revenue from Operations (Net)			**712.83**		**669.00**
Other Income	22		29.38		23.54
Total			**742.21**		**692.54**
Expenses					
Consumption of Raw Materials	23		598.01		498.27
(Increase)/ Decrease in Inventories of Finished Goods and Work in Progress	24		(89.73)		(37.72)
Employee Benefit Expenses	25		41.03		39.04
Other Expenses	26		100.19		104.24
Finance Cost	27		50.25		48.10
Depreciation and Amortization Expenses	12	42.19		40.81	
Less: Transferred from Revaluation Reserve		0.37		1.40	
Net Depreciation and Amortization Expenses			41.82		39.41
Total			**741.57**		**691.34**
Profit Before Tax			**0.64**		**1.20**
Tax Expense:					
Current Tax			0.25		0.32
Mat Credit (Entitlement) / Charge			0.92		(0.05)
Deferred Tax			1.96		(3.25)
Prior Year Tax Charge / (Written Back)			(3.41)		0.41
Total Tax Expense			**(0.28)**		**(2.57)**
Profit After Tax			**0.92**		**3.77**
Earning Per Share	28				
Basic and Diluted Earning Per Share (in ₹)			**0.11**		**0.47**
[Nominal Value of Share ₹2 (₹2) each]					
Significant Accounting Policies	1				

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

For S. S. Kothari Metha & Co.
Chartered Accountants

per Arun K. Tulsian
Partner
Membership No. 89907

K. V. Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director (Group Finance)

B. B. Mehta
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : May 11, 2012

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

Note 1 : Significant Accounting Policies

A. Basis of preparation

The Consolidated Financial Statements (CFS) have been prepared to comply in all material respects with the Accounting Standard notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The Consolidated Financial Statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

The CFS relate to Dalmia Bharat Sugar and Industries Limited (hereinafter referred as the "Company") and its Subsidiaries, Associate and Joint Venture (hereinafter referred as the "Group").

B. Principles of Consolidation

In the preparation of these Consolidated Financial Statements, investment in Subsidiaries, Associate and Joint Venture have been accounted for in accordance with Accounting Standard (AS) 21 – Consolidated Financial Statements, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures. The Consolidated Financial Statements have been prepared on the following basis.

a) Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealised profits or losses, except where cost cannot be recovered.

b) Minorities' interest in net profit of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the Holding Company.

c) Interests in the assets, liabilities, income and expenses of the joint venture are consolidated using proportionate consolidation method. Intra group balances, transactions and unrealised profits/ losses are eliminated to the extent of Company's proportionate share.

d) The difference of the cost to the Company of its investment in subsidiaries and joint venture over its proportionate share in the equity of the Investee Company as at the date of acquisition of stake is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be.

e) Investment in entities in which the Group has significant influence but not controlling interest, are reported according to the equity method i.e. the investment is initially recorded at cost adjusted thereafter for post-acquisition change in the Company's share of net assets of the associates. The Consolidated Statement of Profit and Loss includes the Company's share of the result of the operations of the associate.

Unrealised profits and losses resulting from transactions between the investor (or its consolidated subsidiaries) and the associate have been eliminated to the extent of the investor's interest in the associate. Unrealised losses have not been eliminated if and to the extent the cost of the transferred asset cannot be recovered.

f) Goodwill/capital reserve arising on the acquisition of an associate by an investor is included in the carrying amount of investment in the associate and is disclosed separately.

g) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Consolidated Financial Statements. Differences in accounting policies have been disclosed separately.

h) The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the Consolidated Statement of Profit and Loss as the profit or loss on disposal of investment in subsidiary.

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

i) The accounts of all the Group Companies are drawn up to the same reporting date as the parent entity (i.e. financial year ended March 31, 2012).

C. Use of Estimate

The preparation of Consolidated 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 liabilities at the date of the Consolidated Financial Statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known/materialized.

D. Fixed Assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets are recognised on the basis of recognition criteria as set out in the relevant Accounting Standard.

E. Depreciation/Amortisation

Depreciation is provided on fixed assets over the useful lives of the assets estimated by the management, which are equivalent to the rates prescribed in Schedule XIV to the Companies Act, 1956. The following methods of depreciation are used for fixed assets:

"Plant and machinery" at Salem and on all fixed assets at Wind Farm Unit, Bangalore Works and Dalmia Chini Mills (Sugar Units)	Straight Line Method
Leasehold Land	Amortised over the period of lease, i.e. 99 years
Revalued assets	Depreciation on amount added on revaluation of fixed assets is transferred from Revaluation Reserve.
Computer Software	Amortised over a period of 3-5 years on a straight line basis.
Remaining Fixed Assets	Written Down Value Method

F. Impairment of Assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Previously recognised impairment losses are reversed to the extent the recoverable amount exceeds the carrying amount.

G. Goodwill on Consolidation

Goodwill represents the difference between the Group's share in the net worth of the investee companies and the cost of acquisition at the date of investment. For this purpose, the Groups' share of equity in the investee companies is determined on the basis of the latest Consolidated Financial Statements of the respective companies available as on the date of acquisition, after making necessary adjustments for material events between the date of such Consolidated Financial Statements and the date of acquisition.

H. Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Consolidated Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Consolidated Statement of Profit and Loss.

Notes to Consolidated Financial Statements
for the year ended March 31, 2012

I. Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

J. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

K. Segment Reporting

Identification of segments

The Group's operating businesses are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

Inter segment Transfers

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated items

Includes general corporate income and expense items, which are not allocable to any business segment.

Segment Policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group as a whole.

L. Employee Benefits

a. Employee benefits in the form of the Group's contribution to provident fund, pension fund, superannuation fund and ESI are considered as defined contribution plan and charged to the Consolidated Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective funds.

b. Retirement benefits in the form of gratuity and provident fund contribution to Dalmia Cement Provident Fund Trust are defined benefit plans. Gratuity is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Contributions to Dalmia Cement Provident Fund Trust are charged to the Consolidated Statement of Profit and Loss of the year when the contributions to the fund is due. Shortfall in the funds, if any, is adequately provided for by the Group.

c. Leave encashment including compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

d. Actuarial gains/losses are immediately taken to Consolidated Statement of Profit and Loss and are not deferred.

e. Payments made under the Voluntary Retirement Scheme are charged to the Consolidated Statement of Profit and Loss immediately.

