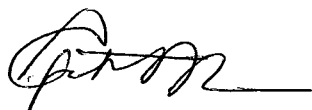


**FORM A**

(Pursuant to Clause 31(a) of the Listing agreement)

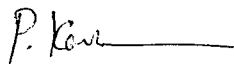
|    |  |   |
|----|--|---|
| 1. | Name of the Company                            | <b>Dalmia Bharat Sugar and Industries Limited</b>                       |
| 2. | Annual financial statements for the year ended | 31 <sup>st</sup> March 2014   |
| 3. | Type of Audit observation                      | Un-qualified  |
| 4. | Frequency of observation                       | Not applicable  |
| 5. | Signatories:                                   |   |
|    | CEO/Managing Director                          | <b>Mr. Gautam Dalmia</b>  |
|    | CFO  | <b>Mr. Anil Kataria</b>   |
|    | Auditor of the Company                         | <b>S.S. Kothari Mehta &amp; Co.</b><br>Chartered Accountants, New Delhi |
|    | Chairman of Audit Committee                    | <b>Mr. P. Kannan</b>  |



**Gautam Dalmia**  
CEO/Managing Director




**Anil Kataria**  
CFO



**P. Kannan**  
Chairman of Audit Committee

**For S.S. Kothari Mehta & Co.**  
Chartered Accountants, New Delhi



per **Apur K. Tulsian**  
Partner  
Membership No. 29907

CIN-L26212TN1054710000640



# Contents

|  |           |
|--|-----------|
| Corporate Information .....                | 01        |
| About us .....                             | 02        |
| Key Achievements .....                     | 03        |
| Preserving what we've Built.....           | 04        |
| Our Presence .....                         | 05        |
| Financial Highlights.....                  | 06        |
| Key Highlights .....                       | 07        |
| <b>Simply Better Growth.....</b>           | <b>08</b> |
| Building Resilience for Sustainable Growth |           |
| <b>Simply Better Efficiency .....</b>      | <b>10</b> |
| Passion. Proficiency. Perseverance.        |           |
| <b>Simply Better Scale .....</b>           | <b>12</b> |
| Setting New Horizons                       |           |
| <b>Simply Better Inclusion .....</b>       | <b>14</b> |
| Taking Society with Us                     |           |
| Letter to the Shareholders .....           | 16        |
| Management Discussion & Analysis .....     | 18        |
| Directors' Report .....                    | 40        |
| Report on Corporate Governance .....       | 46        |
| <b>Financial Statements</b>                |           |
| Standalone Financial Statements .....      | 60        |
| Consolidated Financial Statements.....     | 93        |

## Simply Better

### Growth



**Nurturing Capabilities**  
Pg. 08

### Efficiency



**Perseverance**  
Pg. 10

### Scale



**Fostering Excellence**  
Pg. 12

### Inclusion



**Driving Sustainability**  
Pg. 14

# Corporate Information

## Board of Directors

**J. S. Baijal**  
Chairman

**Jai Hari Dalmia**  
Vice Chairman

**Gautam Dalmia**  
Managing Director

**M. Raghupathy**

**T. Venkatesan**

**B. B. Mehta**

**Kannan Panchapakesan**

## Management Team

**Gautam Dalmia**  
Managing Director

**B. B. Mehta**  
Business CEO

**Jayesh Doshi**  
Group Finance & Strategy

**Anil Kataria**  
Chief Financial Officer

**Pankaj Rastogi**  
Head Business Development  
& Projects

## Company Secretary

**K. V. Mohan**

## Statutory Auditors

S. S. Kothari Mehta & Co.

## Bankers

Allahabad Bank

Axis Bank Limited

Canara Bank

Corporation Bank

DBS

IDBI

Punjab National Bank

Yes Bank

## Debenture Trustee

IL&FS Trust Co. Ltd.  
The IL&FS Financial Centre,  
Plot C-22, G Block,  
Bandra Kurla Complex,  
Bandra (E),  
Mumbai - 400 051.

## Registered Office

Dalmiapuram – 621651,  
Dist. Tiruchirapalli,  
Tamil Nadu.

## Corporate Office

Hansalaya Building,  
11th & 12th Floor,  
15, Barakhamba Road,  
New Delhi – 110 001.



View of Co-Generation Plant at Ramgarh U.P.

# About us



We are an integrated sugar manufacturer engaged in manufacturing sugar and other value added downstream products. We operate four sugar plants at Uttar Pradesh and Maharashtra, with a total cane crushing capacity of 27,300 TCD.

Our operations are spread across sugarcane-rich regions of Uttar Pradesh – Ramgarh, Jawaharpur and Nigohi – and also at Kolhapur in Maharashtra. We are building scale through our newly-acquired plant at Kolhapur in Maharashtra, the capacity of which has been recently expanded to 4,800 TCD.

We have revolutionised the traditional Indian sugar industry by recording an 'above-industry' recovery rate of 13% at our Kolhapur plant. Through the optimum utilisation of our sugar mills, we remain committed towards improved cane availability, higher sugar recovery, reduced rejected varieties and accelerated cane plantation.

Our cogeneration and distillery segments strengthen our overall business, ensuring improved profitability and sustainability. Our

cogeneration business has a power generation capacity of 94 MW, while the capacity of our distillery at Jawaharpur plant is 80 KLPD. Through our wind farm at Tamil Nadu with capacity of 16.5 MW, we also have a modest presence in renewable energy.

We are working passionately towards building a business model that is robust, resilient and sustainable. The integrated nature of our sugar operations and the improved performance of our downstream business segments enable us to insulate our profitability from the inherent cyclicity of the sugar business and contribute to our bottom line. These strategic initiatives are geared towards de-risking our operations and ensuring sustainability in our business.

## OUR INTEGRATED CAPACITY ACROSS VERTICALS

| State         | Plant Location | Sugar (TCD)   | Cogeneration (MW) | Distillery (KLPD) |
|---------------|----------------|---------------|-------------------|-------------------|
| Uttar Pradesh | Ramgarh        | 7,500         | 25                | NA                |
|               | Jawaharpur     | 7,500         | 27                | 80                |
|               | Nigohi         | 7,500         | 27                | NA                |
| Maharashtra   | Kolhapur       | 4,800         | 15                | NA                |
|               | <b>Total</b>   | <b>27,300</b> | <b>94</b>         | <b>80</b>         |

# Key Achievements

## SUGAR BUSINESS

Commissioned Brownfield capacity expansion at Kolhapur sugar plant by nearly doubling cane crushing capacity to 4,800 TCD from 2,500 TCD earlier

Commissioned Greenfield cogeneration power plant at Kolhapur with 15 MW capacity to support internal power requirement

Highest ever production of 2.92 lakh tonnes of sugar in FY2014, up by 5% from 2.77 lakh tonnes in FY2013

Recorded overall average recovery at 10.5% in FY2014, compared to 9.9% in FY2013

- ◆ Above-industry average recovery of 13.17% at Kolhapur plant
- ◆ Significant improvement in recovery at 10.09% Vs 9.39% in FY2013 at Uttar Pradesh plant

## COGENERATION BUSINESS

Earned average tariff rate of ₹ 4.28 per unit in FY2014, compared with ₹ 4.18 per unit in FY2013

Signed Power Purchase Agreements with power distribution entities aimed at promoting power generation from renewable sources

## DISTILLERY BUSINESS

Produced 22,082 KL alcohol in FY2014, up 7% compared to 20,684 KL in FY2013



Distillery Jawaharpur U.P.



# Preserving what we've Built

We are rightfully proud of what we have created. We look to preserve our inherent qualities that enabled us in establishing our reputation and sustaining our enterprise shareholder value.



## Learning

Fire represents Learning. Fire within, is the source of curiosity, which spurs learning. The creative application of learning in turn, fosters innovation.



## Teamwork

Water is representative of Teamwork. As a natural, free flowing, pleasant solvent, water embodies the qualities of trust, mutual respect and collaboration.



## Speed

Air denotes Speed. It empowers and evokes passion, nurtures growth.



## Excellence

Earth represents Excellence. Its ability to withstand extreme heat and pressure is essential for taking on big challenges.

# Our Presence





# Financial Highlights

## FINANCIAL PERFORMANCE

| Particulars                     | UOM     | FY2014      | FY2013       | FY2012      |
|---------------------------------|---------|-------------|--------------|-------------|
| Total Operating Income          | ₹ Crore | 1,235       | 1,031        | 762         |
| Operating Profit (EBITDA)       | ₹ Crore | 107         | 152          | 85          |
| Cash Profits                    | ₹ Crore | 52          | 92           | 42          |
| <b>Profits Before Tax (PBT)</b> | ₹ Crore | <b>3</b>    | <b>19</b>    | <b>1</b>    |
| Profit After Tax (PAT)          | ₹ Crore | 3           | 18           | 1           |
| Share Capital                   | ₹ Crore | 16          | 16           | 16          |
| Reserves & Surplus              | ₹ Crore | 445         | 443          | 425         |
| Loan Funds                      | ₹ Crore | <b>812</b>  | <b>786</b>   | <b>710</b>  |
| Net Block*                      | ₹ Crore | <b>781</b>  | <b>652</b>   | <b>579</b>  |
| Net Current Assets              | ₹ Crore | <b>165</b>  | <b>92</b>    | <b>193</b>  |
| Operating Profit Margin         | %       | <b>9</b>    | <b>15</b>    | <b>12</b>   |
| EPS (fully diluted)             | ₹       | <b>0.37</b> | <b>2.27</b>  | <b>0.11</b> |
| Cash EPS (fully diluted)        | ₹       | <b>6.39</b> | <b>11.34</b> | <b>5.52</b> |
| Net Debt Equity Ratio           | x       | <b>1.5</b>  | <b>1.6</b>   | <b>1.4</b>  |
| Interest Coverage               | x       | <b>1.03</b> | <b>1.29</b>  | <b>1.0</b>  |
| Current Ratio                   | x       | <b>1.3</b>  | <b>1.1</b>   | <b>1.3</b>  |
| Dividend Rate                   | %       |             | <b>11</b>    | -           |
| Dividend Payout Ratio           | %       |             | <b>13</b>    | -           |
| Share Price**                   | ₹       | <b>16</b>   | <b>14</b>    | <b>14</b>   |
| Market Capitalization           | ₹ Crore | <b>128</b>  | <b>114</b>   | <b>112</b>  |

\* Includes Capital Work in Progress

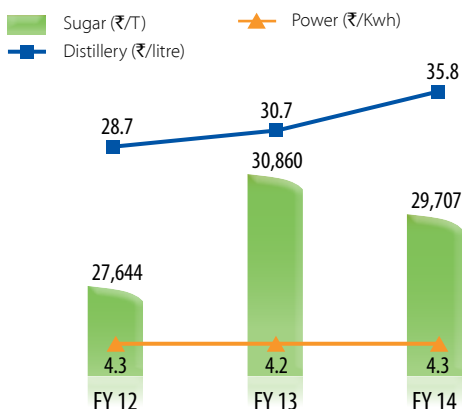
\*\* As on 31st March

## SEGMENTAL OVERVIEW

| Particulars          | UOM         | 2014          | 2013          | 2012          |
|----------------------|-------------|---------------|---------------|---------------|
| <b>Sugar</b>         |             |               |               |               |
| Sales Realisations   | ₹/T         | 29,707        | 30,860        | 27,644        |
| Production           | 000T        | 292           | 277           | 215           |
| <b>Sales</b>         | 000T        | <b>319</b>    | <b>244</b>    | <b>200</b>    |
| <b>Co-generation</b> |             |               |               |               |
| Power Realisation    | ₹/Kwh       | 4.28          | 4.18          | 4.27          |
| Power Generation     | Lakh units  | 3,536         | 3,644         | 3,203         |
| Power Export         | Lakh units  | <b>2,378</b>  | <b>2,603</b>  | <b>2,247</b>  |
| <b>Distillery</b>    |             |               |               |               |
| Sales Realisations   | ₹/Litre     | <b>35.84</b>  | <b>30.68</b>  | <b>28.65</b>  |
| Ethanol Production   | Kilo litres | <b>22,082</b> | <b>20,684</b> | <b>10,500</b> |
| Ethanol Sales        | Kilo litres | <b>20,066</b> | <b>23,508</b> | <b>6,744</b>  |

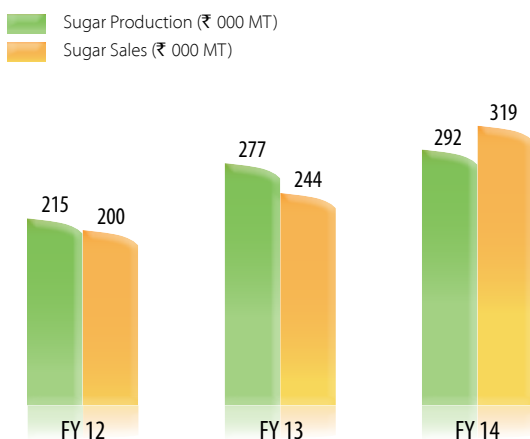
# Key Highlights

## SUGAR DISTILLERY AND POWER REALISATIONS

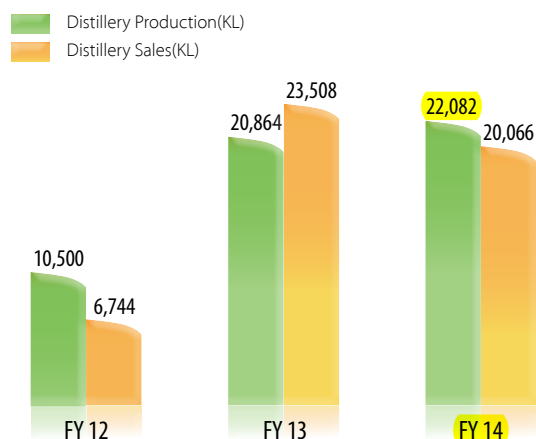


During the year, we remained focussed on enhancing our capabilities and increasing the capacity utilisation of our plants.

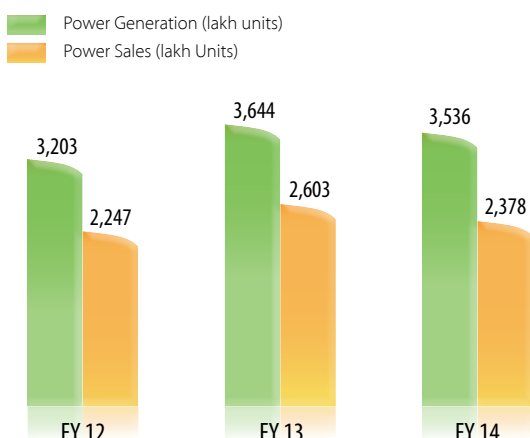
## SUGAR PRODUCTION AND SALES



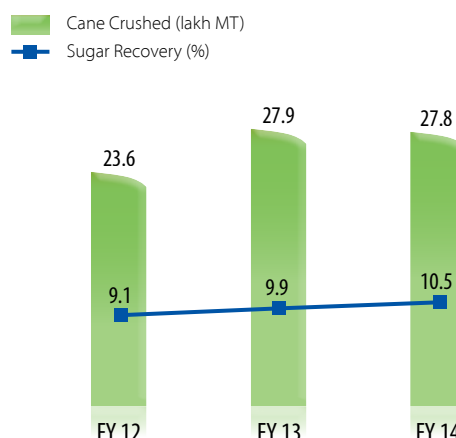
## DISTILLERY PRODUCTION AND SALES



## POWER GENERATION AND SALES



## CANE CRUSHED AND SUGAR RECOVERY





Simply

# Better

Co-Generation Plant, Nigohi, U.P.



## Nurturing Capabilities

Even with a challenging business environment, we have been able to produce steady and profitable growth over the years. With a highly integrated business model in which we straddle all stages of the value chain, we continue to identify new windows of opportunity and build a better future. We realize that growth

must be planned and cultivated in order to achieve successful results. Our Kolhapur sugar mill acquisition is an example of adopting a more holistic approach towards growth. It enables us to achieve rapid expansion, gain instant economies of scale and make the existing business more valuable.

# Building Resilience for Sustainable Growth

During the year, we remained focussed on enhancing our capabilities and increasing the capacity utilisation of our plants. This helped us in lowering our operational cost. With the homogenous nature of our sugar operations and an improved performance in our downstream business segments, we insulated our bottom line from the inherent cyclicity of the sugar business.

With ethanol prices being lower than the prevalent surging gasoline prices, a good latent demand is growing for this downstream product as a fuel alternative. We also have the advantage of leveraging a product mix that is most remunerative.

Going forward, we will continue to improve our productivity and maximise our operating capacity. We are targeting towards improving cane availability and maximizing our sugarcane recovery. Simultaneously, we are constantly looking at carrying out our strategic initiatives that will de-risk our operations and further enhance the sustainability of our business. Our performance is an affirmation of our sound capabilities, domain expertise and a deep understanding of the sugar industry.

# Growth

## OUR GROWTH STRATEGY

- ◆ **Building Scale:**  
Committed to our vision of being among the leading sugar players in the country
- ◆ **Organic Mode of Growth:**  
Increasing access to developed cane area
- ◆ **Turnaround of Acquired Units:**  
Aiming towards focused and holistic improvement in our sugar
- ◆ **Adding Profitable Revenue Streams:**  
De-risking our business model by focussing on profitable downstream product lines

“

We are focussed on improving productivity and maximising our operating capacity. We aim to leverage with our value added downstream products and also to migrate towards a product mix that is most remunerative.



# Simply Better

Co-Generation Plant, Ramgarh, U.P.



## Perseverance

We have squarely set our eyes on operational efficiency. For this, we consistently aim towards achieving higher cane crushed, improving sugar recovery and reducing rejected varieties of cane. During the year, our milling division witnessed one of the best recoveries in our company's history. Our overall average recovery

improved to 10.5% in FY2014, compared to 9.9% in the previous year. This enabled us in lowering our production cost. Our dedicated cane development and procurement department aims towards improving the quality of cane, enhancing sugar recovery and strengthening our competencies.



# Passion. Proficiency. Perseverance.

Despite a tough macro-economic environment and a challenging industry scenario, we enjoy an attractively lower capital cost per tonne of cane crushed. We have achieved this by focussing on lower allocation of fixed cost over higher cane crushed. Improved cane crushing volumes and recoveries helped us produce 2.92 lakh tonnes sugar in FY2014, higher by 5% compared with 2.77 lakh tonnes produced in FY2013.

During the year, we continued to take several tactical and strategic steps to reinforce our priorities. Our sugar mills in Uttar Pradesh recorded an above average recovery of 10.09%, placing us amongst the top companies in the State in terms of recovery. Our newly acquired plant in Kolhapur recorded an even higher above average recovery of 13.17%.

for cane growers and R&D efforts are also aimed towards improving farm mechanisation and the overall health of the soil.

## GOING FORWARD

Our key focus will continue to be to optimise our existing capacities and increase quantity of cane crushed per day. We are also constantly aiming to maximise the operational efficiency of our cogeneration business. We continue to explore and identify new avenues to increase electricity generation and further increase the running time for our sugar mills. With higher bagasse availability, we foresee capacity utilization of our cogeneration plants increasing further, thereby helping us improve our revenues and enhance profitability.

# Efficiency

## ENHANCING FARMING PRACTICES

We remain determined to implement our long-term strategic plan in assisting the farmers and increasing their returns. We are working on a rigorous cost reduction exercise to enhance our existing operating margins and to bring down our production cost to one of the lowest in the industry.

We are also constantly aiming at improving the quality of our cane. Our extensive cane plantation programme helped us optimally utilise our capacity, improve productivity from available land and ensure better utilisation of our crushing assets. We continue to assist farmers with the best and most advanced farming practices and techniques aimed at improving their crop yield. Our IT services

“

Our key focus will continue to be to optimise our existing capacities and increase quantity of cane crushed per day. We are also constantly aiming to maximise the operational efficiency of our cogeneration business.





# Simply Better

Boiling House, Jawaharpur, U.P.



## Fostering Excellence

Identification of fresh business opportunities has been our key focus area to achieve size, build scale and further our inorganic growth. We remain confident of our ability to deliver on our investment commitments and expand our capacities. We are attractively placed

to capitalise on the industry's trend towards consolidation of sugar businesses. The strategic acquisition of our Kolhapur plant was part of our well-defined strategy aimed towards building value and positioning our business for future success.

# Setting New Horizons

Today, we already possess a cane crushing capacity of 27,300 TCD, allowing us to leverage the benefits of economies of scale. Our inorganic and organic growth showcases our initiatives to develop into an integrated sugar manufacturer on an ambitious scale. We are carefully selecting from the best inorganic growth opportunities that come our way. We are confident that our right decisions can contribute towards achieving a higher EBITDA and adding to our consolidated bottom line.

## FACING WEST THROUGH KOLHAPUR

- ◆ Scope for consolidation through fragmented co-operative sector
- ◆ Favourable agro-climatic conditions
- ◆ Scope for further expansion
- ◆ Stable power tariff
- ◆ Conducive political and regulatory framework
- ◆ Proximity to ports

# Scale

## INORGANIC AND ORGANIC EXPANSION IN MAHARASHTRA

Our sugar operations are spread across India's sugarcane-rich regions of Uttar Pradesh, which is known for abundant sugarcane and its proximity to major sugar consuming markets. Previously, we have built scale by acquiring a sugar plant at Kolhapur in Maharashtra as a part of our ongoing efforts towards inorganic expansion. With consistent improvement in cane quality, we achieved a 13% plus recovery at our Kolhapur plant.

Higher sugar recovery helped lower our production cost and improve our bottom line. The total capacity of our Kolhapur sugar plant has been almost doubled to 4,800 TCD in FY2014, as

compared to 2,500 TCD at the time of acquisition. Going forward, we expect this plant to contribute to a higher EBITDA, and play a positive role in our future performance.

## OUR FORAY INTO MAHARASHTRA

Maharashtra is India's major sugar producing state, accounting for nearly one-third of India's total sugar production. We are particularly upbeat about Maharashtra since the agro-climatic conditions in the western State are well-suited for production of sugar. The Kolhapur belt is extremely favourable for quality cane production and higher sugar recovery. Our acquisition of the sugar unit in this region is the beginning of our overall strategy of building scale in the State.





# Simply Better



## Driving Sustainability

Dalmia Bharat Sugar Industries is committed towards social, environmental and economic growth of the society at large. Our key mission is to achieve this in a sustainable manner and unleash the potential of human and natural capital around us. Generating systematic and sustainable

improvements for local communities surrounding our plants and project sites has always been our prime concern. Over the years, we have taken several initiatives on social inclusion and development through livelihood and skill development programs, aimed at the society's unemployed youth.

## taking Society with us...

We aim to enrich people's lives through social development activities in our key focus areas. Our initiatives for the local population are centered around providing quality education to school children. We also work with rural communities to improve their health and sanitation status within the framework of sustainable development.

Besides our social initiatives, we also aim towards improving our farming techniques and practices in order to improve the farmer's productivity. Over the years, we strengthened our bond with cane growers, improved our cane development exercise and educated farmers to sow improved varieties. Our efforts towards dedicated cane development

are targeted to improve our sugar recovery and at the same time enhance the overall income generating capacity of our farmers. We support our farmers with high-yielding varieties of seeds and address them with best farming practices to improve cane yield. We are constantly engaged in organising harvesting programmes to achieve the desired cane quality. We have set up state-of-the-art testing laboratories and follow a rigorous monitoring programme to improve cane availability.