M. Inventories

a. Finished goods are valued at lower of cost or net realisable value. In case of Dead Burnt Magnesite Dust Stocks to the extent these are considered saleable, valuation is done at raw materials cost plus packing charges or net realizable value, whichever is lower. By-products are valued at net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

b. Work in progress is valued at lower of cost or net realisable value. Cost is determined on a weighted average basis.

Notes to Consolidated Financial Statements
for the year ended March 31, 2012

c. Stores, Spares and Raw Materials are valued at lower of cost or net realisable value. However materials & other items of inventories held for use in the production are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

N. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined for each category separately. Long-term investments are carried at cost on individual investment basis. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments in case of long term investments.

O. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability that arose during the year. Sale is net of trade discount and sales tax.

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

Insurance Claim

Claims lodged with the insurance companies are accounted on accrual basis to the extent these are measurable and ultimate collection is reasonably certain.

P. Foreign Currency Transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on a monetary item that, in substance, form part of the Group's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the Consolidated Financial Statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Group at rates different from those at which they were initially recorded during the year, or reported in previous Consolidated Financial Statements, are recognized as income or as expenses in the year in which they arise.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Consolidated Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

exchange contract is recognised as income or as expense for the year.

Q. Income Taxes

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised 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 realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Consolidated Statement of Profit and Loss and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

R. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

S. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are shown by way of note in the Notes to Accounts in respect of obligations where based on the evidence available, their existence at the balance sheet date is considered not probable. Contingent assets are neither recognized in the accounts nor disclosed.

T. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
2. Share Capital		
Authorised :		
11,47,26,820 (11,47,26,820) Ordinary Shares of ₹2/- each	22.95	22.95
8,52,73,180 (8,52,73,180) Unclassified Shares of ₹2/- each	17.05	17.05
	40.00	**40.00**
Issued, Subscribed and Fully Paid Up :		
8,09,39,303 (8,09,39,303) Ordinary Shares of ₹2/- each	16.19	16.19
	16.19	**16.19**

(a) Reconciliation of Ordinary Shares outstanding at the beginning and at the end of the reporting period

	2011-12		2010-11	
	No. of Shares	₹ Crore	No. of Shares	₹ Crore
At the beginning of the period	80,939,303	16.19	80,939,303	16.19
Issued during the period	-	-	-	-
At the end of the period	80,939,303	16.19	80,939,303	16.19

(b) Terms/ Rights attached to Ordinary Shares

The Company has only one class of Ordinary Shares having a face value of ₹2 per share. Each Ordinary Shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2012 the amount of dividend per share recognised as distribution to ordinary shareholders was ₹ Nil (₹0.25).

In the event of winding-up of the company, the ordinary shareholders shall be entitled to be repaid remaining assets of the company, in the ratio of the amount of capital paid up on such ordinary shares.

(c) Details of Shareholders holding more than 5% shares in the Company

Ordinary Shares of ₹ 2/- each Fully Paid up	2011-12		2010-11	
	No. of Shares	% holding	No. of Shares	% holding
Mayuka Investment Limited	17,736,537	21.91	17,736,537	21.91
Shree Nirman Limited	-	-	6,540,130	8.08
Sita Investment Company Limited	5,876,800	7.26	5,876,800	7.26
Ankita Pratisthan Limted	5,829,070	7.20	5,829,070	7.20
Shri Yadu Hari Dalmia	4,541,880	5.61	-	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
3. Reserves and Surplus		
Capital Reserve		
Opening Balance as per last Consolidated Financial Statements	0.35	0.35
Closing Balance	0.35	0.35
Revaluation Reserve		
Opening Balance as per last Consolidated Financial Statements	5.10	53.85
Less:		
(i) Deduction pursuant to Scheme of Arrangement	-	47.35
(ii) Amount transferred to Consolidated Statement of Profit & Loss as reduction from Depreciation	0.37	1.40
Closing Balance	4.73	5.10
Securities Premium Reserve		
Opening Balance as per last Consolidated Financial Statements	-	199.68
Less: Deduction pursuant to Scheme of Arrangement	-	199.68
Closing Balance	-	-
General Reserve		
Opening Balance as per last Consolidated Financial Statements	0.08	239.40
Add: Amount transferred from surplus balance in the Consolidated Statement of Profit & Loss	-	0.08
Less: Deduction pursuant to Scheme of Arrangement	-	239.40
Closing Balance	0.08	0.08
Reserve Fund as per RBI		
Opening Balance as per last Consolidated Financial Statements	0.32	0.60
Add: Amount transferred from surplus balance in the Consolidated Statement of Profit & Loss	0.01	0.14
Less: Deduction pursuant to Scheme of Arrangement	-	0.42
Closing Balance	0.33	0.32
Debenture Redemption Reserve		
Opening Balance as per last Consolidated Financial Statements	15.62	61.45
Add: Amount transferred from surplus balance in the Consolidated Statement of Profit & Loss	3.13	3.13
Less: Deductions pursuant to Scheme of Arrangement	-	48.96
Closing Balance	18.75	15.62
Surplus in the Consolidated Statement of Profit and Loss		
Balance as per last Consolidated Financial Statements	403.30	851.74
Profit for the year	0.92	3.77
Less : Deduction Pursuant to Scheme of Arrangement	-	446.51
Less : Appropriations		
(i) Proposed Dividend on Ordinary Shares	-	2.02
(ii) Dividend Distribution Tax	-	0.33
(iii) Transfer to Debenture Redemption Reserve	3.13	3.13
(iv) Transfer to General Reserve	-	0.08
(v) Transfer to Reserve Fund as per RBI	0.01	0.14
Total Appropriations	3.14	5.70
Net Surplus in the Consolidated Statement of Profit and Loss	**401.08**	**403.30**
Total Reserves and Surplus	**425.32**	**424.77**

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

(₹ in Crore)

		As at March 31, 2012		As at March 31, 2011
4. Long Term Borrowings				
Secured				
A. Redeemable Non-Convertible Debentures		100.00		100.00
B. Term Loans:				
i. From Banks	200.00		214.12	
Less: Shown in Current maturities of Long Term Borrowings	-	200.00	14.12	200.00
ii. From Others	83.98		88.99	
Less: Shown in Current maturities of Long Term Borrowings	20.08	63.90	14.30	74.69
		363.90		**374.69**

1) Debentures referred to in A above to the extent of :
10.26%, Series XII ₹100.00 crore (₹100.00 crore) are secured by mortgage and charge on first pari-passu basis on all the immovable and movable assets excluding current assets, both present and future, of the Company's sugar unit at Jawaharpur & Nigohi and redeemable in three yearly equal instalments commencing from September 30, 2014.