# Inclusion

### COUNTERING CHALLENGES IN CANE DEVELOPMENT

- ◆ Supporting farmers with high-yielding varieties of seeds
- ◆ Addressing farmers on best farming practices to improve crop yield
- ◆ Educating farmers with innovative farming techniques aimed at consistent improvement in cane quality
- ◆ Distributing fertilisers, pesticides and farm equipment to farmers at subsidized rates

### REINFORCING OUR STRATEGIC PRIORITIES

- ◆ Strengthening bond with cane growers
- ◆ Improving cane development exercise
- ◆ Educating farmers to sow improved varieties
- ◆ Aiming at better varietal recovery
- ◆ Aiming at consistent improvement in cane quality
- ◆ Increasing quantity of cane crushed and optimising existing capacities

# Letter to the shareholders

We remained focussed on implementing our long-term strategic plans without compromising our short-term goals. As a result, considering the generally tough industry conditions that prevailed, we performed relatively well and delivered positive numbers.



Our Valued Shareholders,

We truly believe that obstacles don't have to stop you. If we run into a wall, we shouldn't turn around and give up. Instead, we need to figure out how to climb it, go through it, or work around it. Despite the tough macro-economic environment, we remained focussed on implementing our long-term strategic plans without compromising our short-term goals. As a result, considering the generally tough industry conditions that prevailed, we performed relatively well and delivered positive numbers. Our total revenues grew by 19% on a YoY basis to top ₹ 1,192 crore. We reported a net profit of ₹ 3 crore in FY2014. Our operating EBITDA stood at ₹ 107 crore during the same period. Our performance for the year is an affirmation of our deep understanding of the sugar industry and our grit for overcoming challenges. Our growth over the years has demonstrated our ability to handle difficult situations and accomplish our goals.

## KEY DEVELOPMENTS FOR THE YEAR

We believe in setting our goals high, and not stopping till we get there. FY2014 has been a rather busy year in this respect. It was a year in which we focussed both on Capacity Enhancements and Cost Control. As part of our overall capacity expansion programme, we upgraded the cane crushing capacity of our Kolhapur plant from 2,500 TCD to 4,800 TCD. We also commissioned our Greenfield





cogeneration power plant at Kolhapur to support our internal power requirement and also to export surplus power to the grid. This increase in capacity has placed us in a different league among India's sugar producers, besides helping us create a threshold into Maharashtra and gaining instant economies of scale. These measures collectively enabled us to further insulate our bottom line from the inherent cyclicity of the sugar business.

Another key highlight of FY2014 was a significant improvement in our recovery rates. Our cane crushing division proved its expertise and had its best operating performance in this season by clocking excellent recovery in this financial year. Our sugar mills in Uttar Pradesh too recorded above average recovery of 10.09%, placing us amongst the top companies in the State of Uttar Pradesh in terms of recovery. As a result, our overall average recovery improved to 10.5% in FY2014, compared to 9.9% in the previous year, which helped lower our production cost. We are now focussed on taking up the challenge of replicating similar success each year.

During the year, we initiated various other steps to enhance capacity utilization. Through enhanced competencies and improved operational efficiencies, our dedicated cane development and procurement department focussed on improving our cane quality.

Our extensive cane plantation programme also helped us in achieving better capacity utilisation, improving our productivity from available land and ensure better utilisation of our crushing assets. Going forward, we will continue to maintain our mission for a rigorous cost reduction exercise. This will be aimed at further improving our margins and lowering our cost of production to one of the lowest in the industry.

## LOOKING AHEAD

Moving forward, we expect our recently acquired sugar plant in Maharashtra to play a positive role in our future performance. With an increase in its

Our overall average recovery improved to 10.5% in FY2014, compared to 9.9% in the previous year.

sugarcane crushing capacity, our Kolhapur plant will play an important role in improving our overall volumes, EBITDA and bottom line. We will continue to search such inorganic opportunities to create a more rewarding future.

Amidst tough market environment, we shall identify new windows of opportunities and continue to take steps to improve productivity and maximize operating capacity of our assets. Along with this, we aim to carry our strategic initiatives to improve our efficiency by further de-risking our operations by focussing more on high margin downstream product lines and enhance the sustainability of our business.

We thank our employees for their zeal and commitment towards building an efficient and productive business. We would also like to thank all our vendors, business associates, partners and lenders for their continued faith and support. We also extend our gratitude to the members of our Board of Directors for their contribution in the sound governance of the Company. Most of all we wish to express our strong appreciation to our shareholders for their faith reposed in us - together with your trust and confidence, we are sure to transcend the challenges and build a resilient entity.

Yours Sincerely,



**Gautam Dalmia**  
Managing Director



# Management Discussion & Analysis



Boiler and Chimney, Jawaharpur, U.P.

High cost of borrowing and delays in securing mandatory government approvals slowed down corporate investments and squeezed cash flows. In FY2014. However, during FY2015, the Reserve Bank of India projects GDP growth to pick up at around 5.5%.

## INDIAN ECONOMY

India's estimated GDP growth rate for FY2014 is 4.7%, as against 4.5% a year earlier. High cost of borrowing and delays in securing mandatory government approvals slowed down corporate investments and squeezed cash flows, while high inflation shook consumer confidence and forced households to cut consumption expenditure. However, with the appointment of a new Government at the centre, the Reserve Bank of India expects growth to average at about 5.5% during FY2015.

India's agriculture output grew 4.7% during 2013-14, up from 1.4% in the previous year. Headline inflation declined by 150 basis points

World sugar production is estimated at 181.135 million tonnes for SY13-14, versus global use of 176.7 million tonnes, raw value, a fall of more than three million tonnes on the previous year, but still the second highest level in history.

YoY to 5.9% in FY2014. India Ratings & Research expects inflation to fall further to 5.5% in FY2015. A moderate paced recovery is likely to take shape during the year with strong support from rural demand, pick-up in exports and also turnaround in industrial output and its demand. Inflation is expected to come down in the near term with new impetus for growth.

## SUGAR INDUSTRY

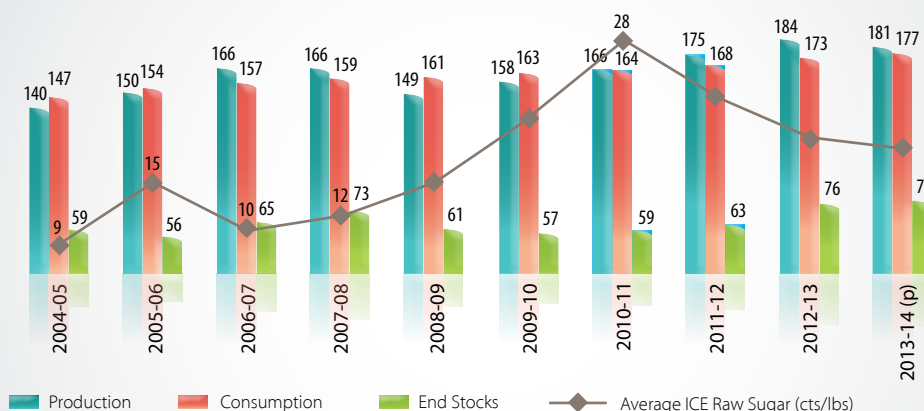
### WORLD

World sugar production is estimated at 181.1 million tonnes for SY13-14, versus global use of 176.7 million tonnes, raw value, a fall of more than three million tonnes on the previous year, but still the second highest level in history, outstripping

consumption by 4.4 million tonnes. A projected fall in output from Brazil, India, the EU, Ukraine and Mexico is offset by an expected record year for Thailand and further increases from Pakistan and China. World consumption growth of 3.8 million tonnes is now projected to grow by 2.18%, generally in line with the ten-year average of 2.34%.

World stocks remained high for the third consecutive year and are expected to grow further by the end of this crop cycle. It is estimated that world stocks could be as high as 78 million tonnes i.e. more than 45% of annual global use of sugar. The raw sugar prices have varied widely from 16.8 cents to 18.54 cents. White sugar has fluctuated from 21.96 cents to 22.23 cents, with a nominal premium below US\$ 90/tonne over raw sugar.

### World Production, Consumption, Stock & ICE Raw Sugar Prices



Figures in Metric Million Tonnes

Source: International Sugar Organisation, May'14 Report

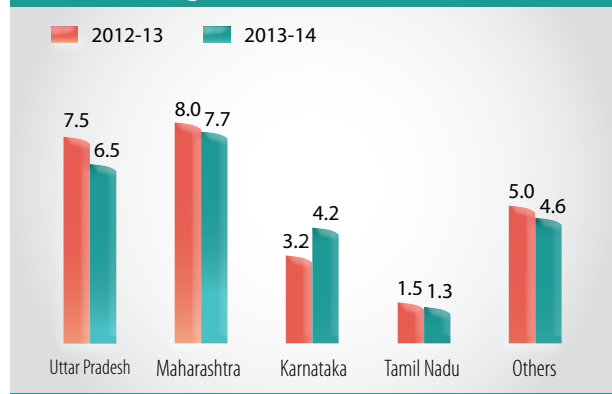
India's annual sugar production is expected to close at 24.3 million tonnes during sugar season 2013-14. The sweetener's output reported a decline compared to 25.1 million tonnes in the previous sugar season due to lower acreage across key sugar producing states.

### INDIA

#### Production and Consumption

India's annual sugar production is expected to close at 24.3 million tonnes during sugar season 2013-14. The sweetener's output reported a decline compared to 25.1 million tonnes in the previous sugar season due to lower acreage across key sugar producing states. Unfavourable climatic conditions coupled with cane arrears in northern states has negatively impacted sugarcane acreage and production in three of India's key sugar producing states – Tamil Nadu, Maharashtra and Uttar Pradesh.

#### State-wise Sugar Production (Mnt)



Annual domestic sugar consumption is expected at 23.7 million tonnes for SY13-14 vis-à-vis 22.8 million tonnes in the previous year. After three years of surplus, production during 2013-14 sugar-season was lower than the previous sugar season.



Co-Generation Plant, Ramgarh, U.P.





## INDIA SUGAR SCENARIO: DEMAND-SUPPLY BALANCE (ISMA)

### Indian Sugar Balance

(Million Tonne)

| Particulars                               | 2009-10     | 2010-11     | 2011-12*    | 2012-13*    | 2013-14E    |
|---|-------------|-------------|-------------|-------------|-------------|
| Opening Stock (as on October 1)           | 4.4         | 5.0         | 5.9         | 6.6         | 9.3         |
| Production during the Season              | 18.9        | 24.4        | 26.3        | 25.1        | 24.3        |
| Imports                                   | 4.1         | 0.0         | -           | 0.7         | 0.1         |
| <b>Total Availability</b>                 | <b>27.4</b> | <b>29.4</b> | <b>32.2</b> | <b>32.4</b> | <b>33.7</b> |
| <b>Off-take:</b>                          |             |             |             |             |             |
| I) Internal Consumption                   | 21.3        | 20.8        | 22.6        | 22.8        | 23.7        |
| II) Exports                               | 0.2         | 2.6         | 3.0         | 0.3         | 2.2         |
| <b>Total Off-take</b>                     | <b>21.6</b> | <b>23.4</b> | <b>25.6</b> | <b>23.1</b> | <b>25.9</b> |
| <b>Closing Stock (as on September 30)</b> | <b>5.8</b>  | <b>6.0</b>  | <b>6.6</b>  | <b>9.3</b>  | <b>7.8</b>  |
| <b>Stock as % Total Off-take</b>          | <b>27%</b>  | <b>29%</b>  | <b>29%</b>  | <b>41%</b>  | <b>33%</b>  |

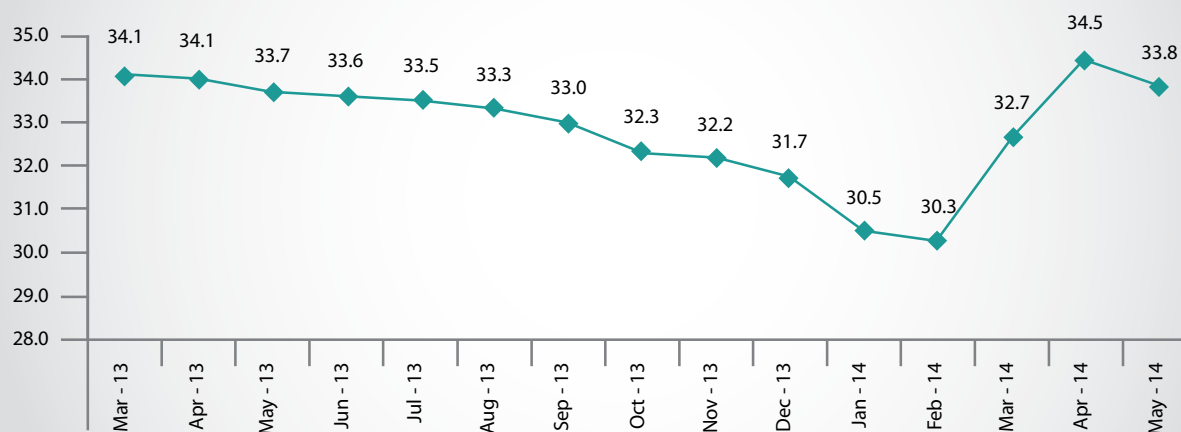
Note: \*1. Figures taken as per Directorate of Sugar, Department of Food

### Sugar Prices

During FY2014, domestic sugar prices remained under pressure and higher availability of sugar in the market in the wake of higher supplies from the sugar mills mainly because of pressure of cane

payment. The subdued pricing sentiment saw some signs of recovery towards the end of March 2014, on account of announcement of export subsidy for raw sugar by the Government.

### Free Spot Sugar Pricing\* (₹/Kg)



\* M-Grade Sugar, Spot Prices Kanpur Market (Rs/Kg)

### Sugar Exports

The Indian market is currently facing oversupply of around five million tonnes of which the Government has taken proactive steps and allowed exports of raw sugar up to September 2014. This will help firm up sugar prices in long run and facilitate timely cane payment to farmers. The subsidy will be announced under a fixed formula and for a particular time period. Notification for raw sugar export subsidies up to March'14 has been given at ₹ 3,300/tonne.

### Regulatory Environment

On the positive side, the structural changes witnessed by the sugar industry with the announcement of partial de-control by the Cabinet Committee on Economic Affairs (CCEA) has been a welcome step. The Government ushered much-awaited reforms by partially de-regulating the sector and implementing some recommendations of the C. Rangarajan Committee formed for decontrolling the sugar sector. Sustained reforms should enable both



Distillery, Jawaharpur, U.P.

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The shift towards a sugar price-linked cane procurement policy is expected to be a key solution for the industry. States such as Karnataka and Maharashtra have taken a lead in linking sugar prices based on revenue sharing model prescribed in the committee report.

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farmers and the industry to operate in a stable environment. Some key implementations:

**Abolition of levy on sugar and monthly/quarterly sugar release mechanism.**

At present the State Governments have to buy sugar from mills at market prices for the public distribution system (PDS), This will be cross subsidised by the Central Government. With release mechanism having been abolished, sugar mills are free to decide on the quantity they want to sell in the markets.

The above measures have enabled sugar mills to manage sugar sales effectively and also attain higher realisation of by-products.

However, the real game changer is expected with the next major implementation of the Rangarajan Committee's recommendations which shall focus on linking of cane prices with sugar realization (subject to minimum FRP). The shift towards a sugar price-linked cane procurement policy is expected to be a key solution for the industry. States such as Karnataka and Maharashtra have taken a lead in linking sugar prices based on revenue sharing model prescribed in the committee report, while other States are likely to follow suit.

**OUTLOOK FOR SUGAR SEASON (SY) 14-15**

**GLOBAL**

Global export availability still exceeds shrinking import demand. A further rise in global stocks, no surplus projected for FY2015 and possible deficit phase in FY2016, coupled with currency movements boosting world prices have helped sugar exporting countries to achieve better sugar realization, besides assisting recovery in domestic sugar prices.

As per ISO and other research organisations quantification of the negative impact on the



Kolhapur Sugar Plant, Maharashtra



Our Kolhapur plant in Maharashtra, which we acquired during FY2013, as our on-going effort towards inorganic expansion had an initial capacity of 2,500 TCD, which we expanded to 4,800 TCD during FY2014.

global sugar production by widely expected arrival of El-Nino in the second half of SY 2014 is too early to be assessed. However, expectations from SY14-15 are indicating smaller crops in Central South Brazil/Mexico/China and which will lead to a smaller deficit.

### INDIA

Record sugar production is expected in Maharashtra and Karnataka for SY14-15. However, excess production in these states, will be offset by a dip in sugar cane area in Uttar Pradesh (on account of cane area) and Tamil Nadu (failure of monsoon for two consecutive years). Projected production for SY 14-15 is expected to be close to 25.3 million tonnes. The El-Nino factor combined with below normal monsoon will result in a drop in

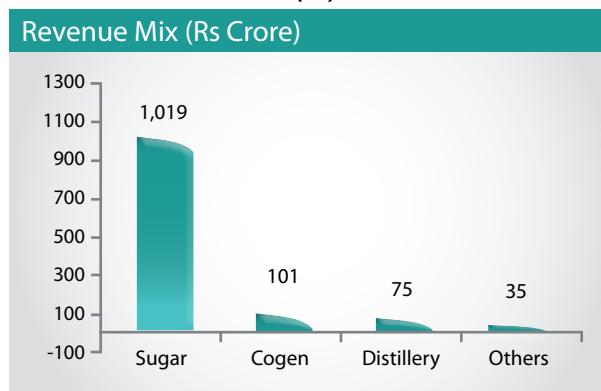
production. Sugar prices are expected to be range bound. Sugar exports are still not competitive with the current subsidy on raw sugar, expected global price rise in coming season may result in export from India and would result in reduction of surplus stock and also may move the domestic sugar prices upward in the second half of SY 14-15. The threat of imports looms on the Indian sugar industry even with the 15% import duty on raw sugar, at the current level of raw sugar prices. The Government may review an increase in import duty in the near future after its own estimation of sugar production for SY 14-15.

### COMPANY OVERVIEW

Dalmia Bharat Sugar and Industries Ltd. is an integrated sugar manufacturer, engaged in manufacturing sugar and downstream products. Our four sugar plants have cane crushing capacity of 27300 TCD in Uttar Pradesh and Maharashtra.



### Business Revenue Mix (%)





Process House, Jawaharpur, U.P.

We have total cogeneration power generation capacity of 94 MW of this 79 MW is in Uttar Pradesh and the rest is in Maharashtra. We also have a distillery at our Jawaharpur plant in Uttar Pradesh with 80 KLPD capacity.

### Our Integrated Capacities Across Verticals

| State         | Plant Location | Sugar (TCD)   | Cogeneration (MW) | Distillery (KLPD) |
|---------------|----------------|---------------|-------------------|-------------------|
| Uttar Pradesh | Ramgarh        | 7,500         | 25                | NA                |
|               | Jawaharpur     | 7,500         | 27                | 80                |
|               | Nigohi         | 7,500         | 27                | NA                |
| Maharashtra   | Kolhapur       | 4,800         | 15                | NA                |
|               | <b>Total</b>   | <b>27,300</b> | <b>94</b>         | <b>80</b>         |

We have operations in sugarcane rich regions of Uttar Pradesh – Ramgarh and Jawaharpur in eastern Uttar Pradesh and Nigohi in central Uttar Pradesh. Each of these sugar plants having a capacity of 7,500 TCD each. Our Kolhapur plant in Maharashtra, which we acquired during

FY2013, as our on-going effort towards inorganic expansion had an initial capacity of 2,500 TCD, which we expanded to 4,800 TCD during FY2014. This acquisition is the starting point of our overall strategy to build scale in Maharashtra.

## Management Discussion & Analysis

We have also established presence in renewable sources of energy and have a wind farm capacity of 16.5 MW at Muppandal in Tamil Nadu.

### Dalmia Bharat Sugar Industries: At a Glance

| Particulars              | UOM*     | 2013-14 | 2012-13 | BPS Change (%) |
|--------------------------|----------|---------|---------|----------------|
| <b>Sugar:</b>            |          |         |         |                |
| Cane Crushed             | Lakh MT  | 27.8    | 27.9    | 0%             |
| Crushing Duration        | Days     | 137     | 146     | -6%            |
| Sugar Production         | Lakh MT  | 2.92    | 2.77    | 5%             |
| Sugar Sales Quantity     | Lakh MT  | 3.19    | 2.44    | 31%            |
| Recovery                 | %        | 10.5%   | 9.9%    | 57             |
| Sugar Realisation        | ₹/MT     | 29,707  | 30,860  | -4%            |
| <b>Power:</b>            |          |         |         |                |
| Power Generation         | Lakh Kwh | 3,536   | 3,644   | -3%            |
| Power Export             | Lakh Kwh | 2,378   | 2,603   | -9%            |
| Power Export Realisation | ₹/unit   | 4.28    | 4.18    | 2%             |
| <b>Distillery:</b>       |          |         |         |                |
| Production               | KL       | 22,082  | 20,684  | 7%             |
| Distillery Sales         | KL       | 20,066  | 23,508  | -15%           |
| Distillery Realisation   | ₹/KL     | 35,844  | 30,682  | 17%            |

\*UOM = Unit of Measurement

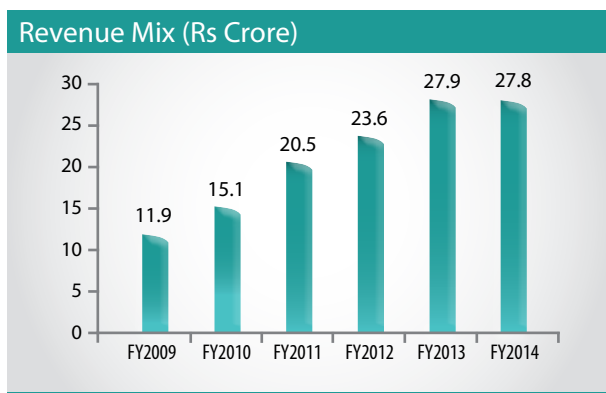


Juice Heater, Ramgarh, U.P.

### OPERATIONAL OVERVIEW

In terms of operational performance, our sugar production during FY 2014 increased by 5% its stood at 2.92 lakh tonnes, compared to 2.77 lakh tonnes in the previous year. This improvement was mainly due to higher cane crushing volumes and improved recoveries. Our company achieved cane crush of 27.83 lakh tonnes during the year, of which 24 lakh tonnes is attributable to UP plants and 3.8 lakh tonnes to Kolhapur. We recorded an overall average recovery at 10.5%, compared to 9.9% in the previous year. While in the Uttar Pradesh mills, we recorded above-industry average recovery of 10%, in Kolhapur the recovery rate was in excess of 13%. During the year we successfully commissioned the brown-field capacity expansion of Kolhapur sugar plant to 4,800 TCD (Tonnes Crush per Day)

and Greenfield cogeneration plant. We also plan to put up a distillery at our Kolhapur plant in the future.



### Improving Trends in Sugar Recovery

| Particulars  | 2011-12 | 2012-13 | 2013-14 |
|--|---------|---------|---------|
| Sugar Recovery (Uttar Pradesh and Maharashtra) (%) | 9.1     | 9.9     | 10.5    |
| Sugar Recovery (Uttar Pradesh) (%)                 | 9.1     | 9.4     | 10.1    |
| Sugar Recovery (Maharashtra) (%)                   | N.A     | 13.7    | 13.2    |
| Cane Crushed (Lakh Tonnes)                         | 23.6    | 27.9    | 27.8    |

### Initiatives on Cane Development

The incremental improvement in recovery is the outcome of varietal replacement and our consistent efforts towards cane development initiatives.