2) Term Loans from Banks referred to in B (i) above to the extent of :
₹200.00 crore (₹200.00 crore) is secured by subservient charge on entire fixed assets excluding vehicles of sugar units at Jawaharpur and Nigohi and subservient charge on plant & machinery at Ramgarh Sugar unit. The same is repayable in five yearly unequal instalments in the range of ₹30 crore to ₹50 crore each commencing from December 2013, carrying interest @ Base rate + 1% (present 11.75%).

3) NIL, (₹14.12 crore) is secured by residual charge on the movable and immovable fixed assets of the sugar units.

4) Term Loan from others referred to in B (ii) above to the extent of :
₹83.98 crore (₹88.99 crore) which consist of various loans and are secured by second exclusive charge on movable and immovable properties of the sugar unit at Ramgarh, Jawaharpur and Nigohi. The same is repayable in unequal instalments in the range of ₹1.33 Crore to ₹20.08 Crore per year till financial year 2017-18 and carry interest in the range of 4% to 7.50%.

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
5. Deferred Tax		
Deferred Tax Assets/ Liabilities are attributable to the following items :		
Liabilities		
Depreciation	86.05	89.73
	86.05	89.73
Assets		
Voluntary Retirement Expenses	0.04	0.20
Expenses allowable for Tax purpose when paid	7.27	5.79
Unabsorbed Depreciation	-	6.96
	7.31	12.95
Net	**78.74**	**76.78**

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
6. Other Long Term Liabilities		
Security Deposit Received	0.13	0.11
Other Liabilities	0.25	0.98
	0.38	**1.09**

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
7. Long Term Provisions		
Provision for Employee Benefits	1.78	1.41
Provision for Taxation	0.23	0.30
	2.01	**1.71**

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
8. Short Term Borrowings		
Secured		
Working Capital Loan from Banks	71.40	50.68
Short Term Loan from Banks	205.00	180.00
	276.40	230.68
Unsecured		
Short Term Loan from Related Parties	50.00	25.00
	50.00	25.00
	326.40	**255.68**

(i) Working capital Loan from Banks are secured by hypothecation of inventories and other assets in favour of the participating banks ranking pari passu on inter-se-basis, repayable during next one year and carrying interest in the range of 11% to 11.75%.

(ii) Short term Loans from Banks are secured by hypothecation of receivables. It is repayable during next one year and carry interest in the range of 10.75% to 11%.

(iii) Short term Loans from Related Parties are repayable during next one year and carry interest @ 10%.

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
9. Trade Payables		
Micro and Small Enterprises	-	-
Others	196.64	100.34
	196.64	**100.34**

Notes to Consolidated Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
10. Other Current Liabilities		
Current maturities of Long Term Borrowings	20.08	28.42
Interest accrued but not due on Borrowings	5.00	3.12
Advances from Customers	2.21	2.51
Security Deposit Received	1.02	1.52
Unclaimed Dividend *	2.14	2.41
Other Liabilities		
Excise Duty Payable on Closing Stock	20.39	18.69
Statutory Dues Payable	7.17	9.33
Others	8.90	7.49
	66.91	**73.49**

* Amount payable to Investor Education and Protection Fund is ₹ Nil (₹ Nil).

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
11. Short Term Provisions		
Provision for Employee Benefits	2.13	1.14
Proposed Dividend	-	2.02
Dividend Distribution Tax	-	0.33
	2.13	**3.49**

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

12. Fixed Assets

(₹ in Crore)

Particulars	Tangible Assets									Intangible Assets		Total
	Owned Assets							Owned Assets Leased out				
	Land (Freehold)	Land (Leasehold)	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Building	Plant and Equipment	Computer Software	Goodwill	
Cost												
as at March 31,2010	210.75	2.33	257.39	2,884.76	10.32	6.94	13.50	2.77	60.15	4.27	5.52	**3,458.70**
Deductions pursuant to Scheme of Arrangement	189.26	1.74	143.97	2,098.09	6.60	5.66	11.00	2.77	60.15	4.25	5.52	**2,529.01**
Additions	0.05	-	2.36	11.08	0.19	0.26	0.46	-	-	0.01	-	**14.41**
Disposals	0.46	-	0.35	10.43	-	-	0.20	-	-	-	-	**11.44**
as at March 31,2011	21.08	0.59	115.43	787.32	3.91	1.54	2.76	-	-	0.03	-	**932.66**
Additions	0.09	0.06	0.51	19.50	0.09	0.15	0.36	-	-	0.10	-	**20.86**
Disposals	0.10	-	0.03	0.61	-	0.03	0.10	-	-	-	-	**0.87**
as at March 31,2012	21.07	0.65	115.91	806.21	4.00	1.66	3.02	-	-	0.13	-	**952.65**
Depreciation / Amortisation												
as at March 31,2010	-	1.20	71.55	679.95	5.00	3.34	7.95	1.07	18.28	1.11	-	**789.45**
Deductions pursuant to Scheme of Arrangement	-	1.11	50.15	410.45	2.92	2.59	5.62	1.07	18.28	1.09	-	**493.28**
Charge for the year @	-	0.01	2.71	37.45	0.20	0.15	0.42	-	-	-	-	**40.94**
Disposals	-	-	-	0.38	-	0.01	0.12	-	-	-	-	**0.51**
as at March 31,2011	-	0.10	24.11	306.57	2.28	0.89	2.63	-	-	0.02	-	**336.60**
Charge for the year @	-	0.01	2.75	38.90	0.17	0.05	0.42	-	-	0.02	-	**42.32**
Disposals	-	-	-	0.43	-	0.03	0.04	-	-	-	-	**0.50**
as at March 31,2012	-	0.11	26.86	345.04	2.45	0.91	3.01	-	-	0.04	-	**378.42**
Net Block												
as at March 31,2011	21.08	0.49	91.32	480.75	1.63	0.65	0.13	-	-	0.01	-	**596.06**
as at March 31,2012	21.07	0.54	89.05	461.17	1.55	0.75	0.01	-	-	0.09	-	**574.23**

@ includes depreciation charged to other heads ₹0.13 crore (₹0.13 crore).

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
13. Non-current Investments		
Unquoted		
Shares of Co-operative Societies (Unquoted)		
DMC Employees Co-op Stores Limited	((3010))	((3010))
Government and Trust Securities (Unquoted)		-
National Saving Certificates	((23000))	((23000))
Mutual Fund		
Quoted		
Debt based Schemes	5.22	4.22
Equity Shares (Quoted)		
2,50,000 (2,50,000) Equity Shares of ₹2 each fully paid up in Dalmia Bharat Enterprises Limited.	0.05	0.05
2,03,655 (2,03,655) Equity Shares of ₹10 each fully paid up in Poddar Pigments Limited.	0.67	0.67
	5.94	**4.94**
Quoted :		
Book Value	0.72	0.72
Market Value	10.38	10.08
Book Value of Unquoted Investments	((26010))	((26010))

(₹ in Crore)

		As at March 31, 2012		As at March 31, 2011
14. Long Term Loans and Advances (Considered good unless otherwise stated)				
Capital Advances		0.32		1.11
Security Deposit		1.02		0.78
Loan to				
Employees @				
Secured		-		0.15
Unsecured		0.07		-
Others		30.83		30.18
Advances recoverable in cash or in kind or for value to be received		1.14		0.85
Advance Income Tax (net of provisions ₹10.62 crore) (₹67.72 crore)		30.15		17.25
MAT Credit Entiltlement		44.40		45.32
Others (Considered Doubtful)	1.13		1.16	
Less: Provision for Doubtful Advances	1.13	-	1.16	-
		107.93		**95.64**
@ Due from Officers of the Company		0.01		-

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
15. Other Non Current Assets		
Fixed Deposits with Banks	0.58	0.15
	0.58	**0.15**

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
16. Current Investments		
Units of Mutual Funds (Quoted)		
Debt Based Schemes	36.08	32.59
Balanced Schemes	0.46	1.46
Total	**36.54**	**34.05**
Quoted :		
Book Value	36.54	34.05
Market Value	37.61	34.95

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
17. Inventories		
(Mode of valuation - Refer Note No. 1(M) on Inventories)		
Raw Materials		
On hand	13.96	11.78
Work in Progress	13.24	11.08
Finished Goods	538.10	450.53
Stores, Spares etc		
On hand	18.31	19.71
In transit	0.08	0.11
Loose Tools	0.05	0.02
	583.74	**493.23**

(₹ in Crore)

			As at March 31, 2012		As at March 31, 2011
18. Trade Receivables					
a)	**Receivables Outstanding for a period exceeding six months from the date they are due for payment**				
	Considered good				
	Unsecured		11.18		0.18
	Considered Doubtful	0.09		0.22	
	Less: Provision for Bad and Doubtful receivables	0.09	-	0.22	-
b)	**Other Receivables**				
	Considered good				
	Unsecured		65.04		19.48
			76.22		**19.66**

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
19. Cash and Cash Equivalents		
Cash on Hand	0.65	1.13
Cheques in Hand	4.32	8.11
Balances with Banks :		
- On Current Accounts	39.25	25.46
- On Cash Credit Accounts	7.37	5.06
- Deposits with Original maturity of less than 3 months	20.35	-
- Unpaid Dividend Account	2.14	2.41
- Deposits with Original Maturity of more than 3 months but less than 12 months	2.67	12.76
	76.75	**54.93**

(₹ in Crore)

		As at March 31, 2012		As at March 31, 2011
20. Short Term Loans and Advances (Considered good unless otherwise stated)				
Loans				
Unsecured				
Employees @		0.14		0.71
Others		0.08		-
Advances Recoverable in Cash or in kind or for value to be received		6.77		9.26
Loans and Advance to Related Parties (Refer Note No. 39 to Consolidated Financial Statements)		0.48		4.85
Interest Receivable		0.19		0.72
Deposit and Balances with Government Departments and Other Authorities		3.90		3.67
Others (Considered doubtful)	0.17		-	
Less: Provision for Doubtful Loans and advances	0.17	-	-	-
		11.56		**19.21**
@ Due from Officers of the Company		0.04		0.10

Notes to Consolidated Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
21. Revenue from Operations (Gross)		
Sugar Sales	577.62	539.81
Power Sales	103.66	94.49
Refractory Products Sales	26.88	39.66
Other Sales	32.25	20.90
	740.41	**694.86**

(₹ in Crore)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
22. Other Income				
Dividend Income				
- from non current Investments		0.05		-
- from Current Investments		0.03		0.19
Interest Income				
- from Bank deposits and others		0.84		3.75
Profit on sale of Current Investments	2.48		2.30	
Less: Loss on sale of Current investments	-	2.48	0.36	1.94
Miscellaneous Receipts		25.98		17.66
		29.38		**23.54**

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
23. Consumption of Raw Materials		
Sugar Cane	590.79	447.04
Raw Sugar	-	38.56
Raw Magnesite	6.95	10.94
Others	0.27	1.73
	598.01	**498.27**

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

(₹ in Crore)

		For the year ended March 31, 2012		For the year ended March 31, 2011
24. (Increase) / Decrease in inventories of finished goods and work in progress				
Finished Goods				
- Closing Stock		538.10		450.53
- Opening Stock	450.53		448.74	
Less: Deduction pursuant to Scheme of Arrangement	-	450.53	29.61	419.13
		(87.57)		(31.40)
Work-in-Progress				
- Closing Stock		13.24		11.08
- Opening Stock	11.08		56.94	
Less: Deduction pursuant to Scheme of Arrangement	-	11.08	52.18	4.76
		(2.16)		(6.32)
		(89.73)		**(37.72)**

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
25. Employee Benefit Expenses		
Salaries, Wages and Bonus	35.85	33.84
(after allocating ₹3.75 crore (₹3.91 crore) to other accounts)		
Contribution to Provident Fund and Other Funds	3.29	3.40
Workmen and Staff Welfare expenses	1.89	1.80
	41.03	**39.04**