Our cane developmental initiatives are focussed at sustainable tie-ups with farmers through mutually beneficial propositions. This is achieved by supporting farmers with high yielding variety of seeds and consistently educating them about innovative farming techniques, the results are evident with higher cane crushed, sugar recovery and lesser rejected varieties of cane.

Our Kisan Sewa Kendras, located in the vicinity of our sugar mills, address farmers on the best farming practices and techniques. These methods have helped them improve their crop yield over the years. These Kendras have distributed fertilizers to farmers, besides pesticides and farm equipment at subsidised prices.

### Cane Pricing

The Uttar Pradesh Government has maintained the state advised price at ₹ 280 per quintal. Also, the Uttar Pradesh Government has exempted purchase tax and society commission for the year. The Maharashtra Government has also waived off cane purchase tax for the year. For S'S14, an FRP of ₹ 210 per quintal was announced by the Government.





Our constant endeavour is to strengthen our bond with cane growers, improve the cane development exercise and educate farmers to sow improved varieties – all of which will ultimately lead to better varietal recovery.

### IT and other Support Services for Cane Growers

We continue to focus on the efficiency of commercial farms by way of farm mechanization, application of developed technologies and better farming practices. We also continue to take efforts on research and development at soil testing laboratories to study soil conditions and impart training to farmers.

Your Company has taken an initiative to improve soil health and provide support to farmers by establishing two well-equipped soil testing laboratories at our Jawaharpur and Nigohi units. These soil testing laboratories have begun soil analysis of farmer's fields and providing balanced fertilizer recommendation. During the year, both labs analysed 2,410 soil samples of 166 villages.

New initiatives taken for automation and centralised implementation of checks and controls:

1. **SMS System:** sharing information on cane supply and price payment, weather forecast and other technical information through SMS with farmers.
2. **QMS System:** to get reply through SMS against queries on given options.
3. **IVR:** farmers can call from their registered mobile numbers to gain information on given options.
4. **Kisaan.net web portal:** farmers can get detailed information online on the web.

### Cost Control Measures

Your Company takes initiatives in optimizing costs through bringing efficiencies in all spheres of business ranging from procurement of raw material to marketing of finished product.



Turbine, Ramgarh, U.P.



### Capacity Expansion

During FY2014, we completed the expansion of the newly acquired Kolhapur sugar mill and increased its cane crushing capacity from 2,500 TCD to 4,800 TCD. We also installed a sizeable co-generation power plant to support internal power requirement.

### KEY INITIATIVES AND GROWTH DRIVERS

#### Better Recovery

Recovery at our Uttar Pradesh plant has been 10.09% vis-à-vis 9.4% in the previous sugar season. This has placed us among the top players in the state this sugar season in terms of recovery, helping us to lower our production cost and contribute and improve our bottom line. With consistent improvement in cane quality, we recorded a recovery of 13.17% in our Kolhapur plant.

Recovery is one of the most important parameters in the sugar business. Our constant endeavour is to strengthen our bond with cane growers, improve the cane development exercise and educate farmers to sow improved varieties – all of which will ultimately lead to better varietal recovery.

### Co-generation and Distillery

Going forward, our key growth driver will be our cogeneration plant and distillery with significant contribution coming from our Kolhapur unit. Higher sugar and molasses sales prices with blending of sales from higher contribution zone of Kolhapur also contributed significantly.

### Kolhapur – Our Foray into Maharashtra

Our basic rationale in establishing a presence in Maharashtra and expanding capacities there has paid off well. The State is India's top sugar producer and accounts for nearly one-third of India's total sugar production. A 13% plus recovery in that region is one of the highest across India, supported by agro-climatic conditions in Maharashtra, particularly the Kolhapur belt which is extremely favourable for cane production and sugar recovery. We have been among the first to conclude successful acquisition of a sugar mill in Maharashtra. We continue to identify fresh opportunities to further our inorganic growth in this region.

### COMPANY OUTLOOK

The integrated nature of our sugar operations, coupled with improved performance in downstream business segments (cogeneration and





distillery), is helping us insulate profitability from the vagaries of sugar cycle. Although sugar operations remained under pressure due to higher cane costs, improved profitability in other businesses is expected to support our bottom line positively. In particular, we expect to see our Maharashtra-based sugar operations contributing higher EBITDA.

Going forward, we will also focus on increasing the quantity of cane crushed and optimizing existing capacities. Our Kolhapur facility will significantly add to our bottom line with our expanded capacity starting to bear fruit. The full benefit of our co-generation plant and expanded sugar capacity in Kolhapur will be seen during the next financial year 2015.

### CO-GENERATION

#### Business Overview

We have co-generation plants at our sugar mills in Uttar Pradesh and Maharashtra. This helps us de-risk ourselves from the inherent cyclicity of the sugar business. It also helps us become self-sufficient in our power requirements and earn revenue from the excess power generated. The current power tariff in

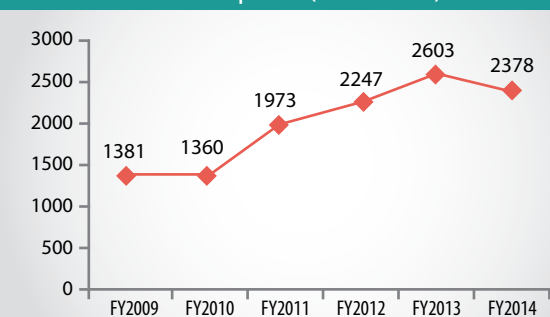
Kolhapur is ₹ 5.8 per unit as against ₹ 4.3 per unit in Uttar Pradesh.

Of our total capacity, about 56 MW is supplied to the grid and about 38 MW is used to run the sugar mill. We have signed up power purchase agreements with power distribution entities in Maharashtra. The Central Electricity Regulatory Commission (CERC) has notified regulations on Renewable Energy Certificate (REC), aimed at promoting power generation from renewable sources. We earned an average tariff rate of ₹ 4.3 per unit, compared to ₹ 4.2 per unit in the previous year.

Going forward, we continue to aim towards maximising operational efficiencies in our cogeneration business. We also continue to explore opportunities to procure biomass for electricity generation, which provides us the opportunity to increase the running time for our plants. Due to higher bagasse availability generally, the capacity utilisation of our cogeneration plants are expected to remain higher, improving revenues and profitability of this business segment.

The Government's ethanol blending programme has the potential to transform the Indian sugar industry. The sugar industry has contracted to supply 0.55 billion litres of ethanol to OMCs by March 2014 and bid for supplying further 1.34 billion litres by December 2014.

Trends in Power Exports (Lakh Kwh)



## DISTILLERY

### Business Overview

Our Jawaharpur plant has a distillery capacity of 80 KLPD, producing different grades of alcohol like Ethanol, Rectified Spirit Extra Neutral Alcohol. Our total alcohol production improved by 7% during the year at 22,082 KL, compared to 20,684 KL in the previous year. Alcohol sales

stood at 20,066 KL during the year under review, compared to 23,508 KL in the previous year. The market price of ethanol is ₹ 36-38 / litre (ex-mill price) compared to ₹ 33/litre in FY2013 and ₹ 27/litre (ex-mill price) in 2010. Net revenue from distillery sales stood at ₹ 72 crores, with a contribution of 7-8% to the overall revenue. The Government's ethanol blending programme has the potential to transform the Indian sugar industry, given significant visible demand for ethanol. The sugar industry has contracted to supply 0.55 billion litres of ethanol to OMCs (Oil Marketing Companies) at ₹ 35 a litre by November 2014. Assured realisation, coupled with commitment of complete lifting, can lead to significant improvement in our profitability.

Realisations can improve further keeping in mind that the Government is considering mandatory ethanol blending at the rate of 10%, up from the current rate of 5%.



Boiler and Chimney, Kolhapur, Maharashtra



We aim at enabling social development activities for local populations, such as providing quality education to school children, and promoting the use of renewable energy.



### CORPORATE SOCIAL RESPONSIBILITY

A key focus of our CSR initiative has been to provide livelihood and skill development through various programs for youth in rural India. We aim at enabling social development activities for local populations, such as providing quality education to school children, and promoting the use of renewable energy.

Set up in 2009, Dalmia Bharat Group Foundation (DBGF) is the Corporate Social Responsibility wing of Dalmia Bharat Group which works with rural communities within the framework of sustainable development. We aimed towards women empowerment through the formation of Self Help Groups (SHGs). Besides, we also assisted Community Based Organisations (CBOs) in improving their rural dwellings and assets

through the participation of communities. We also undertook a series of programs to improve the health and sanitation of the community at large.

Dalmia Bharat Group Foundation is working at three locations in Uttar Pradesh: Nigohi, Jawaharpur and Ramgarh covering 22 villages. Our CSR programs contribute towards enhancing the quality of life of over 16,000 people.

### Program Outreach During FY2013-14

#### Our Key Focus Areas:

1. **Renewable Energy:** promoting energy conservation in villages
2. **Livelihood & Skill Development:** capacity building through vocational trainings
3. **Social Development:** addressing health and sanitation, education, rural infrastructure development and several social campaigns

### Program Highlights

#### 1. Renewable Energy:

During the year, as part of our mission to promote renewable energy usage, three family size bio-gas plants were constructed, 67 solar lanterns were distributed and 80 solar home lighting systems were installed.

#### 2. Livelihood & Skills Development:

DBGF equips people by providing them new set of skills or by upgrading their skills to secure increased income. With a focus on skills in the construction sector, we also cover other segments in the farm and



non-farm sectors. During the year, as part of this programme, 46 SHGs were formed consisting of 486 women with a corpus of ₹ 1,09,166. Capacity building trainings were organized for SHG members, in which 45 members participated.

### 3. Social Development

Our social development initiatives are driven along the lines of the UN Millennium Development Goals (MDGs). During the year, as part of this programme, we established 20 remedial education centres in which 549 students participated; we provided sports kits and teaching learning materials to 20 programme area village primary schools. We provided necessary kits consisting of weighing machine and thermometers to 17 *anganwaris*; we organized 15 school eye check-up camps along with five Paediatric and Gynaecology camps in which 827 villagers participated. We organized five veterinary health camps and facilitated animal vaccination in five villages.





### FINANCIAL REVIEW

Our operating profit stood at ₹ 107 crore during the year in review. This would have been higher but because of lower sugar sales realization during the year as compared to the last year, the margins remained under pressure.

### CONSOLIDATED P&L

The Company, on a consolidated basis, has recorded a 20% jump in its gross revenue at ₹ 1,235 crore in FY2014, up from ₹ 1,031 crore in FY2013. The EBITDA was at ₹ 107 crore in FY2014, against ₹ 152 crore in FY2013. Depreciation and interest for the current year were at ₹ 49 crore and ₹ 76 crore respectively. The Company has recorded PAT of ₹ 3.05 crore against the PAT of ₹ 18 crore in FY2013.

### Operating Expenditure

Total operating expenditure of the company in FY2014 stood at ₹ 1,084 crore.

- ◆ Due to higher crushing volumes and higher cane cost being paid, there has been only 1% increase in raw material cost in FY2014, which stood at ₹ 825 crore.

- ◆ Stock adjustment is ₹ 86 crore.
- ◆ Because of addition of another mill, employee cost stood at ₹ 65 crore in FY2014.
- ◆ Power and fuel costs reduced by 12% to ₹ 13 crore, against ₹ 15 crore in FY2013. Cost incurred was lower for the year on account of higher amount of bagasse being available due to higher cane crushed during the year.
- ◆ Other expenses stood at ₹ 96 crore.

### Operating EBITDA

Due to better volumes and stable realizations of value added downstream product lines, operating EBITDA stood at ₹ 107 crore for the year under review, which was lower by 29% from the FY2013 EBITDA of ₹ 152 Crore.

### Depreciation

Depreciation expense was substantially lower at ₹ 49 crore in FY2014 against ₹ 73 crore in FY2013.

### Financial & Interest Expenses

Interest cost stood higher at ₹ 76 crore, because of extra debt being raised to fund the expansion programme in Maharashtra.



### Other Income

Other income stood at ₹ 20 crore for the year under review.

### Provision for Tax

Tax Expense for FY2014 including current and deferred tax amounted to ₹ (0.44) crore.

### Net Profit

Net Profit for the year amounted to ₹ 2.61 crore.

## CONSOLIDATED BALANCE SHEET ANALYSIS

### Capital Structure

The Company's paid-up equity capital remained constant at ₹ 16.19 crore as on March 31, 2014, comprising 8,09,39,303 equity shares (8,09,39,303 shares) of ₹ 2 each (fully paid up).

### Reserves & Surplus

The Company's reserves and surplus stood at ₹ 446 crore in FY2014. Of this, during the year under review, surplus in profit and loss account amounted to ₹ 413 crore, debenture redemption reserve at ₹ 25 crore and Revaluation Reserve at ₹ 4.33 crore.

### Loan Profile

The total borrowed funds of the company stood at ₹ 750 crore in FY2014. Long term loans at ₹ 527 crore, Short term loans at ₹ 223 crore. However the company holds inventory of finished goods worth ₹ 580 crore as on 31<sup>st</sup> March 2014 in its godowns. Net Debt to equity ratio for the company stood at 1.52X.

### Total Assets

Total assets of the company were ₹ 1718 crore in FY2014. The company's net fixed assets as proportion of total assets were at 45% at the end of the year.

### Fixed Assets

Fixed assets mainly comprise of the plants and machinery & land and buildings valued at ₹ 758 crore. It also includes a small portion of capital work-in-progress amounting to ₹ 13.6 crore.

Due to better volumes and stable realizations of value added downstream product lines, operating EBITDA stood at ₹ 107 crore.

### Investments

Out of the total investments of ₹ 79 crore, the Company had a major investment of ₹ 63 crore in fixed income money market mutual funds.

### Inventories

Total Inventories were higher at ₹ 629 crore in FY2014, primarily on account of increase in sugar inventory in hand, valued at ₹ 529 crore at the closing of the year.

### Sundry Debtors

Debtors were ₹ 18 crore in FY2014, of which just ₹ 2.14 crore amounts to receivables which are above six months old.

### Loans and Advances

Loans and advances comprised 8% of the company's total assets. Loans and advances made by the company were to the tune of ₹ 144 crore in FY2014, primarily on account of MAT credit entitlements of ₹ 49 crore and advances recoverable amounted to ₹ 20 crore.

### Cash & Bank Balance

The Company had cash and bank balance of ₹ 48 crore in FY2014, with ₹ 17 crore in current accounts.

### Other Current Liabilities & Provisions

Current liabilities and provisions stood at ₹ 642 crore, wherein dues towards sundry creditors stood at ₹ 283 crore and provisions included ₹ 2 crore.

The key objective of our internal audit is to ensure adequacy of internal control systems and processes. It is to make sure we are adhering to the Company's policies and guidelines and are complying with applicable statutes.



### INTERNAL CONTROLS

The key objective of our internal audit is to ensure adequacy of internal control systems and processes. It is to make sure they are adhering to the Company's policies and guidelines and are complying with applicable statutes. Our internal auditors determine whether adequate controls are in place to mitigate risks. We also conduct Special audits as directed by the Management. Our Audit Committee reviews observations made by internal auditors on the control mechanisms and adequacy of internal control systems. It also suggests recommendations for corrective actions and implementations thereof, compliance-related matters, and adherence to laid down processes and guidelines. We have also put in place an effective IT security and systems, ensuring real-

time availability of information at various locations.

### INFORMATION TECHNOLOGY

Dalmia Bharat Group has always believed in the power of information technology (IT) in bringing in efficiency, transparency and better management of any business. With the steady growth of the group over the last decade and the rapid inorganic additions in the last three years, our IT initiatives are no longer just a tool of convenience, but a weapon in our armoury that makes us competitive and excel in our industry. Based on our "One Dalmia" philosophy framed some three years ago, we took a major initiative in the standardization of things we do. To this extent, our company's business management system architecture is based on functional templates, in which our processes, codes, controls, KPIs and MISs are standardized on best practices.

These business and functional templates are strong competitive advantages that enable us in the speedy implementation of our newer operations such as recent acquisition and enlargement of our Maharashtra plant. During FY2014, the Company commenced the process of going through the template making process for the sugar business, which is expected to be completed during FY2015.

In the sugar business, the cane area, varietal composition of high sugar cane, maturity



wise supply planning - all play a key role in the profitability of the business. To this extent, the Company has begun to develop a Sugar Dashboard Reporting system to monitor and compare multiple parameters of the plants to enhance performance and revenues. This dashboard will also cover other areas of Finance, Material, Quality and Sales. This process is expected to complete within FY2015.

## HUMAN RESOURCES

At Dalmia Bharat Sugar Industries Limited, human capital plays a significant role in carrying forward our integrated operations. Your Company's focus is on bringing together the best available talent at the key management level. We also hire, nurture and retain young professionals at various levels, ensuring a highly-qualified talent pool of professionals. Our objective is to develop and ensure that the best HR policies and practices are adopted across the organisation. We have a robust system of employee development and enhancement, which we leverage to ensure growth from one level to another.

## Health Quotient - Addressing the Body

This includes an annual health check-up, lifestyle centred days and self-defence classes. They are implemented within several events including sport tournaments, clinic days and days in which doctors are invited for consultation. Under the program called "Saksham", several unique activities, such as playing football without talking, are undertaken to enhance traditional concepts such as respect and humility. The infra-structural



Laboratory

The programmes supporting the Cognitive Quotient are based on a series of behavioural training and coaching, including leadership skills and technical know-how at the Dalmia Training Institute. These are based on rigorous curriculums and certified programmes delivered by eminent professors.



support extended by the Company include gymnasiums, sports clubs and various sports facilities.

### **Cognitive Quotient - Addressing the Mind**

As the Company grows both organically and inorganically, it is continuously restructuring its organization. The Company runs the Dalmia Training Institute in which it carries out several technical and managerial courses which focus on skill enhancement. Programmes supporting the Cognitive Quotient are based on behavioural training and coaching, including leadership skills and technical know-how at the Dalmia Training Institute. Based on rigorous curriculum and certified programmes delivered by eminent

professors. This is facilitated through libraries, e-learning modules and the Dalmia Technical University. The training institute plays an important part in allowing the Company to re-skill its employees and place them at the new plants and manufacturing sites.

### **Emotional and Spiritual Quotient - Addressing the Soul**

Based on conscious living and meditation programmes, the Company extends these activities to its employees and their spouses. Taking the engagement with family members one step further, the Company also has a programme called "Prerna", in which the employees' spouses are involved to explore their inner selves. It consists of weekly morning prayers and yoga sessions. Each of our locations provide for a quiet meditation room to facilitate this.

### **Enhancing Organisational Performance - Effectiveness at Work**

Multiple sets of activities deliver this agenda. They include PMS training, training for managers, team building exercises, safety drives, understanding social responsibility and following responsible management practices. They are delivered through lectures from thought leaders and by extending recognition and rewards. Each participant is supported by a role model or a mentor and is groomed carefully to be capable of taking on leadership roles.



## KEY RISKS AND CONCERNS

As an inherent part of any business, risks can be both internal and external, some of which can be anticipated, while others cannot. The risk profile to a great extent depends on economic and business conditions and the markets and customers we serve. The Company has incorporated a strong risk management system framework at the core of its operations. Our risk management policies are based on the philosophy of achieving substantial growth, while mitigating and managing them.

Our risk management framework is reviewed on a periodic basis to recognise and reduce the exposure to risks, wherever possible. We identify risks associated with the business and take adequate measures to strike a balance between risks and rewards. Some of the risks associated with our businesses are enumerated below:

- a. **Industry Risk:** An adverse industry scenario such as fluctuation in demand and price for finished products of sugar, ethanol and power can impact revenues and profitability.

**Risk Mitigation:** Your Company has invested in processes that make it possible to enhance recovery, manufacture a product of the highest quality and market it efficiently to areas where it earns the best realisation.

- b. **Policy Risk:** An unfavourable government policy, changes in government policies can affect the sugar industry in India or globally and can impact our performance.

**Risk Mitigation:** Progressive decontrol in the industry, based on findings of Rangarajan Committee, can translate into stronger cash flows for sugar mills. Your Company possesses optimum product quality, efficient marketing network and overall management bandwidth to capitalise on partial decontrol.

- c. **Raw Material Risk:** Not being able to procure adequate raw material to sustain production or lower cane output can translate into lower sugar production and

affect our profitability. There is also the risk of fluctuation in the price and availability of key raw materials of sugarcane, raw sugar and energy prices.

**Risk Mitigation:** We work hand-in-hand with a large number of farmers and cane-growers and provide them with adequate training to enhance yields and procure the entire sugarcane crop.

d. **Other General Risks:**

- ◆ Increase in interest rates
- ◆ Inability to procure funds at competitive costs
- ◆ Increase in transportation costs
- ◆ Strikes or work stoppages
- ◆ Accidents, natural disasters or outbreaks of disease

## CAUTIONARY STATEMENT

Statements made in this report describing industry outlook as well as the Company's plans, policies and expectations may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied.



# Directors' Report

for the year ended March 31, 2014

The Directors have pleasure in submitting the Annual Report and Audited Statements of Account of the Company for the year ended 31st March, 2014.

## Financial Results

|  | (₹ crores)     |         |
|--|----------------|---------|
|  | 2013-14        | 2012-13 |
| <b>Net Sales Turnover</b>                                    | <b>1186.05</b> | 993.54  |
| <b>Profit before interest, depreciation and tax (EBITDA)</b> | <b>127.53</b>  | 157.32  |
| Less: Interest and Financial Charges                         | <b>75.64</b>   | 65.55   |
| <b>Profit before depreciation and tax (PBDT)</b>             | <b>51.89</b>   | 91.77   |
| Less: Depreciation   | <b>49.30</b>   | 72.80   |
| <b>Profit/(Loss) before tax (PBT)</b>                        | <b>2.59</b>    | 18.97   |
| Provision for current tax                                    | -              | -       |
| Provision for tax – earlier years                            | -              | -       |
| Prior year tax charge  | <b>0.12</b>    | -       |
| Provision for deferred tax                                   | <b>-0.56</b>   | 0.62    |
| <b>Profit after tax (PAT)</b>                                | <b>3.03</b>    | 18.35   |
| Add: Surplus brought forward                                 | <b>412.31</b>  | 399.90  |
| Balance available for appropriation                          | <b>415.34</b>  | 418.25  |
| <b>APPROPRIATIONS:</b>                                       |                |         |
| General Reserve  | -              | 0.46    |
| Debenture Redemption Reserve (net)                           | <b>3.13</b>    | 3.12    |
| Proposed Dividend  | -              | 2.02    |
| Dividend Distribution tax thereon                            | -              | 0.34    |
| Balance carried forward                                      | <b>412.21</b>  | 412.31  |
|  | <b>415.34</b>  | 418.25  |

## Dividend

Keeping in view the performance of the Company your Directors have decided not to recommend payment of dividend for the year under review as against dividend calculated at ₹ 0.25 per share in the immediately preceding previous year

## 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 2013-14. 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 2014-15 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

The statement giving particulars of employees who were 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, is annexed. However, in terms of the proviso (b)(iv) to Section 219(1) of the Companies Act, 1956 the Report and Accounts are being sent to the Members excluding the aforesaid Annexure. Any Member interested in obtaining copy of the same may write to the Company Secretary at the Registered Office.

## 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 2014 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](http://www.dalmiasugar.com).

A statement of the Company's interest in its subsidiaries mentioned above is attached as required under section 212 of the Companies Act, 1956.

## Fixed Deposits

The Company has not accepted any Public Deposits.

## Directors

Shri Y.H. Dalmia resigned as the Vice-Chairman of the Company effective 1-11-2013. Shri Puneet Yadu Dalmia resigned as the Managing Director of the Company effective 1-11-2013. The Board places on record its appreciation for the valuable services rendered by each of them during their tenure with the Company and with the Board.

Shri J.S. Bajjal, Shri M. Raghupathy and Shri P. Kannan, Independent Directors are to be appointed by the Shareholders as Independent Directors for a period of five years in accordance with section 149(10) of the Companies Act, 2013. Each of them have testified their consent to be appointed as Independent Directors of the Company and have given requisite declarations as required under section 149(7) and section 164(2) of the Companies Act, 2013 and also in Form DIR - 8 pursuant to Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Shri T. Venkatesan, Director, retires by rotation at the ensuing Annual General Meeting. He has furnished requisite declaration in Form DIR - 8 pursuant to Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Shareholdings in the Company by its Directors as at 31-3-2014 are as under:

| Name of the Director | No. of Shares of<br>₹ 2/- each held |
|----------------------|-------------------------------------|
| Shri Jai H. Dalmia   | 16,35,010                           |
| Shri Gautam Dalmia   | 7,51,990                            |
| Shri P. Kannan       | 2,730                               |
| Shri J.S. Bajjal     | Nil                                 |
| Shri M. Raghupathy   | Nil                                 |
| Shri T. Venkatesan   | Nil                                 |
| Shri B.B. Mehta      | Nil                                 |

## Consolidated Financial Statements

As required under clause 41 of the listing agreement, this Annual Report also includes Consolidated Financial Statements for the financial year 2013-14 prepared in accordance with Accounting Standard - 21.

## 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:

- in the preparation of the annual accounts, the applicable Accounting Standards have been followed and no departures have been made there from;
- 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;
- 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
- 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. The Board has decided to recommend their appointment for a further period of one year in terms of section 139 of the Companies Act, 2013. 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 for the year ended 31-3-2013, and they have submitted the Cost Audit Reports for the said year on 27-8-2013. The said firm has been appointed as Cost Auditors to conduct cost audit for the year ended 31-3-2014 and will be submitting their report in due course of time.

## General

The above Directors' Report, in so far as it relates to references under the Companies Act, 1956, meets the requirements given in the General Circular No. 8/2014 dated 4th April 2014.

For and on behalf of the Board

NEW DELHI  
Dated: May 16, 2014

(J. S. Bajjal)  
CHAIRMAN

## Working results

|  | 2013-14 | 2012-13 | 2011-12 |
|--|---------|---------|---------|
| <b>SUGAR DIVISION ('000 MT)</b>                |         |         |         |
| Cane Crushed                                   | 2783    | 2792    | 2361    |
| Sugar Production                               | 292     | 277     | 213     |
| Sugar Sales                                    | 319     | 244     | 200     |
| Molasses Production                            | 143     | 145     | 119     |
| <b>MAGNESITE DIVISION ('000 MT)</b>            |         |         |         |
| Refractory Products production                 | 15      | 12      | 16      |
| Refractory Products Sales and Self Consumption | 17      | 17      | 15      |
| <b>ELECTRONICS DIVISION ('000 nos.)</b>        |         |         |         |
| Chip Capacitors Production                     | 146     | 260     | 812     |
| Chip Capacitors Sales                          | 146     | 260     | 812     |
| Chip Resistors Production                      | -       | -       | 7       |
| Chip Resistors Sales                           | -       | -       | 7       |
| <b>WIND FARM</b>                               |         |         |         |
| Installed Capacity (MW)                        | 16.5    | 16.5    | 16.5    |
| Production (Million Units)                     | 29      | 32      | 28      |
| Plant Load Factor                              | 19.8%   | 21.9%   | 19.5%   |
| <b>GOVAN TRAVELS</b>                           |         |         |         |
| Business Handled (₹ crores)                    | 24.7    | 27.5    | 25.7    |
| <b>CO-GENERATION</b>                           |         |         |         |
| Installed Capacity (MW)                        | 94      | 79      | 79      |
| Production (Million Units)                     | 354     | 364     | 320     |



## 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) Installation of low temperature evaporator modules for further reduction in steam consumption.
  - (ii) Installation of evaporative condenser in distillery to reduce steam and power consumption.
  - (iii) Replacement of GRPF drives with high efficiency ACVF drives.
- (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:  
Enabling the Company to save electrical energy and reduction in steam consumption by about 5% 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: ₹ 0.21 crores    (ii) Earned: ₹ 0.83 crores.

# Form 'A'

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

|   | Current Year<br>2013-14 | Previous Year<br>2012-13 |
|---|-------------------------|--------------------------|
| <b>A. Power And Fuel Consumption</b>                                |                         |                          |
| <b>1. ELECTRICITY:</b>  |                         |                          |
| <b>a) Purchased:</b>  |                         |                          |
| Units (KWH in million)  | 1.44                    | 1.22                     |
| Total Amount (₹ crores)   | 1.19                    | 0.91                     |
| Rate/Unit (₹)   | 8.27                    | 7.49                     |
| <b>b) Own Generation:</b>   |                         |                          |
| i) Through Diesel Generator:  |                         |                          |
| Units (KWH in million)  | 0.45                    | 0.38                     |
| KWH per Litre of HSD/FO   | 3.16                    | 2.49                     |
| Rate/Unit (₹)   | 21.45                   | 20.05                    |
| ii) Through Co-Gen Plant:   |                         |                          |
| Units (KWH in million)  | 73.20                   | 73.09                    |
| Total amount (₹ crores).  | 31.40                   | 30.54                    |
| Rate/Unit (₹)   | 4.29                    | 4.18                     |
| <b>2. COAL-SLACK/STEAM – GRADES B TO E, LIGNITE AND COKE BREEZE</b> |                         |                          |
| Quantity ('000 MT)  | NA                      | NA                       |
| Total Cost (₹ million)  | NA                      | NA                       |
| Average Rate (₹ / MT)   | NA                      | NA                       |
| <b>3. FURNACE OIL INCLUDING (LSHS &amp; HSD)</b>                    |                         |                          |
| Quantity (KL)   | 1298                    | 1020                     |
| Total Amount (₹ crores)   | 5.96                    | 4.43                     |
| Average Rate (₹ / KL)   | 45956                   | 43411                    |
| <b>4. OTHERS/INTERNAL GENERATION</b>                                |                         |                          |
| Units (KWH in million)  | 9.33                    | 5.91                     |
| Total Amount (₹ crores)   | 5.15                    | 6.24                     |
| Average Rate (₹ / MT)   | 5.52                    | 10.56                    |

## B. Consumption per unit of production:

| PRODUCT                                  | SUGAR              |                 |                  | REFRATORIES & REFRACTORY PRODUCTS |                 |                  |
|--|--------------------|-----------------|------------------|-----------------------------------|-----------------|------------------|
|  | Standard<br>If any | Current<br>Year | Previous<br>Year | Standard<br>If any                | Current<br>Year | Previous<br>Year |
| Electricity (Units/MT)                   |                    | 233             | 268              |                                   | 74              | 92               |
| Furnace Oil (including LSHS) (Litres/MT) |                    | N.A.            | N.A.             |                                   | 84              | 94               |
| Coal (Kgs. / MT)                         |                    | N.A.            | N.A.             |                                   | N.A.            | N.A.             |
| PRODUCT                                  | DISTILLERY         |                 |                  |                                   |                 |                  |
|  | Standard<br>If any | Current<br>Year | Previous<br>Year |                                   |                 |                  |
| Electricity (Units/MT)                   |                    | 259             | 251              |                                   |                 |                  |
| Diesel Oil (including LSHS) (KL /MT)     |                    | N.A.            | N.A.             |                                   |                 |                  |
| Coal (Kgs./MT)                           |                    | —               | —                |                                   |                 |                  |

**Research and Development (R & D)****1. Specific areas in which R&D is carried out by the Company:**

Development of neutral ramming mass for use in induction furnaces.

Development of low cement castables for steel and cement industry.

Development of new additives for patented high thermal shock resistant magnesite bricks to reduce thermal conductivity and apparent porosity.

Reducing water requirement in tundish spray mix for steel industry.

Development of vibro mass for use in tundish in steel industry.

Development of very high reliability multi-layer ceramic chip capacitors for space application.

**2. Benefits derived as a result of the above R&D:**

Higher life resulting in lower consumption of natural resources per unit of production.

Generation of new domestic and export markets.

**3. Future plans of action:**

Usage of sugar condensate in distillery to reduce fresh water drawal.

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

|   | (₹ crores) |
|---|------------|
| (a) Capital   | Nil        |
| (b) Recurring   | Negligible |
| (c) Contribution/Expenditure on Research and Development  | 0.10       |
| (d) Total   | 0.10       |
| (e) Total R&D Expenditure as a percentage of turnover<br>Above excludes material and other costs. | Negligible |

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

As above

**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 long. 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 of the Listing Agreement 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 of the Listing Agreement and mandated listed companies to comply with the revised Clause 49 of the Listing Agreement.

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

## Board of Directors

### Composition of the Board

As on 31<sup>st</sup> March 2014 the Company's Board comprised seven members — two Executive Directors, and five Non-executive Directors, of which three are Independent. Shri J.S. Bajjal, a Non-executive Independent Director, is appointed as the Chairman of the Board. The composition of the Board is in conformity with Clause 49 of the Listing Agreement, which stipulates that if the Chairman is a 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 comprise of Independent Directors, or else, 50 per cent of the Board should comprise Independent Directors.

### Number of Board Meetings

The Board of Directors met four times during the year on 27-5-2013, 8-8-2013, 31-10-2013 and 13-2-2014. The maximum gap between any two meetings was less than 4 months.

### Directors' Attendance Record and Directorships Held

As mandated by the Clause 49 of the Listing Agreement, 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 Chairmanship.

**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 |          |  |                         |                           |
| Shri J. S. Bajjal Chairman                  | Independent – Chairman        | 4                        | 4        | No       | 1  | 2                       | -                         |
| Shri M. Raghupathy                          | Independent and Non-Executive | 4                        | 4        | Yes      | 1  | --                      | -                         |
| Shri Jai H. Dalmia Vice-Chairman            | Executive                     | 4                        | 3        | No       | 6  | -                       | -                         |
| Shri Y.H. Dalmia * Vice-Chairman            | Executive                     | 4                        | 4        | No       | -  | -                       | -                         |
| Shri Gautam Dalmia Managing Director        | Executive                     | 4                        | 4        | No       | 3  | 1                       | -                         |
| Shri Puneet Yadu Dalmia * Managing Director | Executive                     | 4                        | 4        | No       | -  | -                       | -                         |
| Shri T. Venkatesan                          | Non-Executive                 | 4                        | 3        | No       | 5  | 2                       | 1                         |
| Shri P. Kannan                              | Independent and Non-Executive | 4                        | 4        | Yes      | -  | -                       | -                         |
| Shri B.B. Mehta                             | Non-Executive                 | 4                        | 4        | No       | 13   | -                       | -                         |

\* Shri Y.H. Dalmia and Shri Puneet Yadu Dalmia both resigned on 1-11-2013. Hence particulars of other Directorships not given.

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

# 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).



Shri Jai H. Dalmia and Shri Y.H. Dalmia are brothers; Shri Gautam Dalmia is the son of Shri Jai H. Dalmia and Shri Puneet Yadu Dalmia is the son of Shri Y.H. Dalmia.

As mandated by the revised Clause 49 of the Listing Agreement, 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.

# Report on Corporate Governance (Contd.)

**Table 2: Details of remuneration paid to Directors for 2013-14 (₹ Lakhs)**

| Name of the Director                         | Category                      | Sitting Fees | Salary and Perquisites | Retirement Benefits | Commission@ | Total  |
|--|-------------------------------|--------------|------------------------|---------------------|-------------|--------|
| Shri J.S. Bajjal<br>Chairman                 | Independent,<br>Non Executive | 1.70         | —                      | —                   | 0.11        | 1.81   |
| Shri M. Raghupathy                           | Independent,<br>Non Executive | 1.70         | —                      | —                   | 0.11        | 1.81   |
| Shri Jai H. Dalmia<br>Vice-Chairman          | Executive                     | —            | 34.42                  | 4.60                | —           | 39.02  |
| Shri Y.H. Dalmia<br>Vice-Chairman            | Executive                     | —            | 19.15                  | 91.56               | —           | 110.71 |
| Shri Gautam Dalmia<br>Managing Director      | Executive                     | —            | 3.63                   | 0.14                | —           | 3.77   |
| Shri Puneet Yadu Dalmia<br>Managing Director | Executive                     | —            | 4.22                   | 1.56                | —           | 5.78   |
| Shri T. Venkatesan                           | Non-Executive                 | 0.60         | —                      | —                   | —           | 0.60   |
| Shri P. Kannan                               | Independent,<br>Non-Executive | 1.70         | —                      | —                   | 0.11        | 1.81   |
| Shri B.B. Mehta                              | Non-Executive                 | 0.80         | —                      | —                   | —           | 0.80   |

@ 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 Shri Y.H. Dalmia, Vice Chairman, Shri Gautam Dalmia, Managing Director and Shri Puneet Yadu Dalmia, Managing Director were made for a period of five years effective 16<sup>th</sup> January 2012. The appointment of Shri Jai H. Dalmia, Vice Chairman, has been made for a period of five years with effect from 1<sup>st</sup> 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](http://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 31<sup>st</sup> March 2014, 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 31<sup>st</sup> March 2014, the Audit Committee comprises three members Shri P. Kannan, Shri M. Raghupathy, and Shri J.S. Bajjal, all of whom are independent Directors. Shri P. Kannan is the Chairman of the Audit Committee. The Audit Committee met four times during the year on 27-5-2013, 8-8-2013, 31-10-2013 and 13-2-2014. 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 2013-14**

| Name of Members    | Category    | Status   | No. of Meetings |          |
|--------------------|-------------|----------|-----------------|----------|
|                    |             |          | Held            | Attended |
| Shri P. Kannan     | Independent | Chairman | 4               | 4        |
| Shri M. Raghupathy | Independent | Member   | 4               | 4        |
| Shri J. S. Baijal  | Independent | Member   | 4               | 4        |

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. Shri K.V. Mohan, Company Secretary, is the Secretary to the Committee.

All members of the Audit Committee have requisite accounting and financial management expertise. Shri P. Kannan, the Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 24th August, 2013 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 judgement 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.

# Report on Corporate Governance (Contd.)

- 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 31<sup>st</sup> March 2014, the Remuneration Committee comprised, Shri J.S. Bajjal and Shri M. Raghupathy and Shri P. Kannan, all independent Directors. The Remuneration Committee met once during the year on 27-5-2013. 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 2013-14**

| Name of Members    | Category    | Status   | No. of Meetings |          |
|--------------------|-------------|----------|-----------------|----------|
|                    |             |          | Held            | Attended |
| Shri J. S. Bajjal  | Independent | Chairman | 1               | 1        |
| Shri P. Kannan     | Independent | Member   | 1               | 1        |
| Shri M. Raghupathy | Independent | Member   | 1               | 1        |

## c) Shareholders Grievance Committee

The Shareholders Grievance Committee comprised Shri J. S. Bajjal, (Independent Director) as its Chairman, and Shri Gautam Dalmia as its member. 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, 141 complaints were received from investors and all of them were resolved. 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 2013-14**

| Nature of Complaint                                     | Pending as on 1 <sup>st</sup> April 2013 | Received during the year | Answered during the year | Pending as on 31 <sup>st</sup> March 2014 |
|---|--|--------------------------|--------------------------|---|
| 1. Transfer / Transmission / Duplicate                  | Nil                                      | 7                        | 7                        | Nil                                       |
| 2. Non-receipt of Dividend/Interest/Redemption Warrants | Nil                                      | 105                      | 105                      | Nil                                       |
| 3. Non-receipt of securities/electronic credits         | Nil                                      | 22                       | 22                       | Nil                                       |
| 4. Non-receipt of Annual Report                         | Nil                                      | 7                        | 7                        | Nil                                       |
| 5. Complaints received from:                            |  |                          |                          |   |
| - Securities and Exchange Board of India                | Nil                                      | -                        | -                        | Nil                                       |
| - Stock Exchanges                                       | Nil                                      | -                        | -                        | Nil                                       |
| - Registrar of Companies/ Department of Company Affairs | Nil                                      | -                        | -                        | Nil                                       |
| 6. Others   | Nil                                      | -                        | -                        | Nil                                       |
| <b>Total</b>  | Nil                                      | 141                      | 141                      | Nil                                       |



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

- Shri K.V. Mohan, Company Secretary; and
- Shri R. Gururajan, Asst. Executive Director (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 31-3-2014, the Finance Committee comprises of Shri Jai H. Dalmia, Shri Gautam Dalmia and Shri J.S. Bajjal (Independent Director) as its Members. The Committee did not meet at any time during the year.

## e) Investment Committee

As at 31<sup>st</sup> March, 2014, the Investment Committee formed by the Board of Directors in their Meeting held on 28th May, 2009, comprised of Shri Jai H. Dalmia, and

Shri Gautam Dalmia, Shri Yadu Hari Dalmia and Shri Puneet Yadu Dalmia, who were its Members, ceased to be Members of this Committee consequent upon their resignation as Director(s) of the Company. The Committee did not meet at any time during the year.

## Subsidiary Companies

Clause 49 of the Listing Agreement 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 31<sup>st</sup> March 2014, under this definition, DBSIL does not have a 'material non-listed Indian subsidiary'.

## Shares and Convertible Instruments held by Non-Executive Directors

Table 6 gives details of the shares and convertible instruments held by the Non-Executive Directors as on 31st March 2014.

**Table 6: Details of the shares and convertible instruments held by the Non-Executive Directors as on 31<sup>st</sup> March, 2014**

| Name of the Director | Category                   | Number of shares held | Number of convertible instruments held |
|----------------------|----------------------------|-----------------------|--|
| Shri J.S. Bajjal     | Independent, Non-Executive | Nil                   | Nil                                    |
| Shri M. Raghupathy   | Independent, Non-Executive | Nil                   | Nil                                    |
| Shri T. Venkatesan   | Non-Executive              | Nil                   | Nil                                    |
| Shri P. Kannan       | Independent, Non-Executive | 2,730                 | Nil                                    |
| Shri 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. 44 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.

# Report on Corporate Governance (Contd.)

## 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 provisions of section 149 of the Companies Act, 2013, the appointment of the three Independent Directors on the Board, namely, Shri J.S. Bajjal, Shri M. Raghupathy and Shri P. Kannan, for a period of 5 years will come up for consideration at the ensuing AGM. Each of the said Independent Directors have given their affirmation of Independence as also confirmed that each of them are not disqualified from being appointed as a Director of the Company by furnishing requisite declaration as required under section 164(2) of the Companies Act, 2013.

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, Shri T. Venkatesan, Director of the Company retires by rotation and is eligible for re-appointment.

## 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 forty five days 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. The Company also publishes its annual audited results in these newspapers within the stipulated period.

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

**Table 7: Details of last three AGMs**

| Financial year | Date                          | Time       | Location   |
|----------------|-------------------------------|------------|--|
| 2012-13        | 24 <sup>th</sup> August, 2013 | 10.30 a.m. | Community Centre, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu, 621651. |
| 2011-12        | 18 <sup>th</sup> August, 2012 | 10.00 a.m. | Community Centre, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu, 621651. |
| 2010-11        | 26 <sup>th</sup> August, 2011 | 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 8.

**Table 8: Details of Special Resolutions passed in last three Annual General Meetings**

| Date of Meeting               | Type of Meeting | Particulars   |
|-------------------------------|-----------------|---|
| 24 <sup>th</sup> August, 2013 | AGM             | <ul style="list-style-type: none"> <li>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 ₹ 50 crores which upon conversion of all securities would give rise to the issue of equity capital of an aggregate face value of ₹ 2 crores.</li> </ul>   |
| 18 <sup>th</sup> August, 2012 | AGM             | <ul style="list-style-type: none"> <li>Re-appointment of Shri Jai H. Dalmia as the Managing Director designated as Vice-Chairman of the Company for a period of 5 years with effect from 1<sup>st</sup> April, 2012;</li> <li>Re-appointment of Shri Y.H. Dalmia as the Managing Director designated as Vice-Chairman of the Company for a period of 5 years with effect from 16<sup>th</sup> January, 2012;</li> <li>Re-appointment of Shri Gautam Dalmia as the Managing Director designated as Managing Director of the Company for a period of 5 years with effect from 16<sup>th</sup> January, 2012;</li> </ul> |

| Date of Meeting   | Type of Meeting | Particulars  |
|-------------------|-----------------|--|
|                   |                 | <ul style="list-style-type: none"> <li>Re-appointment of Shri Jai H. Dalmia as the Managing Director designated as Managing Director for a period of 5 years with effect from 16<sup>th</sup> January, 2012;</li> <li>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 ₹ 50 crores which upon conversion of all securities would give rise to the issue of equity capital of an aggregate face value of ₹ 2 crores.</li> <li>Resolution seeking approval of shareholders pursuant to section 309 of the Companies Act, 1956 for payment of commission calculated at 1% of the net profits of the Company for a period of 5 years commencing from the financial year ended 31<sup>st</sup> March, 2013 onwards. Such commission to be distributed amongst the Directors in the manner they deem fit.</li> </ul> |
| 26th August, 2011 | AGM             | <ul style="list-style-type: none"> <li>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 crores which upon conversion of all securities would give rise to the issue of equity capital of an aggregate face value of ₹ 4 crores.</li> <li>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.</li> </ul>  |

## Postal Ballot

During the year ended 31<sup>st</sup> March 2014, 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 of the Listing Agreement.

### 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: 30<sup>th</sup> August, 2014

Time: 11.30 a.m.

Venue: Community Centre Premises,  
Dalmiapuram -621651, Dist. Tiruchirapalli, Tamil Nadu

### Financial Calendar

Financial year: 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015

For the year ended 31<sup>st</sup> March 2015, results will be announced on:

- First quarter: By mid-August, 2014
- Second quarter: By mid-November, 2014
- Third quarter: By mid-February, 2015
- Fourth quarter: By end May, 2015

### Book Closure

The dates of book closure are from 26<sup>th</sup> August, 2014 to 30<sup>th</sup> August 2014 inclusive of both days.

### Dividend Payment

In view of the inadequacy of profits, the Directors have decided to skip payment of dividend this year.

### Listing

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

- The Madras Stock Exchange Association Limited,  
Exchange Building,  
Post Box No. 183,  
11, Second Line Beach,  
CHENNAI - 600001.
- Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI - 400001.