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
26. Other Expenses		
Power and Fuel	28.77	35.45
Packing Materials	10.63	11.78
Consumption of Stores and Spares Parts	7.79	7.03
(after allocating ₹22.38 crore (₹17.08 crore) to other accounts)		
Excise duty variation on opening/closing stock	1.87	2.57
Repairs and Maintenance :		
- Plant & Equipments	13.89	11.33
- Buildings	1.87	1.97
- Others	1.07	0.49
Rent	0.21	0.26
Rates and Taxes	0.91	0.71
Insurance	0.52	0.58
Travelling	1.23	1.10
Advertisement and Publicity	0.75	0.17
Freight and Forwarding Charges	0.48	0.64
Cane Development Expenses	7.80	5.52
Management Service Charges	5.35	5.19
Selling Expenses	0.01	0.01
Commission paid to Other Selling Agents	1.24	0.70
Rebates, Discount and Allowances	1.47	1.79
Director's Sitting Fees	0.07	0.08
Charity and Donation	0.19	0.20
Assets written off / Loss on sale of Fixed Assets	0.02	0.04
Provision for Doubtful Debts	0.25	0.06
Miscellaneous Expenses	13.80	16.57
	100.19	**104.24**

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
27. Finance Cost		
Interest		
- On Term Loans and Debentures	43.86	43.30
- On Borrowing from Banks	1.59	0.22
- Others	3.55	2.18
Other Borrowing Costs	1.25	1.87
Exchange Differences to the extent considered as an adjustment to Borrowing Cost	-	0.53
	50.25	**48.10**

Notes to Consolidated Financial Statements
for the year ended March 31, 2012

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
28. Earning Per Share		
Net profit for Calculation of Basic and Diluted EPS (₹ In Crore)	0.92	3.77
Total number of Equity Shares outstanding at the end of the Year	80,939,303	80,939,303
Weighted Average number of Equity Shares for calculating Basic and Diluted EPS	80,939,303	80,939,303
Basic and Diluted EPS (₹)	**0.11**	**0.47**

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

29. The Group comprises of the following entities:

The subsidiaries, associates and joint ventures considered in the Consolidated Financial Statements are:

Name of the Company	Country of incorporation	Percentage of Ownership held as at March 31, 2012	Percentage of Ownership held as at March 31, 2011
Subsidiaries			
Himshikhar Investment Limited (HIL)	India	**100%**	100%
Dalmia Solar Power Limited (DSPL)	India	**100%**	100%
Dalmia Sugar Ventures Limited (DSVL)	India	**100%**	100%

30. Contingent Liabilities (not provided for) in respect of:

Parent Company

(₹ in Crore)

S. No.	Particulars	2011-12	2010-11
a)	Claims against the Company not acknowledged as debts	**0.55**	0.82
b)	Demand raised by Income tax authorities under dispute	**58.40**	20.72
c)	Demand raised by custom, excise, entry tax, service tax and sales tax authorities under dispute	**44.35**	22.75
d)	Other money for which the Company is contingently liable	**0.15**	0.15

Subsidiaries Company

(₹ in Crore)

S. No.	Particulars	2011-12	2010-11
a)	Bank Guarantee issued to body corporate (DSPL)	**5.00**	5.00

Based on favourable decisions in similar cases, legal opinion taken by the Group, discussions with the solicitors etc, the Group believes that there is a fair chance of favourable decisions in respect of the items listed above and hence no provision is considered necessary against the same.

31. Capital and other commitment:

(₹ in Crore)

Particulars	2011-12	2010-11
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
In respect of Parent	**0.04**	2.06
In respect of Subsidiaries	**-**	0.15
Estimated amount of contracts remaining to be executed on other than capital account and not provided for (net of advances)		
In respect of Parent	**0.73**	0.60

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

32. Remuneration paid to Auditors (included in Miscellaneous Expenses) :

(₹ in Crore)

Particulars	2011-12	2010-11
a) Statutory Auditor		
i) Audit Fee	**0.07**	0.06
ii) For Tax Audit and Other services	**0.08**	0.03
iii) For Expenses	**0.01**	-
b) Cost Auditor		
i) Audit Fee	**0.01**	0.01

33. Details of dues to Micro and Small Enterprises as per MSMED Act to the extent of information available with the Company:

(₹ in Crore)

Particulars	2011-12	2010-11
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-
Total	**-**	-

34. In the opinion of the Board and to the best of their knowledge and belief, the value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

35. Operating Lease

Assets taken on Lease

Office premises are taken on operating lease. There is no escalation clause in the lease agreement.

(₹ in Crore)

Particulars	2011-12	2010-11
Lease payments for the year	**0.21**	0.26
Total	**0.21**	0.26

There are no non cancellable operating leases.

36. Gratuity and Other Post Employment Benefit Plans:

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with an insurance company in the form of a qualifying insurance policy.

Notes to Consolidated Financial Statements
for the year ended March 31, 2012

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

Statement of Profit and Loss

Net employee benefit expense (recognised in employee benefit expenses)

(₹ in Crore)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Current Service Cost	**0.93**	0.86
Interest Cost	**0.87**	0.71
Expected return on plan assets	**(1.16)**	(1.05)
Net Actuarial (Gain)/ Loss	**0.27**	11.73
Total Expense	**0.91**	12.25
Actual return on planned assets	**1.17**	1.01

Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Present value of obligation as at year-end	**12.66**	10.84
Fair value of plan assets as at year-end	**13.49**	12.33
Funded status {Surplus/(Deficit)}	**0.83**	1.49
Net Asset/(Liability) as at year end	**0.83**	1.49

Changes in the Present Value of the defined benefit obligation are as follows:

(₹ in Crore)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Opening defined benefit obligation	**10.84**	19.28
Transfer pursuant to Scheme of Arrangement	**-**	(10.25)
Interest cost	**0.87**	0.71
Current service cost	**0.93**	0.86
Benefits paid out of funds	**(0.26)**	(1.02)
Actuarial (gains)/ losses on obligation	**0.28**	11.69
Closing defined benefit obligation	**12.66**	10.84

Changes in the Fair Value of plan assets are as follows:

(₹ in Crore)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Opening fair value of plan assets	**12.33**	21.46
Transfer pursuant to Scheme of Arrangement	**-**	(10.25)
Expected return	**1.16**	1.05
Contribution by employer	**0.25**	1.12
Benefits paid	**(0.26)**	(1.02)
Actuarial gains/ (losses) on obligation	**0.01**	(0.04)
Closing fair value of plan assets	**13.49**	12.33

The Group expects to contribute ₹0.50 Crore (₹0.25 Crore) to gratuity in 2012-13.