# Report on Corporate Governance (Contd.)

- 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 2014-15 has been paid to all the above Stock Exchanges. The annual custodial fees for the year 2014-15 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 2013-14 at BSE and NSE**

| Month           | BSE   |       |       | NSE   |       |       |
|-----------------|-------|-------|-------|-------|-------|-------|
|                 | High  | Low   | Close | High  | Low   | Close |
| April, 2013     | 18.00 | 13.50 | 14.25 | 17.95 | 13.55 | 14.30 |
| May, 2013       | 15.40 | 13.51 | 13.90 | 15.00 | 12.85 | 14.40 |
| June, 2013      | 15.99 | 13.45 | 13.99 | 15.75 | 13.25 | 14.30 |
| July, 2013      | 15.50 | 13.35 | 13.80 | 15.40 | 13.30 | 13.85 |
| August, 2013    | 15.15 | 13.00 | 13.50 | 15.50 | 13.00 | 13.35 |
| September, 2013 | 16.50 | 13.65 | 15.45 | 16.20 | 13.70 | 15.50 |
| October, 2013   | 17.50 | 15.25 | 16.20 | 19.50 | 15.30 | 16.20 |
| November, 2013  | 17.30 | 14.15 | 15.70 | 17.50 | 14.50 | 15.95 |
| December, 2013  | 18.60 | 12.70 | 15.25 | 17.50 | 15.05 | 15.35 |
| January, 2014   | 17.30 | 11.90 | 12.25 | 16.50 | 11.90 | 12.25 |
| February, 2014  | 13.40 | 11.20 | 12.57 | 13.35 | 11.60 | 12.60 |
| March, 2014     | 20.95 | 12.00 | 15.80 | 19.00 | 12.25 | 15.70 |

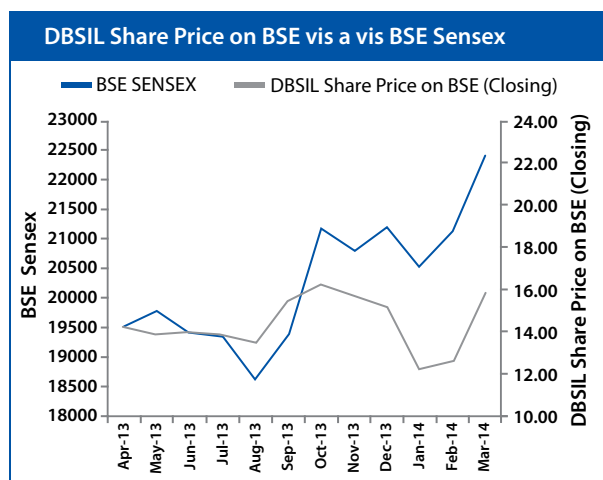
**Table 2: Stock Performance over past 5 years**

|         | % of Change in  |     |        |       |                            |       |
|---------|-----------------|-----|--------|-------|----------------------------|-------|
|         | Company's Share |     | Sensex | Nifty | Company in comparison with |       |
|         | BSE             | NSE |        |       | Sensex                     | Nifty |
| 2013-14 | 9               | 12  | 19     | 18    | -10                        | -6    |
| 2 years | 17              | 14  | 29     | 27    | -12                        | -13   |
| 3 years | -37             | -35 | 15     | 15    | -52                        | -50   |
| 5 years | -36             | -36 | 131    | 122   | -167                       | -158  |

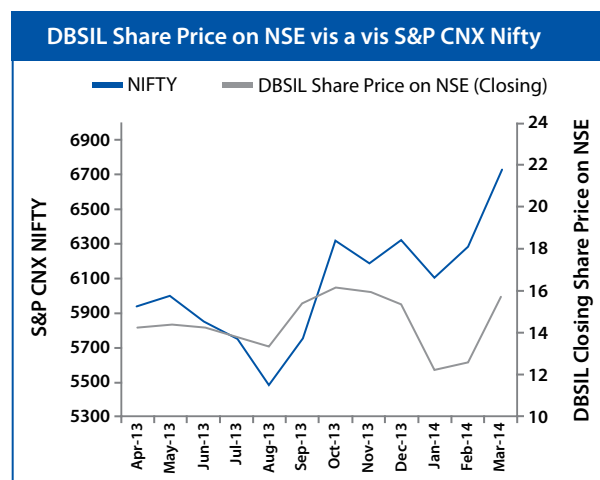
Note: The stock performance of Company's shares have been calculated on the closing prices after (a) considering the impact of the Scheme of Arrangement; and (b) conversion of warrants and are thus not strictly comparable



**Chart A: DBSIL's Share Performance versus BSE SENSEX**



**Chart B: DBSIL's Share Performance versus NIFTY**



## 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 31<sup>st</sup> March 2014

**Table 3: Shareholding pattern by size**

| No. of Equity Shares held | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|---------------------------|---------------------|-------------------|--------------------|-------------------|
| 1-500                     | 10476               | 73.62             | 1547184            | 1.91              |
| 501-1000                  | 1540                | 10.82             | 1195577            | 1.48              |
| 1001-2000                 | 1098                | 7.72              | 1641863            | 2.03              |
| 2001-3000                 | 361                 | 2.54              | 909875             | 1.12              |
| 3001-4000                 | 204                 | 1.43              | 735340             | 0.91              |
| 4001-5000                 | 132                 | 0.93              | 605548             | 0.75              |
| 5001-10000                | 221                 | 1.55              | 1538186            | 1.90              |
| 10001 and above           | 198                 | 1.39              | 72765730           | 89.90             |
| <b>Total</b>              | <b>14230</b>        | <b>100.00</b>     | <b>80939303</b>    | <b>100.00</b>     |

# Report on Corporate Governance (Contd.)

**Table 4: Shareholding Pattern by ownership**

| Particulars                     | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|---------------------------------|---------------------|-------------------|--------------------|-------------------|
| Promoters @                     | 20                  | 0.14              | 13176820           | 16.28             |
| Promoter Bodies Corporate @     | 27                  | 0.19              | 47458302           | 58.63             |
| Central/State Governments       | 4                   | 0.03              | 128155             | 0.16              |
| Financial Institutions          | 2                   | 0.01              | 1601246            | 1.98              |
| Mutual Funds                    | 1                   | 0.01              | 2500               | 0.00              |
| Foreign Institutional Investors | -                   | -                 | -                  | -                 |
| Insurance Companies             | 1                   | 0.01              | 185110             | 0.23              |
| Bodies Corporate                | 337                 | 2.37              | 2820182            | 3.48              |
| Overseas Body Corporates        | -                   | -                 | -                  | -                 |
| Foreign Corporate Bodies        | -                   | -                 | -                  | -                 |
| NRI/Foreign Nationals           | 123                 | 0.86              | 156252             | 0.19              |
| Individuals/Others              | 13715               | 96.38             | 15410736           | 19.04             |
| <b>Total</b>                    | <b>14230</b>        | <b>100.0</b>      | <b>80939303</b>    | <b>100.00</b>     |

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 31<sup>st</sup> March 2014, 96.11% shares of the Company were held in the dematerialised form. As on 31-3-2014, all shares are held by the Promoters in dematerialised form.

Karvy Computershare Private Limited,  
Plot Nos. 17 to 24, Vittal Rao Nagar,  
Madhapur,  
HYDERABAD - 500081.

## 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:

## 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 15 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.

**Electronics Division:**

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

**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)

Shri Dutta Sakhar Karkhana  
Village Asurle Porle,  
Panhala Taluka,  
District Kolhapur  
(Maharashtra State)

**Wind Farm Unit:**

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

# Auditor's Certificate on Corporate Governance

**To The Members,**

**Dalmia Bharat Sugar and Industries Limited**

We have reviewed the implementation of Corporate Governance procedures by **Dalmia Bharat Sugar and Industries Limited ('the Company')** during the year ended March 31, 2014 as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges, with the relevant records and documents maintained by the company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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 and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned clause in 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.**

Chartered Accountants

Firm Registration No. 000756N

**(Arun K. Tulsian)**

Partner

Membership No. 089907

Place: New Delhi

Dated: May 16, 2014

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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 the 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

Dated: May 16, 2014

**Gautam Dalmia**

Managing Director



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, 2014 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  
Dated: May 16, 2014

**Anil Kataria**  
Chief Financial Officer

**Gautam Dalmia**  
Managing Director

# Independent Auditors' Report

## To the Members of Dalmia Bharat Sugar and Industries Limited

### Report on the Financial Statements

We have audited the accompanying Financial Statements of **Dalmia Bharat Sugar and Industries Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and Notes to Financial Statements comprising of a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In case of Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In case of Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditors' Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub – section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 ; and
  - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **S. S. Kothari Mehta & Co.**  
Chartered Accountants  
FRN – 000756N

**Arun K. Tulsian**  
Partner  
Membership No. 89907

Date: May 16, 2014  
Place: New Delhi

# Annexure Referred to in 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 which have been verified with reference to correspondence of third parties. 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 Act. 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 one company covered in the register maintained under section 301 of the Act. The maximum amount outstanding during the year is ₹ 95.50 Crores and the year end balance of such loan is ₹ 50 Crores.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms & 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) According to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, 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 Act 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 where such market prices are available.
- (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 Act including the 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 Act, 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.

# Annexure Referred to in our Report of even date (Contd.)

- (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 the forum where the dispute is pending, are as follows:

| Name of the Statute      | Period to which the amount relates | Nature of Dues                                       | Forum Where dispute is pending.          | Amount (in Crores) |
|--------------------------|------------------------------------|--|--|--------------------|
| Central Excise Act, 1944 | June 2005 to September 2005        | Cenvat Credit on Cement & Steel                      | Allahabad High Court                     | 0.04               |
| Central Excise Act, 1944 | 2009-10                            | Loss on Reprocessing of Finished Goods               | Allahabad High Court                     | 0.03               |
| Central Excise Act, 1944 | 2003-04                            | Loss on Reprocessing of Finished Goods               | CESTAT, Delhi                            | 0.02               |
| Central Excise Act, 1944 | 2006-07 to Till Date               | Demand of duty on Multilayer Ceramic Chip capacitors | CESTAT, Bangalore                        | 0.05               |
| Central Excise Act, 1944 | 2006 to Till Date                  | Cenvat Credit on Cement & Steel                      | CESTAT, Delhi                            | 6.28               |
| Central Excise Act, 1944 | 2006 to Till Date                  | Cenvat Credit on Cement & Steel                      | Commissioner (A) LTU, New Delhi          | 0.57               |
| Central Excise Act, 1944 | July 2002 to June 2010             | Demand of duty on Bagass & electricity sale          | CESTAT, Delhi                            | 16.75              |
| Central Excise Act, 1944 | April 2010 to June 2010            | Demand of duty on Bagass & electricity sale          | Dy. Commissioner LTU, New Delhi          | 0.05               |
| Central Excise Act, 1944 | September 2004 to March 13         | Demand of duty on Molasses                           | Commissioner (A) LTU, New Delhi          | 19.34              |
| Central Excise Act, 1944 | July 2007, to March 2010           | Demand on Storage Loss of finished goods             | CESTAT, Delhi                            | 0.06               |
| Central Excise Act, 1944 | April 2007 to November 2008        | Demand on Storage Loss of finished goods             | Commissioner (A) LTU, New Delhi          | 0.13               |
| Central Excise Act, 1944 | 2009-10                            | Demand on Storage Loss of finished goods             | Dy. Commissioner LTU, New Delhi          | 0.07               |
| Central Excise Act, 1944 | March 2006 to March 2013           | Disallowance of Cenvat Credit                        | CESTAT, Delhi                            | 0.42               |
| Central Excise Act, 1944 | April 2010 to September 2012       | Disallowance of Cenvat Credit                        | Dy. Commissioner LTU, New Delhi          | 0.38               |
| Central Excise Act, 1944 | April 2011 to September 2012       | Disallowance of Cenvat Credit                        | Suptd, LTU New Delhi                     | 0.05               |
| Central Sales Tax        | 2007-08 and 2009-10                | Sales tax Assessment                                 | Dy. Commissioner (Assessment)-II Sitapur | 1.92               |
| Central Sales Tax        | 2007-2012                          | Entry Tax  | Add. Commissioner (Appeal) Sitapur       | 0.73               |
| Central Sales Tax        | 2006-07, 2007-08                   | Entry Tax  | Dy. Commissioner (Assessment)-II Sitapur | 1.85               |
| Central Sales Tax        | 2001-02                            | Entry Tax  | Allahabad High Court                     | 0.03               |
| Central Sales Tax        | 2011-12 to 2013-14                 | Entry Tax  | Dy. Commissioner Lucknow                 | 0.02               |
| Central Sales Tax        | 2001-02 & 2005-06                  | Purchase Tax   | Joint Commissioner (Sale Tax) Kolhapur   | 0.26               |
| Central Sales Tax        | 2013-14                            | Entry tax  | Joint Commissioner, Bareilly             | 0.02               |
| Central Sales Tax        | 2013-14                            | Entry tax  | Joint Commissioner, Muradabad            | 0.01               |
| Finance Act, 1994        | 2013-14                            | Disallowance of Service tax credit                   | CESTAT, Delhi                            | 0.13               |
| Finance Act, 1994        | October 2004 to March 2011         | Disallowance of Service tax credit                   | CESTAT, Delhi                            | 1.39               |



# Annexure Referred to in our Report of even date (Contd.)

| Name of the Statute  | Period to which the amount relates | Nature of Dues                     | Forum Where dispute is pending.           | Amount (in Crores) |
|----------------------|------------------------------------|------------------------------------|---|--------------------|
| Finance Act, 1994    | 2008 to 2013                       | Demand on Services Received        | Addl. Commissioner LTU, New Delhi         | 0.36               |
| Finance Act, 1994    | 2006 to 2010                       | Disallowance of Service tax credit | Commissioner (A) LTU, New Delhi           | 0.09               |
| Finance Act, 1994    | March 06 to September 2011         | Disallowance of Service tax credit | Dy. Commissioner LTU, New Delhi           | 0.60               |
| Finance Act, 1994    | 2008 to 2013                       | Demand on Services Received        | Dy. Commissioner LTU, New Delhi           | 0.27               |
| Finance Act, 1994    | April 2010 to March 2012           | Disallowance of Service tax credit | Suptd, LTU New Delhi                      | 0.13               |
| Finance Act, 1994    | November 2010 to December 2011     | Demand on Services Received        | Suptd, LTU New Delhi                      | 0.02               |
| Income Tax Act, 1961 | 2006-07 and 2009-10                | Income tax                         | CIT(A)- LTU New Delhi                     | 20.79              |
| Income Tax Act, 1961 | 2011-12                            | Income tax                         | Dy. Commissioner Income Tax LTU New Delhi | 2.40               |
| Income Tax Act, 1961 | 2010-11                            | TDS                                | CIT – Bareilly, U.P.                      | 0.01               |
| UP VAT Act           | 2007-08, 2009-10                   | UP VAT                             | Dy. Commissioner (Assessment)-II Sitapur  | 0.39               |

- (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 financial institutions, 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 Act.
- (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  
FRN – 000756N

**Arun K. Tulsian**  
Partner  
Membership No. 89907

Date: May 16, 2014  
Place: New Delhi

# Balance Sheet

as at March 31, 2014

|                                 |       | (₹ Crore)               |                         |
|---------------------------------|-------|-------------------------|-------------------------|
|                                 | Notes | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| <b>EQUITY &amp; LIABILITIES</b> |       |                         |                         |
| <b>Shareholders' Funds</b>      |       |                         |                         |
| Share Capital                   | 2     | 16.19                   | 16.19                   |
| Reserves and Surplus            | 3     | 444.52                  | 441.00                  |
|                                 |       | <b>460.71</b>           | <b>457.19</b>           |
| <b>Non- Current Liabilities</b> |       |                         |                         |
| Long-Term Borrowings            | 4     | 526.66                  | 343.04                  |
| Deferred Tax Liability (Net)    | 5     | 78.80                   | 79.36                   |
| Other Long-Term Liabilities     | 6     | 6.36                    | 4.77                    |
| Long-Term Provisions            | 7     | 2.39                    | 1.92                    |
|                                 |       | <b>614.21</b>           | <b>429.09</b>           |
| <b>Current Liabilities</b>      |       |                         |                         |
| Short-term Borrowings           | 8     | 223.15                  | 412.08                  |
| Trade Payables                  | 9     | 282.75                  | 249.89                  |
| Other Current Liabilities       | 10    | 133.21                  | 115.35                  |
| Short-Term Provisions           | 11    | 2.45                    | 4.96                    |
|                                 |       | <b>641.56</b>           | <b>782.28</b>           |
| <b>Total</b>                    |       | <b>1716.48</b>          | <b>1668.56</b>          |
| <b>ASSETS</b>                   |       |                         |                         |
| <b>Non-Current Assets</b>       |       |                         |                         |
| <b>Fixed Assets</b>             |       |                         |                         |
| Tangible Assets                 | 12    | 763.67                  | 635.21                  |
| Intangible Assets               | 12    | 3.64                    | 0.14                    |
| Capital Work-in-Progress        |       | 13.43                   | 16.51                   |
|                                 |       | <b>780.74</b>           | <b>651.86</b>           |
| Non-Current Investments         | 13    | 14.45                   | 16.53                   |
| Long Term Loans and Advances    | 14    | 112.57                  | 125.37                  |
| Other Non-Current Assets        | 15    | 2.29                    | 0.23                    |
|                                 |       | <b>129.31</b>           | <b>142.13</b>           |
| <b>Current Assets</b>           |       |                         |                         |
| Current Investments             | 16    | 63.48                   | 43.97                   |
| Inventories                     | 17    | 629.31                  | 720.00                  |
| Trade Receivables               | 18    | 18.18                   | 57.72                   |
| Cash and Cash Equivalents       | 19    | 47.69                   | 26.84                   |
| Short-Term Loans and Advances   | 20    | 31.64                   | 13.11                   |
| Other Current Assets            | 21    | 16.13                   | 12.93                   |
|                                 |       | <b>806.43</b>           | <b>874.57</b>           |
| <b>Total</b>                    |       | <b>1716.48</b>          | <b>1668.56</b>          |
| 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 Mehta & Co.**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Dalmia Bharat Sugar and Industries Limited**

per **Arun K. Tulsian**

Partner  
Membership No.: 89907

**K V Mohan**

Company Secretary

**Anil Kataria**

Deputy Executive Director  
(Finance & Accounts)

**J. S. Baijal**

Director

**Gautam Dalmia**

Managing Director

Place : New Delhi  
Date: May 16, 2014

# Statement of Profit and Loss

for the year ended March 31, 2014



|  |       |                                      | (₹ Crore)                            |
|--|-------|--------------------------------------|--------------------------------------|
|  | Notes | For the year ended<br>March 31, 2014 | For the year ended<br>March 31, 2013 |
| <b>Income</b>  |       |                                      |                                      |
| Revenue from Operations (Gross)  | 22    | 1235.12                              | 1031.18                              |
| Less: Excise Duty  |       | 43.62                                | 33.62                                |
| Revenue from Operations (Net)  |       | <b>1191.50</b>                       | <b>997.56</b>                        |
| Other Income   | 23    | 19.71                                | 16.32                                |
| <b>Total</b>   |       | <b>1211.21</b>                       | <b>1013.88</b>                       |
| <b>Expenses</b>  |       |                                      |                                      |
| Cost of Raw Materials consumed   | 24    | 824.69                               | 817.70                               |
| (Increase) / Decrease in inventories of Finished Goods,<br>Work in Progress and Traded Goods | 25    | 86.14                                | (131.01)                             |
| Employee Benefit Expenses  | 26    | 65.16                                | 53.41                                |
| Other Expenses   | 27    | 107.69                               | 107.54                               |
| Finance Costs  | 28    | 75.64                                | 65.55                                |
| Depreciation and Amortization Expenses   | 12    | 49.49                                | 73.01                                |
| Less: Transferred from Revaluation Reserve   |       | 0.19                                 | 0.21                                 |
| Net Depreciation and Amortization Expenses   |       | 49.30                                | 72.80                                |
| <b>Total</b>   |       | <b>1208.62</b>                       | <b>985.99</b>                        |
| <b>Profit before tax and exceptional items</b>   |       | <b>2.59</b>                          | <b>27.89</b>                         |
| Less : Exceptional Items (Net-Gain/(Loss))   |       | -                                    | (8.92)                               |
| <b>Profit Before Tax</b>   |       | <b>2.59</b>                          | <b>18.97</b>                         |
| Tax Expense:   |       |                                      |                                      |
| Current tax  |       | 0.62                                 | 3.79                                 |
| Mat Credit (Entitlement) / Charge  |       | (0.62)                               | (3.79)                               |
| Deferred Tax   |       | (0.56)                               | 0.62                                 |
| Prior Year Tax Charge / (written back)   |       | 0.12                                 | -                                    |
| <b>Total of Tax Expenses</b>   |       | <b>(0.44)</b>                        | <b>0.62</b>                          |
| <b>Profit After Tax</b>  |       | <b>3.03</b>                          | <b>18.35</b>                         |
| Earning per Share  |       |                                      |                                      |
| Basic and Diluted Earning per Share (in ₹)<br>[Nominal Value of Share ₹ 2 (₹ 2) each]        | 29    | <b>0.37</b>                          | <b>2.27</b>                          |
| 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 Mehta & Co.**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Dalmia Bharat Sugar and Industries Limited**

**per Arun K. Tulsian**  
Partner  
Membership No.: 89907

**K V Mohan**  
Company Secretary

**Anil Kataria**  
Deputy Executive Director  
(Finance & Accounts)

**J. S. Baijal**  
Director

**Gautam Dalmia**  
Managing Director

Place : New Delhi  
Date: May 16, 2014

# Notes to Financial Statements

## for the year ended March 31, 2014

### 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) read with General Circular No. 15/2013 dated 13th September, 2013 and General Circular No. 8/2014 dated 4th April 2014 issued by Ministry of Corporate Affairs 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 results 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) excluding Boiler machinery in Power Plants. | 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. |
| Remaining Fixed Assets  | Written Down Value Method  |
| Computer Software   | Amortised over a period of 3-5 years on a Straight line basis.                                       |
| Other Intangible Assets   | Amortised over a period of maximum 10 years on a straight line basis.                                |

#### 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.

## 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

- 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.
- 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 are due. Shortfall in the funds, if any, is adequately provided for by the Company.
- 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.
- Actuarial gains/losses are immediately taken to Statement of Profit and Loss and are not deferred.
- 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

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

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

- 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 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 (Contd.)

## for the year ended March 31, 2014

### 2. Share Capital

(₹ Crore)

|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--|-------------------------|-------------------------|
| <b>Authorised :</b>  |                         |                         |
| 11,47,26,820 (11,47,26,820) Ordinary (Equity) 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                   |
|  | <b>40.00</b>            | <b>40.00</b>            |
| <b>Issued, Subscribed and Fully Paid Up :</b>                      |                         |                         |
| 8,09,39,303 (8,09,39,303) Ordinary (Equity) Shares of ₹ 2/- each   | 16.19                   | 16.19                   |
|  | <b>16.19</b>            | <b>16.19</b>            |

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

|                                | 2013-14       |         | 2012-13       |         |
|--------------------------------|---------------|---------|---------------|---------|
|                                | 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 (Equity) shares

The Company has only one class of ordinary (equity) shares having a face value of ₹.2 per share. Each ordinary (equity) shareholder is entitled to one vote per share.

During the year ended March 31, 2014 the amount of dividend per share recognised as distribution to ordinary (equity) shareholders is ₹ NIL (₹ 0.25).

In the event of winding-up of the company, the ordinary (equity) 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 (equity) shares.

#### (c) Details of shareholders holding more than 5% shares in the company

|   | 2013-14       |           | 2012-13       |           |
|---|---------------|-----------|---------------|-----------|
|   | No. of Shares | % Holding | No. of Shares | % Holding |
| <b>Ordinary (Equity) shares of Rs. 2 each fully paid up</b> |               |           |               |           |
| Mayuka Investment Limited                                   | 14,736,537    | 18.21%    | 17,736,537    | 21.91%    |
| Sita Investment Company Limited                             | 5,876,800     | 7.26%     | 5,876,800     | 7.26%     |
| Ankita Pratisthan Limited                                   | 5,829,070     | 7.20%     | 5,829,070     | 7.20%     |
| Shri Yadu Hari Dalmia                                       | 4,541,880     | 5.61%     | 4,541,880     | 5.61%     |
| Dalmia Bharat Limited                                       | 14,829,764    | 18.32%    | 14,829,764    | 18.32%    |

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

### 3. Reserves and Surplus

|   | (₹ Crore)               |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| <b>Capital Reserve</b>  |                         |                         |
| Opening Balance as per last financial statements                                      | 1.76                    | 0.35                    |
| Add: Addition during the year   | 0.68                    | 1.41                    |
| Closing Balance   | <b>2.44</b>             | <b>1.76</b>             |
| <b>Revaluation Reserve</b>  |                         |                         |
| Opening Balance as per last financial statements                                      | 4.52                    | 4.73                    |
| Less: Amount transferred to Statement of Profit & Loss as reduction from depreciation | 0.19                    | 0.21                    |
| Closing Balance   | <b>4.33</b>             | <b>4.52</b>             |
| <b>General Reserve</b>  |                         |                         |
| Opening Balance as per last financial statements                                      | 0.54                    | 0.08                    |
| Add: Amount transferred from surplus balance in Statement of Profit & Loss            | -                       | 0.46                    |
| Closing Balance   | <b>0.54</b>             | <b>0.54</b>             |
| <b>Debenture Redemption Reserve</b>   |                         |                         |
| Opening Balance as per last financial statements                                      | 21.87                   | 18.75                   |
| Add: Amount transferred from surplus balance in the Statement of Profit & Loss        | 3.13                    | 3.12                    |
| Closing Balance   | <b>25.00</b>            | <b>21.87</b>            |
| <b>Surplus in the Statement of Profit and Loss</b>                                    |                         |                         |
| Balance as per last financial statements  | 412.31                  | 399.90                  |
| Profit for the year   | 3.03                    | 18.35                   |
| Less: Appropriations  |                         |                         |
| (i) Transfer to Debenture Redemption Reserve  | 3.13                    | 3.12                    |
| (ii) Transfer to General Reserve  | -                       | 0.46                    |
| (iii) Proposed Dividend on Ordinary Shares  | -                       | 2.02                    |
| (iv) Dividend Distribution Tax  | -                       | 0.34                    |
| Total Appropriations  | 3.13                    | 5.94                    |
| <b>Net Surplus in the Statement of Profit and Loss</b>                                | 412.21                  | 412.31                  |
| <b>Total Reserves and Surplus</b>   | <b>444.52</b>           | <b>441.00</b>           |

### 4. Long Term Borrowings

|   | (₹ Crore)               |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| <b>Secured</b>  |                         |                         |
| A. Redeemable Non-Convertible Debentures                  | 100.00                  | 100.00                  |
| Less: Shown in Current Maturities of Long Term Borrowings | 33.33                   | 66.67                   |
| B. Term Loans:  |                         |                         |
| i. From Banks   | 435.66                  | 200.00                  |
| Less: Shown in Current Maturities of Long Term Borrowings | 10.00                   | 10.00                   |
| ii. From Others   | 53.04                   | 73.73                   |
| Less: Shown in Current Maturities of Long Term Borrowings | 18.71                   | 20.69                   |
|   | <b>526.66</b>           | <b>343.04</b>           |



# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

### 1) Debentures referred to in A above to the extent of :

10.26%, Series XII ₹ 100 crore (₹ 100 crore) are secured by mortgage and first charge on pari-passu basis on all the immovable and movable assets (both current and future) excluding current assets of the sugar units of the company at Jawaharpur and Nigohi, redeemable in three yearly equal installments commencing from September 30, 2014.

### 2) Term Loans from Banks referred to in B (i) above to the extent of :

₹ 190 crore (₹ 200 crore) is secured by subservient charge on entire fixed assets excluding vehicles of company's sugar units at Jawaharpur and Nigohi and subservient charge on plant & machinery at Ramgarh Sugar unit. The same is repayable in five yearly unequal installments ranging from ₹ 10 crore to ₹ 60 crore each, commencing from December 2013, carrying interest @ Base rate + 1% (Present 11.20%).

₹ 167.46 crore (₹ NIL) is secured by mortgage on immovable property being Land & Building, structure, plant & machinery of shri Datta Sakhar Karkhana (unit Asurle Porle). The same is repayable in thirty unequal installments ranging from ₹ 4 crore to ₹ 5.50 crore each, commencing from March 2016, carrying interest @ Base rate + 1.5% (Present 11.70%).

₹ 78.20 crore (₹ NIL), interest free loan (availed under "Scheme for Extending Financial Assistance to Sugar Undertaking 2014" of Govt of India) is secured by second charge on pari passu basis with SDF lenders and Allahabad Bank on entire fixed assets of the company's sugar units. The same is repayable in twelve quarterly equal installments commencing from June 2016.

### 3) Term Loan from others referred to in B (ii) above to the extent of :

₹ 53.04 crore (₹ 73.73 crore) which consist of various loans and are secured by second exclusive charge on movable and immovable properties of the sugar units at Ramgarh, Jawaharpur and Nigohi. The same is repayable in unequal installments in the range of ₹ 1.33 crore to ₹ 20.08 crore per year till FY 2018-19 and carry interest in the range of 4% to 7.50%.

## 5. Deferred Tax

(₹ Crore)

|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--|-------------------------|-------------------------|
| Deferred Tax Assets/ Liabilities are attributable to the following items : |                         |                         |
| <b>Liabilities</b>   |                         |                         |
| Depreciation   | 95.16                   | 86.05                   |
|  | 95.16                   | 86.05                   |
| <b>Assets</b>  |                         |                         |
| Voluntary retirement expenses  | 0.19                    | 0.25                    |
| Expenses allowable for tax purpose when paid & unabsorbed depreciation     | 16.17                   | 6.44                    |
|  | <b>16.36</b>            | <b>6.69</b>             |
| <b>Net</b>   | <b>78.80</b>            | <b>79.36</b>            |

## 6. Other Long Term Liabilities

(₹ Crore)

|                   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|-------------------|-------------------------|-------------------------|
| Other Liabilities | 6.36                    | 4.77                    |
|                   | <b>6.36</b>             | <b>4.77</b>             |

## 7. Long Term Provisions

(₹ Crore)

|                                 | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---------------------------------|-------------------------|-------------------------|
| Provision for Employee Benefits | 2.39                    | 1.92                    |
|                                 | <b>2.39</b>             | <b>1.92</b>             |

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

### 8. Short Term borrowings

|                                      | As at<br>March 31, 2014 | (₹ Crore)<br>As at<br>March 31, 2013 |
|--------------------------------------|-------------------------|--------------------------------------|
| <b>Secured</b>                       |                         |                                      |
| Working Capital Loan from Banks      | 157.15                  | 168.08                               |
| Short Term Loan from Banks           | -                       | 180.00                               |
| <b>Unsecured</b>                     |                         |                                      |
| Short Term Loan from Related Parties | 66.00                   | 64.00                                |
|                                      | <b>223.15</b>           | <b>412.08</b>                        |

- (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 10.50% to 11%.
- (ii) Short term Loans from Banks of NIL (₹ 150 crore) are secured by hypothecation of receivable of farmers and NIL (₹ 30 crore) secured against mutual fund securities.
- (iii) Short term Loans from Related Parties are repayable during next one year and carry interest @ 10%.

### 9. Trade payables

|   | As at<br>March 31, 2014 | (₹ Crore)<br>As at<br>March 31, 2013 |
|---|-------------------------|--------------------------------------|
| Trade Payables  |                         |                                      |
| - Micro and Small Enterprises (to the extent information available to the company) (refer note no.33) | 0.77                    | 0.09                                 |
| - Others  | 281.98                  | 249.80                               |
|   | <b>282.75</b>           | <b>249.89</b>                        |

### 10. Other current liabilities

|  | As at<br>March 31, 2014 | (₹ Crore)<br>As at<br>March 31, 2013 |
|--|-------------------------|--------------------------------------|
| Current Maturities of Long Term Borrowings | 62.04                   | 30.69                                |
| Interest Accrued but not due on Borrowings | 0.50                    | 5.04                                 |
| Interest Accrued and due on Borrowings     | 3.21                    | 1.90                                 |
| Advances from Customers                    | 4.98                    | 3.58                                 |
| Security Deposits Received                 | 0.74                    | 0.90                                 |
| Unclaimed Dividend *                       | 1.67                    | 1.98                                 |
| Other Liabilities                          |                         |                                      |
| Excise Duty Payable on Closing Stock       | 20.13                   | 24.46                                |
| Statutory Dues Payable                     | 2.49                    | 8.41                                 |
| Others                                     | 37.45                   | 38.39                                |
|  | <b>133.21</b>           | <b>115.35</b>                        |

\* Amount payable to Investor Education and Protection fund is NIL (₹ NIL).

### 11. Short Term Provisions

|                                 | As at<br>March 31, 2014 | (₹ Crore)<br>As at<br>March 31, 2013 |
|---------------------------------|-------------------------|--------------------------------------|
| Provision for Employee Benefits | 2.45                    | 2.60                                 |
| Proposed Dividend               | -                       | 2.02                                 |
| Dividend Distribution Tax       | -                       | 0.34                                 |
|                                 | <b>2.45</b>             | <b>4.96</b>                          |

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2014

## 12. Fixed Assets

| Particulars                   | (₹ Crore)     |                 |               |                     |                        |             |                  |                                       |                   |                 |
|-------------------------------|---------------|-----------------|---------------|---------------------|------------------------|-------------|------------------|---------------------------------------|-------------------|-----------------|
|                               | Land Freehold | Land Lease hold | Buildings     | Plant and equipment | Furniture and Fixtures | Vehicles    | Office equipment | Intangible Assets<br>Operating Rights | Computer Software | Total           |
| <b>Cost</b>                   |               |                 |               |                     |                        |             |                  |                                       |                   |                 |
| as at 1st April, 2012         | 21.07         | 0.58            | 115.90        | 806.02              | 4.00                   | 1.66        | 3.02             | -                                     | 0.13              | 952.38          |
| Additions                     | 34.58         | -               | 14.51         | 83.62               | 1.23                   | 0.58        | 1.02             | -                                     | 0.09              | 135.63          |
| Disposals                     | -             | -               | -             | 11.43               | 0.02                   | 0.07        | 0.61             | -                                     | -                 | 12.13           |
| <b>as at 31st March, 2013</b> | <b>55.65</b>  | <b>0.58</b>     | <b>130.41</b> | <b>878.21</b>       | <b>5.21</b>            | <b>2.17</b> | <b>3.43</b>      | <b>-</b>                              | <b>0.22</b>       | <b>1,075.88</b> |
| Additions                     | 4.03          | -               | 9.16          | 170.20              | 0.54                   | 1.52        | 0.35             | 3.58                                  | -                 | 189.38          |
| Disposals                     | -             | -               | 0.33          | 12.32               | 0.02                   | 0.38        | 0.01             | -                                     | -                 | 13.06           |
| <b>as at 31st March, 2014</b> | <b>59.68</b>  | <b>0.58</b>     | <b>139.24</b> | <b>1,036.09</b>     | <b>5.73</b>            | <b>3.31</b> | <b>3.77</b>      | <b>3.58</b>                           | <b>0.22</b>       | <b>1,252.20</b> |
| <b>Depreciation</b>           |               |                 |               |                     |                        |             |                  |                                       |                   |                 |
| as at 1st April, 2012         | -             | 0.11            | 26.86         | 345.00              | 2.45                   | 0.91        | 3.01             | -                                     | 0.04              | 378.38          |
| Charge for the year @         | -             | 0.01            | 3.02          | 69.06               | 0.46                   | 0.10        | 0.37             | -                                     | 0.04              | 73.06           |
| Disposals                     | -             | -               | -             | 10.40               | -                      | 0.03        | 0.48             | -                                     | -                 | 10.91           |
| <b>as at 31st March, 2013</b> | <b>-</b>      | <b>0.12</b>     | <b>29.88</b>  | <b>403.66</b>       | <b>2.91</b>            | <b>0.98</b> | <b>2.90</b>      | <b>-</b>                              | <b>0.08</b>       | <b>440.53</b>   |
| Charge for the year @         | 0.01          | -               | 3.11          | 45.36               | 0.31                   | 0.24        | 0.38             | 0.04                                  | 0.04              | 49.49           |
| Disposals                     | -             | -               | -             | 4.89                | 0.02                   | 0.21        | 0.01             | -                                     | -                 | 5.13            |
| <b>as at 31st March, 2014</b> | <b>0.01</b>   | <b>0.12</b>     | <b>32.99</b>  | <b>444.13</b>       | <b>3.20</b>            | <b>1.01</b> | <b>3.27</b>      | <b>0.04</b>                           | <b>0.12</b>       | <b>484.89</b>   |
| <b>Net Block</b>              |               |                 |               |                     |                        |             |                  |                                       |                   |                 |
| as at 31st March, 2013        | 55.65         | 0.46            | 100.53        | 474.55              | 2.30                   | 1.19        | 0.53             | -                                     | 0.14              | 635.35          |
| as at 31st March, 2014        | 59.67         | 0.46            | 106.25        | 591.96              | 2.53                   | 2.30        | 0.50             | 3.54                                  | 0.10              | 767.31          |

@ includes depreciation charged to other heads ₹ NIL (₹ 0.05 crore)

# Notes to Financial Statements (Contd.) for the year ended March 31, 2014

## 13. Non-current Investments

|   | (₹ Crore)               |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| <b>Unquoted</b>   |                         |                         |
| <b>Shares of Co-operative Societies (Unquoted)</b>  |                         |                         |
| DMC Employees Co-op Stores Limited  | ((2500))                | ((2500))                |
| <b>Government or Trust Securities (Unquoted)</b>  |                         |                         |
| National Saving Certificates  | ((23000))               | ((23000))               |
| <b>Investments in Subsidiaries</b>  |                         |                         |
| <b>Equity Shares</b>  |                         |                         |
| 250000 (250000) Equity shares of ₹ 10 each fully paid up in Dalmia Sugar Ventures Limited | 0.05                    | 0.05                    |
| 450000 (450000) Equity shares of ₹ 10 each fully paid up in Himshikhar Investment Limited | 4.45                    | 4.45                    |
| 50000 (50000) Equity shares of ₹ 10 each fully paid up in Dalmia Solar Power Limited      | 0.05                    | 0.05                    |
| <b>Investments Companies other than Subsidiaries</b>                                      |                         |                         |
| <b>Equity Shares (Quoted)</b>   |                         |                         |
| 942567 (942567) Equity shares of ₹ 2 each fully paid up in Dalmia Bharat Limited          | 9.90                    | 9.90                    |
| <b>Others (Mutual Funds)</b>  |                         |                         |
| ICICI FMP 367 days  | -                       | 1.65                    |
| RELIANCE MONTHLY INCOME PLAN  | -                       | 0.20                    |
| HDFC LONG TERM MIP  | -                       | 0.23                    |
|   | <b>14.45</b>            | <b>16.53</b>            |
| <b>Quoted Investments :</b>   |                         |                         |
| Book Value  | 9.90                    | 9.90                    |
| Aggregate Market Value  | 23.80                   | 13.87                   |
| Book Value of Unquoted Investments  | 4.55                    | 6.63                    |

## 14. Long term Loans and Advances (Considered good unless otherwise stated)

|  | (₹ Crore)               |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Capital Advances   | 1.22                    | 13.58                   |
| Security Deposits  | 0.89                    | 0.86                    |
| Loans and Advances to  |                         |                         |
| Related Parties  | 0.34                    | 0.58                    |
| Employees @  |                         |                         |
| Secured  | -                       | -                       |
| Unsecured  | 0.20                    | 0.05                    |
| Others   | 26.06                   | 26.91                   |
| Advances recoverable in cash or in kind or for value to be received    | 1.74                    | 2.28                    |
| Advance Income tax (net of provisions of ₹ 14.94 crore (₹ 14.81 crore) | 33.30                   | 32.92                   |
| MAT Credit entitlement   | 48.82                   | 48.19                   |
| Others (Considered doubtful)   | 1.50                    | 1.14                    |
| Less : Set off with provision for doubtful debts/advances              | 1.50                    | -                       |
|  | <b>112.57</b>           | <b>125.37</b>           |
| @ Due from officers of the company                                     | 0.15                    | -                       |

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

### 15. Other Non Current Assets

(₹ Crore)

|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--|-------------------------|-------------------------|
| Fixed Deposits with Banks<br>(with original maturity of more than 12 months) | 0.54                    | 0.23                    |
| Others   | 1.75                    | -                       |
|  | <b>2.29</b>             | <b>0.23</b>             |

### 16. Current Investments

(₹ Crore)

|                                       | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---------------------------------------|-------------------------|-------------------------|
| <b>Units of Mutual Funds (Quoted)</b> |                         |                         |
| Debt Based Schemes                    | 63.48                   | 43.97                   |
| <b>Total</b>                          | <b>63.48</b>            | <b>43.97</b>            |
| Quoted :                              |                         |                         |
| Book Value                            | 63.48                   | 43.97                   |
| Market Value                          | 64.05                   | 44.00                   |

### 17. Inventories

(₹ Crore)

|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---|-------------------------|-------------------------|
| <b>(Mode of valuation - Refer Note No. 1(k) on Inventories)</b> |                         |                         |
| Raw Materials   |                         |                         |
| On hand   | 12.24                   | 14.40                   |
| Work in Progress  | 16.08                   | 11.55                   |
| Finished Goods (refer note no. 35)                              | 580.13                  | 670.80                  |
| Stores, Spares etc  |                         |                         |
| On hand   | 20.58                   | 23.07                   |
| In transit  | 0.09                    | 0.11                    |
| Loose tools   | 0.19                    | 0.07                    |
|   | <b>629.31</b>           | <b>720.00</b>           |



# Notes to Financial Statements (Contd.)

for the year ended March 31, 2014

## 18. Trade Receivables

|  | (₹ Crore)               |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| <b>a) Receivables Outstanding for a period exceeding six months from the date they are due for payment</b> |                         |                         |
| Considered good  |                         |                         |
| Unsecured  | 2.14                    | 7.25                    |
| Considered doubtful  | 0.02                    | 0.09                    |
| Less: Provision for Bad and Doubtful receivables   | 0.02                    | 0.09                    |
| <b>b) Other Receivables</b>  |                         |                         |
| Considered good  |                         |                         |
| Secured  | -                       |                         |
| Unsecured  | 16.04                   | 50.47                   |
| Considered doubtful  |                         |                         |
| Less: Provision for Bad and Doubtful receivables   | -                       | -                       |
|  | <b>18.18</b>            | <b>57.72</b>            |

## 19. Cash and Cash Equivalents

|   | (₹ Crore)               |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Cash on Hand  | 0.54                    | 0.50                    |
| Cheques in Hand   | 8.61                    | 4.68                    |
| Balances with Banks :   |                         |                         |
| - On Current accounts   | 16.72                   | 10.75                   |
| - On Cash Credit accounts   | 5.89                    | 4.38                    |
| - Deposits with Original maturity of less than 3 months                         | 12.16                   | 1.04                    |
| - Unpaid Dividend Account   | 1.67                    | 1.98                    |
| - Deposits with original Maturity of more than 3 months but less than 12 months | 2.10                    | 3.51                    |
|   | <b>47.69</b>            | <b>26.84</b>            |

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

### 20. Short term Loans and Advances (Unsecured considered good unless otherwise stated)

(₹ Crore)

|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---|-------------------------|-------------------------|
| Loans and Advances to   |                         |                         |
| Employees @   | 0.12                    | 0.10                    |
| Others  | -                       | 1.87                    |
| Advances recoverable in cash or in kind or for value to be received               | 18.19                   | 5.95                    |
| Loans and Advances to Related Parties (Refer Note No. 44 to Financial Statements) | -                       | 0.10                    |
| Deposit and Balances with Government Departments and Other Authorities            | 13.33                   | 5.09                    |
| Others (Considered doubtful)  | 0.07                    | 0.10                    |
| Less: Provision for Doubtful Loans and advances                                   | 0.07                    | -                       |
|   | <b>31.64</b>            | <b>13.11</b>            |
| @ Due from Officers of the Company  | 0.05                    | 0.01                    |

### 21. Other Current Assets

(₹ Crore)

|                     | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---------------------|-------------------------|-------------------------|
| Interest Receivable | 1.11                    | 0.21                    |
| Unbilled Revenue    | 13.27                   | 12.72                   |
| Others              | 1.75                    | -                       |
|                     | <b>16.13</b>            | <b>12.93</b>            |

### 22. Revenue from Operations (Gross)

(₹ Crore)

|                                | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--------------------------------|-------------------------|-------------------------|
| <b>Sales of Products</b>       |                         |                         |
| Sugar and Molasses Sales       | 1019.02                 | 805.96                  |
| Power Sales                    | 108.37                  | 117.29                  |
| Refractory Products Sales      | 24.01                   | 26.80                   |
| Other Sales                    | 75.95                   | 74.99                   |
|                                | <b>1227.35</b>          | <b>1025.04</b>          |
| <b>Sales of services</b>       | 2.32                    | 2.13                    |
| <b>Other operating revenue</b> | 5.45                    | 4.01                    |
|                                | <b>1235.12</b>          | <b>1031.18</b>          |

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

### 23. Other Income

|   | As at<br>March 31, 2014 | (₹ Crore)<br>As at<br>March 31, 2013 |
|---|-------------------------|--------------------------------------|
| Dividend income                               |                         |                                      |
| from non current Investments                  | 0.20                    | 0.13                                 |
| from Current Investments                      | -                       | -                                    |
| Interest Income from Bank deposits and others | 0.90                    | 0.47                                 |
| Interest on Income Tax refund                 | 1.05                    | -                                    |
| Profit on sale of Current Investments         | 7.11                    | 4.97                                 |
| Less: Loss on sale of Current Investments     | - 7.11                  | - 4.97                               |
| Profit on sale of Fixed Assets                | 0.08                    | 2.11                                 |
| Gain on Foreign Exchange Fluctuation          | 0.70                    | 0.57                                 |
| Miscellaneous Receipts                        | 9.67                    | 8.07                                 |
|   | <b>19.71</b>            | <b>16.32</b>                         |

### 24. Consumption of Raw Materials

|               | As at<br>March 31, 2014 | (₹ Crore)<br>As at<br>March 31, 2013 |
|---------------|-------------------------|--------------------------------------|
| Sugar Cane    | 815.22                  | 809.82                               |
| Raw Magnesite | 3.31                    | 3.38                                 |
| Others        | 6.16                    | 4.50                                 |
|               | <b>824.69</b>           | <b>817.70</b>                        |

### 25. (Increase)/ Decrease in inventories of finished goods, work in progress

|                 | As at<br>March 31, 2014 | (₹ Crore)<br>As at<br>March 31, 2013 |
|-----------------|-------------------------|--------------------------------------|
| Finished Goods  |                         |                                      |
| - Closing stock | 580.13                  | 670.80                               |
| - Opening stock | 670.80                  | 538.10                               |
| Work-in-Process |                         |                                      |
| - Closing stock | 16.08                   | 11.55                                |
| - Opening stock | 11.55                   | 13.24                                |
|                 | <b>86.14</b>            | <b>(131.01)</b>                      |