Notes to Consolidated Financial Statements
for the year ended March 31, 2012

The Major Categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Qualifying Insurance Policy	**100%**	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Discount Rate	**8.00%**	8.00%
Expected rate of return on assets	**9.40%**	9.40%
Mortality Table	**LIC (1994-96)**	LIC (1994-96)
Salary Escalation	**7.00%**	7.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four years in respect of gratuity are as follows:

(₹ in Crore)

Particulars	Gratuity				
	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	**12.66**	10.84	19.28	16.09	15.00
Plan assets	**13.49**	12.33	21.46	15.02	11.54
Surplus/ (deficit)	**0.83**	1.49	2.18	(1.07)	(3.46)
Experience adjustment on plan assets	**0.04**	(0.40)	1.80	0.07	-
Experience adjustment on plan liabilities	**(0.28)**	(11.69)	(1.09)	0.83	-

Provident and Other Funds

Contribution to Defined Contribution Plans:

(₹ in Crore)

Particulars	2011-12	2010-11
Pension Fund/Superannuation funds/ESI/PF	**2.52**	2.58

Provident Fund

The Guidance note issued by Accounting Standard Board (ASB) on implementing AS 15, Employee Benefit (Revised 2005) states that provident funds set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan. The fund does not have any existing deficit or interest shortfall.

37. Segment Information

Primary Segment: Business Segment

The Group's operating businesses are organized and managed separately according to the nature of products manufactured and services provided. The identified reportable segments are Own Manufactured Sugar, Power and Others.

The **"Own Manufactured Sugar Segment"** includes manufacture and marketing of Sugar.

The **"Power Segment"** includes generation and sale of Power. Power is also used for captive consumption by the Group.

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

The **'Others' segment** includes Magnesite, Distillery, Travel, and Electronics activities of the Group.

The Group caters mainly to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such there are no reportable Geographical Segments.

Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on 31.03.2012.

(₹ in Crore)

Segment Particulars	Sugar	Power	Others	Total
Revenue				
Gross Revenue	**657.49**	**184.82**	**46.90**	**889.21**
	(587.19)	(153.35)	(42.19)	(782.73)
Less: Inter/ Intra Segment Revenue	**67.52**	**81.15**	**0.13**	**148.80**
	(29.01)	(58.86)	-	(87.87)
Less: Excise Duty	**25.66**	**-**	**1.92**	**27.58**
	(24.79)	-	(1.07)	(25.86)
Total Revenue	**564.31**	**103.67**	**44.85**	**712.83**
	(533.39)	(94.49)	(41.12)	(669.00)
Results				
Segment result	**(47.50)**	**82.26**	**16.13**	**50.89**
	(-31.55)	(73.37)	(7.48)	(49.30)
Less: Finance Cost	-	-	-	**50.25**
	-	-	-	(48.10)
Profit before tax	-	-	-	**0.64**
	-	-	-	(1.20)
Tax expenses	-	-	-	**(0.28)**
	-	-	-	(2.57)
Profit after tax	-	-	-	**0.92**
	-	-	-	(3.77)
Assets	**948.31**	**283.38**	**124.41**	**1356.10**
	(848.03)	(253.51)	(115.07)	(1216.61)
Non Segments assets	-	-	-	**122.52**
	-	-	-	(111.62)
Total Assets	-	-	-	**1478.62**
	-	-	-	(1328.23)
Liabilities	**305.54**	**1.09**	**10.68**	**317.31**
	(135.27)	(1.17)	(11.42)	(147.86)
Non Segments liabilities	-	-	-	**719.80**
	-	-	-	(739.41)
Total Liabilities	-	-	-	**1037.11**
	-	-	-	(887.27)
Depreciation	**20.92**	**17.00**	**4.40**	**42.32**
	(19.70)	(16.03)	(5.21)	(40.94)
Capital Expenditure	**9.29**	**0.02**	**11.55**	**20.86**
	(6.77)	(7.48)	(0.16)	(14.41)

Note: Revenue in respect of captive power consumption produced from co-generation plant has been arrived at based on the rates at which the same would have been purchased from State Electricity Board.

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

38. During the preceding previous year, the Group has incurred some expenditure related to acquisition/construction of fixed assets and therefore accounted for the same under Capital work in progress. Details of the expenses capitalised and carried forward as capital work in progress are given below:

Parent Group

(₹ in Crore)

Particulars	2011-12	2010-11
Carried forward as part of Capital Work in Progress	-	17.85
Less: Transfer pursuant to Scheme of Arrangement	-	17.85
Carried forward as part of Capital Work in Progress	-	-

Subsidiaries

(₹ in Crore)

Particulars	2011-12	2010-11
Carried forward as part of Capital Work in Progress	**3.60**	51.65
Expenditure incurred during the year		
Employee benefit Expenses		
Salaries and Wages	-	1.71
Other Expenses		
Rent	**0.03**	0.03
Travelling	-	0.49
Miscellaneous Expenses	**0.48**	0.83
Finance Cost		
Bank Charges	-	0.14
Grand Total	**4.11**	54.85
Less: Transfer pursuant to Scheme of Arrangement	-	51.25
Carried forward as part of Capital Work in Progress	**4.11**	3.60

39. Related Party Disclosure as required by Accounting Standard-18.

a) List of related parties along with nature and volume of transactions is given below:

Key Management Personnel of the Group

Shri Jai Hari Dalmia– Vice-Chairman, Shri Yadu Hari Dalmia – Vice-Chairman, Shri Gautam Dalmia - Managing Director, Shri Puneet Yadu Dalmia – Managing Director.

Relatives of Key Management Personnel

Shri V.H. Dalmia (Brother of Vice-Chairman), Shri J.H.Dalmia (HUF), Smt. Kavita Dalmia (Wife of Vice- Chairman), Shri Y.H.Dalmia (HUF), Smt. Bela Dalmia (Wife of Vice-Chairman), Shri Gautam Dalmia (HUF), Smt. Anupama Dalmia (Wife of Managing Director), Smt. Avantika Dalmia (Wife of Managing Director), Kumari Shrutipriya Dalmia (Daughter of Vice-Chairman), Kumari Sukeshi Dalmia (Daughter of Managing Director), Kumari Vaidehi Dalmia (Daughter of Managing Director), Kumari Sumana Dalmia (Daughter of Managing Director), Kumari Avanee Dalmia (Daughter of Managing Director), Mst. Priyang Dalmia (Son of Managing Director), Shri M. H. Dalmia (Brother of Vice-Chairman), Smt. Abha Dalmia (Wife of Brother of Vice-Chairman).