### 26. Employee Benefit Expenses

|  | As at<br>March 31, 2014 | (₹ Crore)<br>As at<br>March 31, 2013 |
|--|-------------------------|--------------------------------------|
| Salaries, Wages and Bonus  | 58.03                   | 47.36                                |
| (after allocating ₹ 0.78 crore (₹ 1.61 crore) to other accounts) |                         |                                      |
| Contribution to Provident Fund and Other Funds                   | 4.63                    | 3.69                                 |
| Workmen and Staff Welfare expenses                               | 3.28                    | 2.36                                 |
|  | <b>65.94</b>            | <b>53.41</b>                         |
| Less: Employee expenses Capitalised                              | 0.78                    | -                                    |
|  | <b>65.16</b>            | <b>53.41</b>                         |

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

### 27. Other Expenses

(₹ Crore)

|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--|-------------------------|-------------------------|
| Power and Fuel   | 12.96                   | 14.86                   |
| Packing Materials  | 13.95                   | 12.22                   |
| Consumption of Stores and Spares Parts<br>(after allocating ₹ 32.65 crore (₹ 35.52 crore) to other accounts) | 9.84                    | 10.44                   |
| Excise duty variation on opening/closing stock   | (3.86)                  | 4.51                    |
| Repairs and Maintenance :  |                         |                         |
| - Plant & Machinery  | 25.10                   | 20.18                   |
| - Buildings  | 2.87                    | 2.77                    |
| - Others   | 1.35                    | 0.91                    |
| Rent   | 0.52                    | 0.39                    |
| Rates and Taxes  | 1.18                    | 1.24                    |
| Insurance  | 0.98                    | 0.71                    |
| Travelling   | 1.43                    | 1.35                    |
| Advertisement and Publicity  | 0.17                    | 0.31                    |
| Freight and Forwarding Charges   | 0.75                    | 0.60                    |
| Cane Development Expenses  | 2.90                    | 5.27                    |
| Management Service Charges   | 9.43                    | 9.87                    |
| Selling Expenses   | 0.01                    | 0.15                    |
| Commission paid to Other Selling Agents  | 1.46                    | 1.07                    |
| Rebates, Discount and Allowances   | 1.05                    | 0.20                    |
| Director's Sitting Fees  | 0.07                    | 0.07                    |
| Charity and Donation   | 0.19                    | 0.07                    |
| Assets written off / Loss on sale of Fixed Assets  | 3.19                    | 0.04                    |
| Advance written off  | 0.26                    | -                       |
| Provision for Doubtful Debts   | 0.27                    | 0.05                    |
| Provision for diminution in value of Inventory   | 0.59                    | -                       |
| Miscellaneous Expenses   | 27.08                   | 20.26                   |
|  | <b>113.74</b>           | <b>107.54</b>           |
| Less: Expenses Capitalised   | 6.05                    | -                       |
|  | <b>107.69</b>           | <b>107.54</b>           |

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

### 28. Finance Costs

|                                 | (₹ Crore)               |                         |
|---------------------------------|-------------------------|-------------------------|
|                                 | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Interest                        |                         |                         |
| - On Term loans and Debentures  | 73.68                   | 36.73                   |
| - On Borrowing from Banks       | 6.42                    | 24.88                   |
| - Others                        | 0.81                    | 3.04                    |
| Other Borrowing Costs           | -                       | 0.90                    |
|                                 | <b>80.91</b>            | <b>65.55</b>            |
| Less: Interest cost Capitalised | 5.27                    | -                       |
|                                 | <b>75.64</b>            | <b>65.55</b>            |

### 29. Earning Per Share

|   | (₹ Crore)               |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Net profit for calculation of basic and diluted EPS (₹ In Crores)             | <b>3.03</b>             | 18.35                   |
| Total number of equity shares outstanding at the end of the year              | <b>80939303</b>         | 80939303                |
| Weighted average number of equity shares in calculating basic and diluted EPS | <b>80939303</b>         | 80939303                |
| Basic and Diluted EPS (₹)   | <b>0.37</b>             | 2.27                    |

### 30. Contingent Liabilities (not provided for) in respect of

| S. No. | Particulars   | (₹ in Crore) |         |
|--------|---|--------------|---------|
|        |   | 2013-14      | 2012-13 |
| a)     | Claims against the Company not acknowledged as debts  | <b>0.51</b>  | 0.49    |
| b)     | Demand raised by Income tax authorities under dispute   | <b>56.62</b> | 65.28   |
| c)     | Demand raised by custom, excise, entry tax, service tax and sales tax authorities under dispute | <b>53.25</b> | 56.21   |
| d)     | Other money for which the Company is contingently liable  | <b>0.15</b>  | 0.15    |
| e)     | Guarantee issued by the Company's banker on behalf of the company                               | <b>2.98</b>  | -       |

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.

### 31. Capital and other commitments:

|   | (₹ in Crore) |         |
|---|--------------|---------|
| Particulars   | 2013-14      | 2012-13 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)            | <b>0.58</b>  | 72.63   |
| Estimated amount of contracts remaining to be executed on other than capital account and not provided for (net of advances) | <b>3.92</b>  | -       |



# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

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

| Particulars                          | (₹ in Crore) |         |
|--------------------------------------|--------------|---------|
|                                      | 2013-14      | 2012-13 |
| a) Statutory Auditor                 |              |         |
| i) Audit Fee                         | 0.07         | 0.07    |
| ii) For Tax Audit and Other services | 0.05         | 0.05    |
| iii) For Expenses                    | 0.04         | 0.01    |
| b) Cost Auditor                      |              |         |
| i) Audit Fee                         | 0.04         | 0.01    |

### 33. Details of Dues to Micro and Small Enterprises as per MSME Act, 2006 to the extent of information available with the Company:

| Particulars  | (₹ in Crore) |             |
|--|--------------|-------------|
|  | 2013-14      | 2012-13     |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year   | 0.77         | 0.09        |
| 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 | -            | -           |
| <b>Total</b>   | <b>0.77</b>  | <b>0.09</b> |

### 34. Operating Lease

#### Assets taken on Lease

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

| Particulars                 | (₹ in Crore) |             |
|-----------------------------|--------------|-------------|
|                             | 2013-14      | 2012-13     |
| Lease payments for the year | 0.52         | 0.39        |
| <b>Total</b>                | <b>0.52</b>  | <b>0.39</b> |

There are no non-cancellable operating leases.

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

### 35. Details of Opening and Closing Inventory of Finished Goods:

|                                    | (₹ in Crore)  |               |
|------------------------------------|---------------|---------------|
| Class of Product                   | 2013-14       | 2012-13       |
| <b>Opening stock</b>               |               |               |
| Refractory products                | 10.80         | 16.85         |
| Sugar                              | 620.88        | 478.22        |
| Multilayer Ceramic Chip Capacitors | 0.01          | 0.03          |
| Power-Banked                       | 0.30          | 0.35          |
| Industrial Alcohol                 | 1.70          | 6.10          |
| Others                             | 37.11         | 36.55         |
| <b>Total</b>                       | <b>670.80</b> | <b>538.10</b> |
| <b>Closing stock</b>               |               |               |
| Refractory products                | 8.92          | 10.80         |
| Sugar                              | 528.63        | 620.88        |
| Multilayer Ceramic Chip Capacitors | 0.01          | 0.01          |
| Power-Banked                       | 0.36          | 0.30          |
| Industrial Alcohol                 | 7.05          | 1.70          |
| Others                             | 35.16         | 37.11         |
| <b>Total</b>                       | <b>580.13</b> | <b>670.80</b> |

### 36. CIF Value of Imports:

|                                    | (₹ in Crore) |         |
|------------------------------------|--------------|---------|
| Particulars                        | 2013-14      | 2012-13 |
| Raw materials                      | -            | -       |
| Components, spare parts, coal etc. | -            | -       |
| Capital Goods                      | 9.34         | -       |

### 37. Expenditure in Foreign Currency (Accrual basis):

|  | (₹ in Crore) |             |
|--|--------------|-------------|
| Particulars                                      | 2013-14      | 2012-13     |
| Professional Fees, Consultation Fee and Interest | 0.03         | -           |
| Others   | 0.18         | 0.15        |
| <b>Total</b>                                     | <b>0.21</b>  | <b>0.15</b> |

### 38. Earnings in Foreign Currency (Accrual Basis):

|                              | (₹ in Crore) |             |
|------------------------------|--------------|-------------|
| Particulars                  | 2013-14      | 2012-13     |
| Export of goods at FOB value | 0.71         | 0.84        |
| From Sale of Tickets (FOB)   | 0.12         | -           |
| <b>Total</b>                 | <b>0.83</b>  | <b>0.84</b> |

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

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

|  | Imported              |                           | Indigenous                |                            | (₹ in Crore)   |
|--|-----------------------|---------------------------|---------------------------|----------------------------|--|
|  | Value<br>(₹ in Crore) | % to total<br>consumption | Value<br>(₹ in Crore)     | % to total<br>consumption  | Value of total<br>consumption<br>Value<br>(₹ in Crore) |
| Raw Materials                          | <b>0.22</b><br>(0.07) | <b>0.03%</b><br>(0.01%)   | <b>824.46</b><br>(817.63) | <b>99.97%</b><br>(99.99%)  | <b>824.69</b><br>(817.70)                              |
| Stores, Spares Parts and<br>Components | <b>0.01</b><br>(0.00) | <b>0.01%</b><br>(0.00%)   | <b>42.48</b><br>(45.96)   | <b>99.99%</b><br>(100.00%) | <b>42.49</b><br>(45.96)                                |

### 40. Gratuity and Other Post Employment Benefit Plans:

#### Gratuity

The Company has 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)

| Particulars                     | Gratuity (Funded) |         |
|---------------------------------|-------------------|---------|
|                                 | 2013-14           | 2012-13 |
| Current Service Cost            | <b>1.24</b>       | 1.11    |
| Interest Cost                   | <b>1.13</b>       | 1.01    |
| Expected return on plan assets  | <b>(1.39)</b>     | (1.27)  |
| Net Actuarial (Gain)/ Loss      | <b>0.14</b>       | (0.26)  |
| Past Service cost               | -                 | -       |
| <b>Total Expense</b>            | <b>1.12</b>       | 0.59    |
| Actual return on planned assets | <b>1.28</b>       | 1.42    |

#### Balance Sheet

| Particulars                                 | Gratuity (Funded) |         |
|---|-------------------|---------|
|   | 2013-14           | 2012-13 |
| Present value of obligation as at year-end  | <b>14.91</b>      | 14.08   |
| Fair value of plan assets as at year-end    | <b>15.23</b>      | 14.81   |
| Less : Unrecognised past service cost       | -                 | -       |
| Funded status {( Surplus)/(Deficit)}        | <b>0.31</b>       | 0.73    |
| <b>Net Asset/(Liability) as at year end</b> | <b>0.31</b>       | 0.73    |

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

| Particulars                               | Gratuity (Funded) |              |
|---|-------------------|--------------|
|   | 2013-14           | 2012-13      |
| Opening defined benefit obligation        | 14.08             | 12.66        |
| Interest cost                             | 1.13              | 1.01         |
| Current service cost                      | 1.24              | 1.11         |
| Benefits paid out of funds                | (1.56)            | (0.60)       |
| Actuarial (gains)/ losses on obligation   | 0.03              | (0.11)       |
| <b>Closing defined benefit obligation</b> | <b>14.92</b>      | <b>14.08</b> |

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

| Particulars                              | Gratuity (Funded) |              |
|--|-------------------|--------------|
|  | 2013-14           | 2012-13      |
| Opening fair value of plan assets        | 14.81             | 13.49        |
| Expected return                          | 1.39              | 1.27         |
| Contribution by employer                 | 0.70              | 0.50         |
| Benefits paid                            | (1.56)            | (0.60)       |
| Actuarial gains/ (losses) on obligation  | (0.12)            | 0.15         |
| <b>Closing fair value of plan assets</b> | <b>15.23</b>      | <b>14.81</b> |

The Company expects to contribute ₹ NIL (₹ 1.78 Crore) to gratuity in 2014-15.

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

| Particulars                 | Gratuity (Funded) |         |
|-----------------------------|-------------------|---------|
|                             | 2013-14           | 2012-13 |
| Qualifying Insurance Policy | 99%               | 100%    |
| Bank Balance                | 1%                | -       |

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) |               |
|-----------------------------------|-------------------|---------------|
|                                   | 2013-14           | 2012-13       |
| Discount Rate                     | 8.00%             | 8.00%         |
| Expected rate of return on assets | 8.85%             | 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, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

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

| Particulars                               | Gratuity (Funded) |         |         |         |         |
|---|-------------------|---------|---------|---------|---------|
|   | 2013-14           | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
| Defined benefit obligation                | 14.92             | 14.08   | 12.66   | 10.84   | 19.28   |
| Plan assets                               | 15.23             | 14.81   | 13.49   | 12.33   | 21.46   |
| Surplus/ (deficit)                        | 0.31              | 0.73    | 0.83    | 1.49    | 2.18    |
| Experience adjustment on plan assets      | (0.12)            | 0.15    | 0.04    | (0.40)  | 1.80    |
| Experience adjustment on plan liabilities | (0.03)            | 0.11    | (0.28)  | (11.69) | (1.09)  |

(₹ in Crore)

### Provident and Other Funds

#### Contribution to Defined Contribution Plans

| Particulars                              | 2013-14 |  | 2012-13 |  |
|--|---------|--|---------|--|
|  | 2013-14 |  | 2012-13 |  |
| Pension Fund/Superannuation funds/ESI/PF | 3.54    |  | 3.12    |  |

(₹ in Crore)

### 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.

## 41. 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.

### Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on March 31, 2014:

# Notes to Financial Statements (Contd.)

for the year ended March 31, 2014

|                                    | (₹ in Crore)    |               |               |                 |
|------------------------------------|-----------------|---------------|---------------|-----------------|
| <b>Segment Particulars</b>         | <b>Sugar</b>    | <b>Power</b>  | <b>Others</b> | <b>Total</b>    |
| <b>Revenue</b>                     |                 |               |               |                 |
| Gross Revenue                      | <b>1,139.52</b> | <b>210.12</b> | <b>107.27</b> | <b>1,456.91</b> |
|                                    | (919.63)        | (216.05)      | (108.63)      | (1,244.31)      |
| Less: Inter/ Intra Segment Revenue | <b>120.50</b>   | <b>99.55</b>  | <b>1.74</b>   | <b>221.79</b>   |
|                                    | (113.79)        | (97.97)       | (1.37)        | (213.13)        |
| Less: Excise Duty                  | <b>40.35</b>    | <b>-</b>      | <b>3.27</b>   | <b>43.62</b>    |
|                                    | (30.91)         | -             | (2.71)        | (33.62)         |
| Net Revenue                        | <b>978.67</b>   | <b>110.57</b> | <b>102.26</b> | <b>1,191.50</b> |
|                                    | (774.93)        | (118.08)      | (104.55)      | (997.56)        |
| <b>Results</b>                     |                 |               |               |                 |
| Segment result                     | <b>(57.30)</b>  | <b>66.26</b>  | <b>69.27</b>  | <b>78.23</b>    |
|                                    | (1.44)          | (58.84)       | (33.16)       | (93.44)         |
| Less: Finance Cost                 |                 |               |               | <b>75.64</b>    |
|                                    |                 |               |               | (65.55)         |
| Less: Exceptional Items            |                 |               |               | -               |
|                                    |                 |               |               | (8.92)          |
| Profit before tax                  |                 |               |               | <b>2.59</b>     |
|                                    |                 |               |               | (18.97)         |
| Tax expenses                       |                 |               |               | <b>(0.44)</b>   |
|                                    |                 |               |               | (0.62)          |
| Profit after tax                   |                 |               |               | <b>3.03</b>     |
|                                    |                 |               |               | (18.35)         |
| <b>Assets</b>                      | <b>1,122.95</b> | <b>316.60</b> | <b>102.06</b> | <b>1,541.61</b> |
|                                    | (1,131.70)      | (251.41)      | (113.59)      | (1,496.70)      |
| Non Segments Assets                |                 |               |               | <b>174.87</b>   |
|                                    |                 |               |               | (171.86)        |
| <b>Total Assets</b>                |                 |               |               | <b>1,716.48</b> |
|                                    |                 |               |               | (1,668.56)      |
| <b>Liabilities</b>                 | <b>510.80</b>   | <b>2.85</b>   | <b>8.62</b>   | <b>522.27</b>   |
|                                    | (506.22)        | (0.85)        | (7.21)        | (514.28)        |
| Non Segments liabilities           |                 |               |               | <b>733.50</b>   |
|                                    |                 |               |               | (697.09)        |
| <b>Total Liabilities</b>           |                 |               |               | <b>1255.77</b>  |
|                                    |                 |               |               | (1,211.37)      |
| <b>Depreciation</b>                | <b>24.57</b>    | <b>20.44</b>  | <b>4.48</b>   | <b>49.49</b>    |
|                                    | (22.66)         | (45.91)       | (4.49)        | (73.06)         |
| <b>Capital Expenditure</b>         | <b>72.61</b>    | <b>116.09</b> | <b>0.68</b>   | <b>189.38</b>   |
|                                    | (112.87)        | (22.36)       | (0.40)        | (135.63)        |

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 Financial Statements (Contd.)

## for the year ended March 31, 2014

42. 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:

| Particulars  | (₹ in Crore) |         |
|--|--------------|---------|
|  | 2013-14      | 2012-13 |
| <b>Carried forward as part of Capital Work in Progress (A)</b> | <b>0.52</b>  | -       |
| <b>Expenditure incurred during the year</b>                    |              |         |
| <b>Personnel Expenses</b>                                      |              |         |
| Salary and Wages   | 0.78         | 0.02    |
| <b>Operating and Other Expenses</b>                            |              |         |
| Finance Cost   | 5.27         | -       |
| Consultancy Charges  | 2.33         | 0.42    |
| Miscellaneous Expenses   | 1.96         | 0.08    |
| Expenditure incurred during Trial Run                          | 1.75         | -       |
| <b>Total Expenditure incurred during the year (B)</b>          | <b>12.09</b> | 0.52    |
| <b>Total Pre-operative Expenditure (A + B)</b>                 | <b>12.61</b> | 0.52    |
| Less : Revenue during Trial Run                                | 0.54         | -       |
| Less : Capitalised as Fixed Assets                             | 12.07        | -       |
| <b>Carried forward as part of Capital Work in Progress</b>     | <b>-</b>     | 0.52    |

43. In the previous year, the Company had changed the method of depreciation from straight line method to written down value method with effect from 1-4-2006, for Boiler plants at Ramgarh, Jawaharpur and Nigohi on account of timely replacement of machinery due to accelerated wear and tear.

In compliance with the Accounting Standards (AS-6) notified by Companies (Accounting Standards) Rules, 2006, (as amended), depreciation has been recomputed from the date of commissioning of these plants at WDV rates applicable to those years. Consequent to this, there was an additional charge for depreciation during the previous year of ₹ 26.83 Crore due to the said change.

Had there been no change in the method of depreciation, the charge for the previous year would have been lower by ₹ 1.22 crore, excluding the charge relating to the previous years.

Consequently, the Net Block of Fixed Assets and Reserves and Surplus was lower by ₹ 28.05 Crore in the previous year.

44. 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 (till 31-10-2013), Shri Gautam Dalmia - Managing Director, Shri Puneet Yadu Dalmia – Managing Director (till 31-10-2013).

### 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 Avanees 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).

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014



### 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, Dalmia Refractories Limited (formerly known as Shri Nataraj Ceramic and Chemical Industries Limited, Shri Chamundeswari Minerals Limited, Shree Nirman Limited, Keshav Power Limited, Avanee and Ashni Securities Private Limited, ZipAhead.Com Limited, Alirox Abrasives Limited, Shri Investments, Sukeshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya Dalmia Trust, Priyang Trust, Avanee Trust, New Habitat Housing Finance and Development Limited, Dalmia Bharat Limited, Dalmia Power Limited, Kanika Investment Limited, Arjuna Brokers & Minerals Limited, Dalmia Cement Ventures Limited (amalgamated into Dalmia Cement Bharat Ltd w.e.f. 9-12-2013), D.I. Properties Limited, Dalmia Minerals & Properties Limited, Geetee Estates Limited, Hemshila Properties Limited, Ishita Properties Limited, ShriRadha 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, Adhunik Cement Limited, Calcom Cement India Limited, Adhunik MSP Cement (Assam) Limited, Vinay Cements Limited, RCL Cements Limited, SCL Cements 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, Dalmia Bharat Cements Holdings Limited, Shri Rangam Securities & Holdings Limited, Khappa Coal Co. Pvt. Ltd., YHD Trusteeship Services Pvt. Limited, Shri Yadu Hari Trusteeship Services Pvt. Ltd., Vastalaya Developers Pvt. Limited, Yadu Hari Dalmia Parivar Trust, Respect Elders & Co., Love Children & Co., Respect Nature & Society, Shri Brahma Creation Trust, Shri Vishnu Preservation Trust, Shubh Homes Realtors LLP.