Enterprises controlled by the Key Management Personnel of the Group

Rama Investment Company Private Limited, Puneet Trading & Investment Company Private Limited, Kavita Trading & Investment Company Private Limited, Sita Investment Company Limited, Mayuka Investment Limited, Ankita Pratisthan Limited, Himgiri Commercial Limited, Valley Agro Industries Limited, Shri Nataraj Ceramic and Chemical Industries Limited, Shri Chamundeswari Minerals Limited, Shree Nirman Limited, Keshav Power Private Limited, Avanee and Ashni Securities Private Limited, ZipAhead.Com Limited, Alirox Abrasives Limited, Sukeshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

Dalmia Trust, Priyang Trust, Avanee Trust, New Habitat Housing Finance and Development Limited, Dalmia Bharat Enterprises Limited, Dalmia Power Limited, Kanika Investment Limited, Arjuna Brokers & Minerals Limited, Dalmia Cement Ventures Limited, D.I. Properties Limited, Dalmia Minerals & Properties Limited, Geetee Estates Limited, Hemshila Properties Limited, Ishita Properties Limited, Shri Radha Krishna Brokers & Holdings Limited, Shri Rangam Properties Limited, Sri Dhandauthapani Mines and Minerals Limited, Sri Madhusudana Mines and Properties Limited, Sri Shanmugha Mines & Minerals Limited, Sri Subramanya Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Trivikrama Mines and Properties Limited, Golden Hills Resort Private Limited, Rajputana Properties Private Limited, Cosmos Cements Limited,Sutnga Mines Private Limited, DCB Power Ventures Limited, OCL India Limited and Dalmia Cement (Bharat) Limited.

b) **The following transactions were carried out with the related parties in the ordinary course of business:**

(₹ in Crore)

Nature of Transaction	Key Management Personnel	Key Management Personnel controlled enterprise	Total
Sale of goods and services	-	**6.26**	**6.26**
	(-)	(6.97)	(6.97)
Reimbursement of expenses - receivable	-	**0.19**	**0.19**
	(-)	(0.65)	(0.65)
Reimbursement of expenses - payable	-	**0.30**	**0.30**
	(-)	(1.85)	(1.85)
Purchase of goods and services	-	**6.15**	**6.15**
	(-)	(8.08)	(8.08)
Rent Payment	-	**-**	**-**
	(-)	(0.10)	(0.10)
Loan Taken	-	**222.00**	**222.00**
	(-)	(189.20)	(189.20)
Loan Refund	-	**197.00**	**197.00**
	(-)	(164.20)	(164.20)
Sale of Assets	-	**0.01**	**0.01**
	(-)	(1.34)	(1.34)
Receipt of funds on their behalf and transfer	-	-	**-**
	(-)	(250.56)	(250.56)
Purchase of Fixed Assets	-	**0.01**	**0.01**
	(-)	(0.24)	(0.24)
Interest paid on loan	-	**3.97**	**3.97**
	(-)	(1.77)	(1.77)
Salary and Perquisites	**1.04**	-	**1.04**
	(1.97)	(-)	(1.97)

1. Sale of goods and services includes transaction with Dalmia Cement (Bharat) Limited ₹0.53 Crore (₹2.86 Crore), OCL India Limited ₹4.59 Crore (₹2.99 Crore) and Dalmia Bharat Enterprises Limited ₹1.14 Crore (₹1.12 Crore).

2. Reimbursement of expenses – receivable includes transaction with Dalmia Bharat Enterprises Limited ₹0.05 Crore (₹0.23 Crore) and Dalmia Cement (Bharat) Limited ₹0.14 Crore (₹0.42 Crore).

3. Reimbursement of expenses – payable includes transaction with Dalmia Bharat Enterprises Limited ₹0.20 Crore (₹ Nil) and Dalmia Cement (Bharat) Limited ₹0.10 Crore (₹1.85 Crore).

4. Purchase of goods & services includes transaction with Dalmia Cement (Bharat) Limited ₹0.40 Crore (₹0.33 Crore) and Dalmia Bharat Enterprises Limited ₹5.75 Crore (₹7.75 Crore).

5. Rent payment includes transaction with Ishita Properties Limited ₹ Nil (₹0.03 Crore) and Dalmia Bharat Enterprises Limited ₹ Nil (₹0.07 Crore).

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

6. Loan taken includes transaction with Dalmia Bharat Enterprises Limited ₹166.00 Crore (₹189.20 Crore) and DCB Power Ventures Limited ₹56.00 Crore (₹ Nil).

7. Loan refund includes transaction with Dalmia Bharat Enterprises Limited ₹141.00 Crore (₹164.20 Crore) and DCB Power Ventures Limited ₹56.00 Crore (₹ Nil).

8. Sale of assets includes transaction with Dalmia Cement (Bharat) Limited ₹ 0.01 Crore (₹1.34 Crore).

9. Receipt of fund on their behalf and transfer includes transaction with Dalmia Bharat Enterprises Limited ₹ Nil (₹20.84 Crore) and Dalmia Cement (Bharat) Limited ₹ Nil (₹229.72 Crore).

10. Purchase of fixed assets includes transaction with Dalmia Cement (Bharat) Limited ₹0.01 Crore (₹ Nil) and Dalmia Bharat Enterprises Limited ₹ Nil (₹0.24 Crore).

11. Interest paid on loan includes transaction with Dalmia Bharat Enterprises Limited ₹3.73 Crore (₹1.77 Crore) and DCB Power Ventures Limited ₹0.24 Crore (₹ Nil).

12. Salary and perquisites includes transaction with Shri J. H. Dalmia ₹0.26 Crore (₹0.52 Crore), Shri Y. H. Dalmia ₹0.26 Crore (₹0.51 Crore), Shri Gautam Dalmia ₹0.26 Crore (₹0.48 Crore), Shri Puneet Yadu Dalmia ₹0.26 Crore (₹0.46 Crore).

c) Balances outstanding at year end:

(₹ in Crore)

Nature of Transaction	Key Management Personnel	Key Management Personnel controlled enterprise	Total
Loan payable	-	**50.00**	**50.00**
	(-)	(25.00)	(25.00)
Amounts receivable	-	**0.48**	**0.48**
	(-)	(4.85)	(4.85)
Amounts payable	-	**2.11**	**2.11**
	(-)	(31.18)	(31.18)

1. Loan payable includes Dalmia Bharat Enterprises Limited ₹50.00 Crore (₹25.00 Crore).

2. Amount receivable includes Dalmia Bharat Enterprises Limited ₹0.20 Crore (₹ Nil), Dalmia Cement (Bharat) Limited ₹0.23 Crore (₹4.85 Crore) and OCL India Limited ₹0.05 Crore (₹ Nil).

3. Amount payable includes Dalmia Cement (Bharat) Limited ₹0.01 Crore (₹ Nil), Dalmia Bharat Enterprises Limited ₹2.10 Crore (₹31.18 Crore)

40. Presentation and Disclosure of Consolidated Financial Statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Group, for preparation and presentation of its Consolidated Financial Statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of Consolidated Financial Statements. However, it has significant impact on presentation and disclosures made in the Consolidated Financial Statements. The Group has also reclassified the figures in accordance with the requirements applicable in the current year.

Notes to Consolidated Financial Statements

for the year ended March 31, 2012

41. Figures less than ₹ Fifty thousand which are required to be shown separately have been shown at actual in double brackets.

45. Previous Year Comparatives

Figures in brackets pertain to previous year. Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

For S. S. Kothari Metha & Co.
Chartered Accountants

per Arun K. Tulsian	**K. V. Mohan**	**Narendra Mantri**	**B. B. Mehta**	**Puneet Yadu Dalmia**
Partner	**Company Secretary**	**Deputy Executive Director (Group Finance)**	**Director**	**Managing Director**
Membership No. 89907				

Place : New Delhi
Date : May 11, 2012

Consolidated Cash Flow Statement
for the year ended March 31, 2012

(₹ in Crore)

		2011-12	2010-11
A.	**Cash Flow from Operating Activities**		
	Net Profit before tax	**0.64**	**1.20**
	Adjustments		
	Depreciation / Amortization	41.95	39.54
	Provision for doubtful debts/ advances	0.25	0.06
	Bad Debts/ Advances written off	0.01	0.05
	Dividend Income	(0.08)	(0.19)
	Finance Cost	50.25	48.10
	Interest Income	(0.84)	(3.75)
	(Profit)/Loss on sale of Investments	(2.48)	(1.94)
	(Profit)/Loss on Sale of Fixed Assets and Assets Written off	0.02	(0.85)
	Operating Profit before working Capital Changes	**89.72**	**82.22**
	Adjustments for working Capital changes :		
	Inventories	(90.51)	3.20
	Trade and Other Payables	97.03	58.96
	Trade and Other Receivables	(50.44)	(34.83)
	Cash Generated from Operations	**45.80**	**109.55**
	Direct Taxes Paid	(9.74)	(5.08)
	Net Cash from Operating activities	**36.06**	**104.47**
B.	**Cash Flow from Investing Activities**		
	Purchase of fixed Assets	(15.63)	(16.86)
	Proceeds from sale of Fixed Assets	0.35	11.77
	(Purchase)/ Sale of Current Investments (net)	(0.01)	(25.33)
	(Purchase) of Non Current Investments	(1.00)	-
	Interest Received	1.37	3.74
	Dividend Received from Current Investments	0.03	0.19
	Dividend Received from Non Current Investments	0.05	-
	Net Cash used in Investing Activities	**(14.84)**	**(26.49)**

Consolidated Cash Flow Statement

for the year ended March 31, 2012

(₹ in Crore)

		2011-12	2010-11
C.	**Cash Flow from Financing Activities**		
	Proceeds / (repayment) of Short term Borrowings	70.72	(75.70)
	(Repayment) of Long term Borrowings	(19.13)	(14.80)
	Finance Cost	(48.37)	(49.33)
	Dividend Paid	(2.29)	(8.09)
	Corporate Dividend tax paid	(0.33)	(1.34)
	Net cash from / (used in) financing activities	**0.60**	**(149.26)**
	Net increase in cash and cash equivalents (A+B+C)	**21.82**	**(71.28)**
	Cash and cash equivalents (Opening Balance)	**54.93**	**220.28**
	Cash deductions pursuant to Scheme of Arrangement	**-**	**(94.07)**
	Cash and cash equivalents (Closing Balance)	**76.75**	**54.93**
	Change in Cash & Cash Equivalents	**21.82**	**(71.28)**

Note:

1) Cash & cash equivalents components are as per Note 19.

2) Previous year figures have been regrouped/restated wherever considered necessary.

As per our report of even date

For S. S. Kothari Metha & Co.
Chartered Accountants

per Arun K. Tulsian
Partner
Membership No. 89907

K. V. Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director (Group Finance)

B. B. Mehta
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : May 11, 2012

STATEMENT ATTACHED TO BALANCE SHEET AS AT MARCH 31, 2012 PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

	Subsidiary Companies		Himshikhar Investment Limited	Dalmia Solar Power Limited	Dalmia Sugar Ventures Limited
1.	Financial year ending		31-3-2012	31-3-2012	31-3-2012
2.	Date from which it became a subsidiary		10-01-1997	30-08-2005	13-08-2007
3.	Holding Company's interest in the share capital		100%	100%	100%
4.	The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts:				
	(a)	For the year ended 31-3-2012 (₹)	416,329	(-) 92,402	(-) 40,899
	(b)	For the previous financial years since it became Company's Subsidiary (₹)	1,55,94,413	(-) 4,01,622	(-) 3,62,554
5.	The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts:				
	(a)	For the year ended 31-3-2012 (₹)	Nil	Nil	Nil
	(b)	For the previous financial years since it became Company's Subsidiary (₹)	Nil	Nil	Nil

Place : New Delhi
Date : May 11, 2012

B. B. Mehta
Director

Puneet Yadu Dalmia
Managing Director

STATEMENT ATTACHED TO BALANCE SHEET AS AT MARCH 31, 2012 PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Details of Subsidiary Companies

(₹ in Lakhs)

Name of Subsidiary Company	Dalmia Sugar Ventures Limited	Himshikhar Investment Limited	Dalmia Solar Power Limited
Capital	5.00	45.00	5.00
Reserves	(4.03)	560.11	(4.94)
Total Assets	1.36	628.39	437.23
Total Liabilities	0.39	23.28	437.17
Investments	-	589.39	-
Turnover/ Total Income	-	5.83	0.12
Profit/ (Loss) Before Taxation	(0.41)	4.87	(0.92)
Provision for Taxation	-	0.71	-
Profit/ (Loss) After Taxation	(0.41)	4.16	(0.92)
Proposed Dividend	-	-	-

Dalmia
BHARAT GROUP

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