### 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                   | -<br>(-)             | -<br>(-)                 | 7.64<br>(4.00)                                  | 7.64<br>(4.00)    |
| Reimbursement of expenses - receivable       | -<br>(-)             | -<br>(-)                 | 0.08<br>(0.08)                                  | 0.08<br>(0.08)    |
| Reimbursement of expenses – payable          | -<br>(-)             | -<br>(-)                 | 0.29<br>(0.45)                                  | 0.29<br>(0.45)    |
| Purchase of goods and services               | -<br>(-)             | -<br>(-)                 | 11.03<br>(10.88)                                | 11.03<br>(10.88)  |
| Rent payment                                 | -<br>(-)             | -<br>(-)                 | 0.01<br>(0.01)                                  | 0.01<br>(0.01)    |
| Loans and Advances given                     | 0.01<br>(7.23)       | -<br>(-)                 | -<br>(-)  | 0.01<br>(7.23)    |
| Loans Taken                                  | -<br>(-)             | -<br>(-)                 | 90.50<br>(153.25)                               | 90.50<br>(153.25) |
| Loans Repaid                                 | -<br>(-)             | -<br>(-)                 | 88.50<br>(139.25)                               | 88.50<br>(139.25) |
| Sale of Assets                               | -<br>(-)             | -<br>(-)                 | 0.12<br>(0.04)                                  | 0.12<br>(0.04)    |
| Receipt of fund on their behalf and transfer | -<br>(-)             | -<br>(-)                 | 0.06<br>(0.03)                                  | 0.06<br>(0.03)    |
| Interest paid on Loans                       | -<br>(-)             | -<br>(-)                 | 10.32<br>(3.04)                                 | 10.32<br>(3.04)   |
| Salary and Perquisites                       | -<br>(-)             | 1.59<br>(0.95)           | -<br>(-)  | 1.59<br>(0.95)    |
| Dividend Received                            | -<br>(-)             | -<br>(-)                 | 0.19<br>(0.14)                                  | 0.19<br>(0.14)    |
| Dividend Paid                                | -<br>(-)             | -<br>(-)                 | 0.37<br>(-)                                     | 0.37<br>(-)       |

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014

1. Sale of goods and services includes transaction with Dalmia Cement (Bharat) Limited ₹ 2.15 Crore (₹ 0.21 Crore), OCL India Limited ₹ 0.29 Crore (₹ 0.46 Crore), Dalmia Bharat Limited ₹ 3.64 Crore (₹ 3.33 Crore) and Adhunik Cement Limited ₹ 0.88 Crore (₹ NIL).
2. Reimbursement of expenses – receivable includes transaction with Dalmia Bharat Limited ₹ 0.04 Crore (₹ 0.03 Crore), Dalmia Cement (Bharat) Limited ₹ 0.04 Crore (₹ 0.05 Crore).
3. Reimbursement of expenses – payable includes transaction with Dalmia Bharat Limited ₹ 0.22 Crore (₹ 0.40 Crore) and Dalmia Cement (Bharat) Limited ₹ 0.02 Crore (₹ 0.05 Crore), DCB Power Ventures Limited ₹ 0.05 Crore (₹ NIL).
4. Purchase of goods & services includes transaction with Dalmia Bharat Limited ₹ 9.58 Crore (₹ 10.19 Crore) and Dalmia Cement (Bharat) Limited ₹ 1.40 Crore (₹ 0.66 Crore).
5. Rent payment includes transaction with Ishita Properties Limited ₹ 0.01 Crore (₹ 0.01 Crore).
6. Loans and advances given represent transaction with Dalmia Solar Power Limited ₹ 0.01 Crore (₹ 7.23 Crore).
7. Loans taken includes transaction with Dalmia Bharat Limited ₹ 75.50 Crore (₹ 127.25 Crore) and DCB Power Ventures Limited ₹ 15.00 Crore (₹ 26.00 Crore).
8. Loans repaid includes transaction with Dalmia Bharat Limited ₹ 70.50 Crore (₹ 132.25 Crore), DCB Power Ventures Limited ₹ 18.00 Crore (₹ 7.00 Crore).
9. Sale of fixed assets includes transaction with Dalmia Cement (Bharat) Limited ₹ 0.09 (₹ NIL) and Dalmia Bharat Limited ₹ 0.03 Crore (₹ 0.04 Crore).
10. Receipt of fund on their behalf and transfer includes transaction with Dalmia Bharat Limited ₹ 0.06 Crore (₹ 0.03 Crore).
11. Interest paid on loans includes transaction with Dalmia Bharat Limited ₹ 7.82 Crore (₹ 2.47 Crore) and DCB Power Ventures Limited ₹ 2.50 Crore (₹ 0.57 Crore).
12. Salary and perquisites includes transaction with Shri J. H. Dalmia ₹ 0.39 Crore (₹ 0.42 Crore), Shri Y. H. Dalmia ₹ 1.11 Crore (₹ 0.41 Crore), Shri Gautam Dalmia ₹ 0.04 Crore (₹ 0.05 Crore), Shri Puneet Yadu Dalmia ₹ 0.05 Crore (₹ 0.07 Crore).
13. Dividend received represent dividend from Dalmia Bharat Limited ₹ 0.19 Crore (₹ 0.14 Crore).
14. Dividend paid represent dividend paid to Dalmia Bharat Limited ₹ 0.37 Crore (₹ NIL).

### c) Balances Outstanding at Year End:

| Nature of Transaction | (₹ in Crore)          |                          |   |                         |
|-----------------------|-----------------------|--------------------------|---|-------------------------|
|                       | Subsidiary Companies  | Key Management Personnel | Key Management Personnel controlled enterprises | Total                   |
| Loans receivable      | <b>0.34</b><br>(0.58) | -<br>(-)                 | -<br>(-)  | <b>0.34</b><br>(0.58)   |
| Loans Payable         | -<br>(-)              | -<br>(-)                 | <b>66.00</b><br>(64.00)                         | <b>66.00</b><br>(64.00) |
| Interest Payable      | -<br>(-)              | -<br>(-)                 | <b>1.81</b><br>(1.76)                           | <b>1.81</b><br>(1.76)   |
| Amounts receivable    | -<br>(-)              | -<br>(-)                 | <b>0.15</b><br>(0.09)                           | <b>0.15</b><br>(0.09)   |
| Amounts payable       | -<br>(-)              | -<br>(-)                 | <b>2.34</b><br>(3.87)                           | <b>2.34</b><br>(3.87)   |

1. Loans receivable include Dalmia Solar Power Limited ₹ 0.34 Crore (₹ 0.58 Crore) after write off of ₹ 0.26 Crore (₹ 8.92 Crore).

# Notes to Financial Statements (Contd.)

## for the year ended March 31, 2014



- 2 Loans payable includes Dalmia Bharat Limited ₹ 50.00 Crore (₹ 45.00 Crore) and DCB Power Ventures Limited ₹ 16.00 Crore (₹ 19.00 Crore).
- 3 Interest payable includes Dalmia Bharat Limited ₹ 1.44 Crore (₹ 1.25 Crore) and DCB Power Ventures Limited ₹ 0.37 Crore (₹ 0.51 Crore).
- 4 Amount receivable includes Dalmia Cement (Bharat) Limited ₹ 0.15 Crore (₹ 0.09 Crore).
- 5 Amount payable includes Dalmia Cement (Bharat) Limited ₹ 0.01 Crore (₹ 0.06 Crore), Dalmia Bharat Limited ₹ 2.27 Crore (₹ 3.80 Crore) and DCB Power Ventures Limited ₹ 0.06 Crore (₹ 0.01 Crore).

45. Loans & Advances in the nature of Loans (including interest) given to Subsidiaries - Disclosure as per Clause 32 of listing agreement with stock exchanges :

|        |                            | (₹ in Crore)            |                                       |
|--------|----------------------------|-------------------------|---------------------------------------|
| S. No. | Particulars                | As at<br>March 31, 2014 | Maximum<br>Balance during<br>the year |
|        | Subsidiary Company         |                         |                                       |
| 1.     | Dalmia Solar Power Limited | 0.34<br>(0.58)          | 0.60<br>(9.50)                        |

46. In the previous year, the company acquired immovable and movable property of "M/s Shri Datta Sahakari Sakhar Karkhana Limited", Distt. Kolhapur, Maharashtra, having a capacity of 2500 TCD, under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, on payment of consideration of ₹ 108.00 Crore. Besides this outstanding liabilities of ₹ 17.48 crore consisting of unsecured loan, sales tax dues & employees dues etc. were also taken over and incorporated in the books of account & classified under current & non-current liabilities based upon the tenor of maturity.

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

### 48. 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 Mehta & Co.**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Dalmia Bharat Sugar and Industries Limited**

per **Arun K. Tulsian**  
Partner  
Membership No.: 89907

**K V Mohan**  
Company Secretary

**Anil Kataria**  
Deputy Executive Director  
(Finance & Accounts)

**J. S. Baijal**  
Director

**Gautam Dalmia**  
Managing Director

Place : New Delhi  
Date: May 16, 2014

# Cash Flow Statement

for the year ended March 31, 2014

|  | (₹ Crore)               |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| <b>A. Cash Flow from Operating Activities</b>                |                         |                         |
| <b>Net Profit before tax and exceptional items</b>           | <b>2.59</b>             | <b>27.89</b>            |
| Adjustments  |                         |                         |
| Depreciation / Amortization                                  | 49.30                   | 72.85                   |
| Provision for doubtful debts/ advances                       | 0.27                    | 0.05                    |
| Provision for diminution in value of Inventory               | 0.59                    | -                       |
| Bad Debts/ Advances written off                              | 0.26                    | -                       |
| Dividend Income  | (0.20)                  | (0.13)                  |
| Finance Cost   | 75.64                   | 65.55                   |
| Interest Income  | (1.95)                  | (0.47)                  |
| (Profit)/Loss on sale of Investments                         | (7.11)                  | (4.97)                  |
| (Profit)/Loss on sale of Fixed Assets and Assets written off | 3.11                    | (2.07)                  |
| <b>Operating Profit before working Capital Changes</b>       | <b>122.50</b>           | <b>158.70</b>           |
| <b>Adjustments for working Capital changes :</b>             |                         |                         |
| Inventories  | 90.08                   | (136.25)                |
| Trade and Other Payables                                     | 24.81                   | 87.50                   |
| Trade and Other Receivables                                  | 30.26                   | (4.72)                  |
| <b>Cash Generated from Operations</b>                        | <b>267.65</b>           | <b>105.23</b>           |
| Direct Taxes Paid  | (1.01)                  | (6.78)                  |
| <b>Net Cash from Operating activities</b>                    | <b>266.64</b>           | <b>98.45</b>            |
| <b>B Cash Flow from Investing Activities</b>                 |                         |                         |
| Purchase of fixed Assets( including Capital Reserve)         | (180.40)                | (149.71)                |
| Proceeds from sale of Fixed Assets                           | 4.74                    | 3.28                    |
| (Purchase)/ Sale of Current Investments (net)                | (12.40)                 | (2.45)                  |
| (Purchase)/ Sale of Non Current Investments (net)            | 2.08                    | (11.93)                 |
| Interest Received  | 1.05                    | 0.49                    |
| Dividend Received from Current Investments                   | 0.20                    | 0.13                    |
| Dividend Received from Non Current Investments               | -                       | -                       |
| <b>Net Cash used in Investing Activities</b>                 | <b>(184.73)</b>         | <b>(160.19)</b>         |
| <b>C Cash Flow from Financing Activities</b>                 |                         |                         |
| Proceeds / (repayment) of Short term Borrowings              | (188.93)                | 85.67                   |
| (Repayment) of Long term Borrowings                          | 214.98                  | (10.25)                 |
| Finance Cost   | (84.14)                 | (63.61)                 |
| Dividend Paid  | (2.32)                  | (0.16)                  |
| Corporate Dividend tax paid                                  | (0.34)                  | -                       |
| <b>Net cash from / ( used in) financing activities</b>       | <b>(60.75)</b>          | <b>11.65</b>            |
| <b>Net increase in cash and cash equivalents ( A+B+C)</b>    | <b>21.16</b>            | <b>(50.09)</b>          |
| <b>Cash and cash equivalents (Opening Balance)</b>           | <b>27.07</b>            | <b>77.16</b>            |
| <b>Cash and cash equivalents (Closing Balance)</b>           | <b>48.23</b>            | <b>27.07</b>            |
| <b>Change in Cash &amp; Cash Equivalents</b>                 | <b>21.16</b>            | <b>(50.09)</b>          |

Note:

- 1) Cash & cash equivalents components are as per Note 15 and 19.
- 2) Previous year figures have been regrouped/restated wherever considered necessary

As per our report of even date

For **S. S. Kothari Mehta & Co.**  
Chartered Accountants

per **Arun K. Tulsian**  
Partner  
Membership No.: 89907

**K. V. Mohan**  
Company Secretary

**Anil Kataria**  
Deputy Executive Director  
(Finance & Accounts)

**J. S. Baijal**  
Director

For and on behalf of the Board of Directors of  
**Dalmia Bharat Sugar and Industries Limited**

**Gautam Dalmia**  
Managing Director

Place : New Delhi  
Date: May 16, 2014

# Independent Auditors' Report On Consolidated Financial Statements Of Dalmia Bharat Sugar and Industries Limited and its Subsidiaries



## To the Board of Directors of Dalmia Bharat Sugar and Industries Limited

### Report on the Financial Statements

We have audited the accompanying consolidated Financial Statements of **Dalmia Bharat Sugar and Industries Limited** ('the Company'), and its subsidiaries (the Group) which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and Notes to Financial Statements comprising of summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting

estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. In case of Consolidated Balance Sheet, of the Consolidated state of affairs of the Group as at March 31, 2014;
- ii. In case of Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- iii. In case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matter

We did not audit the financial statements of three subsidiaries whose financial statements reflect total assets of Rs. 6.45 Crore (Previous Year Rs. 6.86 Crore) as at March 31, 2014, total revenues of Rs. 0.04 Crore (Rs. 0.04 Crore) and net cash flows of Rs. 0.03 Crore (Rs. (-) 0.15 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 these subsidiaries, is based solely on the report of the other auditors.

Our Opinion is not qualified in respect of this matter

For **S. S. Kothari Mehta & Co.**  
Chartered Accountants  
FRN – 000756N

**Arun K. Tulsian**  
Partner  
Membership No. 89907

Date: May 16, 2014  
Place: New Delhi



# Consolidated Balance Sheet

as at March 31, 2014

|                                 |       | (₹ Crore)               |                         |
|---------------------------------|-------|-------------------------|-------------------------|
|                                 | Notes | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| <b>EQUITY &amp; LIABILITIES</b> |       |                         |                         |
| <b>Shareholders' Funds</b>      |       |                         |                         |
| Share Capital                   | 2     | 16.19                   | 16.19                   |
| Reserves and Surplus            | 3     | 446.06                  | 442.52                  |
|                                 |       | <b>462.25</b>           | <b>458.71</b>           |
| <b>Non- Current Liabilities</b> |       |                         |                         |
| Long-Term Borrowings            | 4     | 526.66                  | 343.04                  |
| Deferred Tax Liability (Net)    | 5     | 78.80                   | 79.36                   |
| Other Long-Term Liabilities     | 6     | 6.36                    | 4.77                    |
| Long-Term Provisions            | 7     | 2.39                    | 1.92                    |
|                                 |       | <b>614.21</b>           | <b>429.09</b>           |
| <b>Current Liabilities</b>      |       |                         |                         |
| Short-term Borrowings           | 8     | 223.15                  | 412.08                  |
| Trade Payables                  | 9     | 282.77                  | 249.90                  |
| Other Current Liabilities       | 10    | 133.22                  | 115.37                  |
| Short-Term Provisions           | 11    | 2.45                    | 4.96                    |
|                                 |       | <b>641.59</b>           | <b>782.31</b>           |
| <b>Total</b>                    |       | <b>1718.05</b>          | <b>1670.11</b>          |
| <b>ASSETS</b>                   |       |                         |                         |
| <b>Non-current Assets</b>       |       |                         |                         |
| <b>Fixed Assets</b>             |       |                         |                         |
| Tangible Assets                 | 12    | 763.78                  | 635.40                  |
| Intangible Assets               | 12    | 3.64                    | 0.14                    |
| Capital Work-in-Progress        |       | 13.64                   | 16.90                   |
|                                 |       | <b>781.06</b>           | <b>652.44</b>           |
| Non-current Investments         | 13    | 15.97                   | 18.04                   |
| Long Term Loans and Advances    | 14    | 112.25                  | 124.80                  |
| Other Non-Current Assets        | 15    | 2.29                    | 0.23                    |
|                                 |       | <b>130.51</b>           | <b>143.07</b>           |
| <b>Current Assets</b>           |       |                         |                         |
| Current Investments             | 16    | 63.48                   | 43.97                   |
| Inventories                     | 17    | 629.31                  | 720.00                  |
| Trade Receivables               | 18    | 18.18                   | 57.73                   |
| Cash and Cash Equivalents       | 19    | 47.74                   | 26.86                   |
| Short-Term Loans and Advances   | 20    | 31.64                   | 13.11                   |
| Other Current Assets            | 21    | 16.13                   | 12.93                   |
|                                 |       | <b>806.48</b>           | <b>874.60</b>           |
| <b>Total</b>                    |       | <b>1718.05</b>          | <b>1670.11</b>          |
| 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 Mehta & Co.**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Dalmia Bharat Sugar and Industries Limited**

per **Arun K. Tulsian**  
Partner  
Membership No.: 89907

**K. V. Mohan**  
Company Secretary

**Anil Kataria**  
Deputy Executive Director  
(Finance & Accounts)

**J. S. Baijal**  
Director

**Gautam Dalmia**  
Managing Director

Place : New Delhi  
Date: May 16, 2014

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2014



|   |       |                                      | (₹ Crore)                            |
|---|-------|--------------------------------------|--------------------------------------|
|   | Notes | For the year ended<br>March 31, 2014 | For the year ended<br>March 31, 2013 |
| <b>Income</b>   |       |                                      |                                      |
| Revenue from Operations (Gross)   | 22    | 1235.12                              | 1031.18                              |
| Less: Excise Duty   |       | 43.62                                | 33.62                                |
| Revenue from Operations (Net)   |       | <b>1191.50</b>                       | <b>997.56</b>                        |
| Other Income  | 23    | 19.75                                | 16.36                                |
| <b>Total</b>  |       | <b>1211.25</b>                       | <b>1013.92</b>                       |
| <b>Expenses</b>   |       |                                      |                                      |
| Consumption of Raw Materials  | 24    | 824.69                               | 817.70                               |
| (Increase)/ Decrease in inventories of Finished Goods,<br>Work in Progress and Traded Goods | 25    | 86.14                                | (131.01)                             |
| Employee Benefit Expenses   | 26    | 65.16                                | 53.41                                |
| Other Expenses  | 27    | 107.71                               | 107.56                               |
| Finance Costs   | 28    | 75.64                                | 65.55                                |
| Depreciation and Amortization Expenses  | 12    | 49.49                                | 73.01                                |
| Less: transferred from Revaluation Reserve  |       | 0.19                                 | 0.21                                 |
| Net Depreciation and Amortization Expenses  |       | 49.30                                | 72.80                                |
| <b>Total</b>  |       | <b>1208.64</b>                       | <b>986.01</b>                        |
| <b>Profit before tax and exceptional items</b>  |       | <b>2.61</b>                          | <b>27.91</b>                         |
| Less : Exceptional Items (Net-Gain/(Loss))  |       | -                                    | (8.92)                               |
| <b>Profit Before Tax</b>  |       | <b>2.61</b>                          | <b>18.99</b>                         |
| Tax Expense:  |       |                                      |                                      |
| Current tax   |       | 0.62                                 | 3.79                                 |
| Mat Credit (Entitlement) / Charge   |       | (0.62)                               | (3.79)                               |
| Deferred Tax  |       | (0.56)                               | 0.62                                 |
| Prior Year Tax Charge / (written back)  |       | 0.12                                 | -                                    |
| <b>Total of Tax Expenses</b>  |       | <b>(0.44)</b>                        | <b>0.62</b>                          |
| <b>Profit After Tax</b>   |       | <b>3.05</b>                          | <b>18.37</b>                         |
| Earning per Share   |       |                                      |                                      |
| Basic and Diluted Earning per Share (in ₹)  | 29    | <b>0.38</b>                          | <b>2.27</b>                          |
| [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 Mehta & Co.**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Dalmia Bharat Sugar and Industries Limited**

**per Arun K. Tulsian**  
Partner  
Membership No.: 89907

**K. V. Mohan**  
Company Secretary

**Anil Kataria**  
Deputy Executive Director  
(Finance & Accounts)

**J. S. Baijal**  
Director

**Gautam Dalmia**  
Managing Director

Place : New Delhi  
Date: May 16, 2014

# Notes to Consolidated Financial Statements

## for the year ended March 31, 2014

### 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 Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) read with General Circular No. 15/2013 dated 13th September, 2013 and General Circular No. 8/2014 dated 4th April 2014 issued by Ministry of Corporate Affairs 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 Company and are consistent with those used in the previous year.

The CFS relates to Dalmia Bharat Sugar and Industries Limited (hereinafter referred as the "Company") and its Subsidiaries, (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. As applicable 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

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

Profit and Loss as the profit or loss on disposal of investment in subsidiary.

- 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, 2014).

## C. Use of Estimates

The preparation of Consolidated 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 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 (excluding earth moving machinery) and on all fixed assets at Wind Farm Unit, Bangalore Works and Dalmia Chini Mills (Sugar Units) excluding Boiler machinery in Power Plants. | 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. |
| Remaining Fixed Assets  | Written Down Value Method  |
| Computer Software   | Amortised over a period of 3-5 years on a Straight line basis.                                       |
| Other Intangible Assets   | Amortised over a period of maximum 10 years on a straight line basis.                                |

## F. Impairment of Assets

The carrying amounts of assets are reviewed at each Consolidated 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

# Notes to Consolidated Financial Statements (Contd.)

## for the year ended March 31, 2014

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 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.

### 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 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 Consolidated Financial Statements of the company as a whole.

### L. 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 are due. Shortfall in the funds, if any, is adequately provided for by the Company.

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

- 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.

## 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.
- 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 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 Consolidated 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 company's net investment in a non-integral foreign operation



# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

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 company 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 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 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 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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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.

#### **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).

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

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 Consolidated Balance Sheet date. These are reviewed at each Consolidated Balance Sheet date and adjusted to reflect the current best estimates.

## 2. Share Capital

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 Consolidated 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.

|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--|-------------------------|-------------------------|
| (₹ Crore)  |                         |                         |
| <b>Authorised :</b>  |                         |                         |
| 11,47,26,820 (11,47,26,820) Ordinary (Equity) 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                   |
|  | <b>40.00</b>            | <b>40.00</b>            |
| <b>Issued, Subscribed and Fully Paid Up :</b>                      |                         |                         |
| 8,09,39,303 (8,09,39,303) Ordinary (Equity) Shares of ₹ 2/- each   | 16.19                   | 16.19                   |
|  | <b>16.19</b>            | <b>16.19</b>            |

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

|                                | 2013-14           |              | 2012-13          |         |
|--------------------------------|-------------------|--------------|------------------|---------|
|                                | No. of<br>Shares  | ₹ Crore      | No. of<br>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       | <b>80,939,303</b> | <b>16.19</b> | 80,939,303       | 16.19   |

### (b) Terms/ rights attached to Ordinary (Equity) shares

The Company has only one class of ordinary (equity) shares having a face value of ₹ 2 per share. Each ordinary (equity) shareholder is entitled to one vote per share.

During the year ended March 31, 2014 the amount of dividend per share recognised as distribution to ordinary (equity) shareholders is ₹ NIL (₹ 0.25).

In the event of winding-up of the company, the ordinary (equity) 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 (equity) shares.

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

## (c) Details of shareholders holding more than 5% shares in the company

| Ordinary (Equity) shares of Rs2 each fully paid up | 2013-14       |           | 2012-13       |           |
|--|---------------|-----------|---------------|-----------|
|  | No. of Shares | % holding | No. of Shares | % holding |
| Mayuka Investment Limited                          | 14736537      | 18.21%    | 17736537      | 21.91%    |
| Sita Investment Company Limited                    | 5876800       | 7.26%     | 5876800       | 7.26%     |
| Ankita Pratisthan Limited                          | 5829070       | 7.20%     | 5829070       | 7.20%     |
| Shri Yadu Hari Dalmia                              | 4541880       | 5.61%     | 4541880       | 5.61%     |
| Dalmia Bharat Limited                              | 14829764      | 18.32%    | 14829764      | 18.32%    |

## 3. Reserves and Surplus

(₹ Crore)

|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--|-------------------------|-------------------------|
| <b>Capital Reserve</b>   |                         |                         |
| Opening Balance as per last financial statements   | 1.76                    | 0.35                    |
| Add: Addition during the year  | 0.68                    | 1.41                    |
| Closing Balance  | <b>2.44</b>             | <b>1.76</b>             |
| <b>Revaluation Reserve</b>   |                         |                         |
| Opening Balance as per last financial statements   | 4.52                    | 4.73                    |
| Less: Amount transferred to Consolidated Statement of Profit & Loss as reduction from depreciation | 0.19                    | 0.21                    |
| Closing Balance  | <b>4.33</b>             | <b>4.52</b>             |
| <b>General Reserve</b>   |                         |                         |
| <b>Opening Balance as per last financial statements</b>  | 0.54                    | 0.08                    |
| Add: Amount transferred from surplus balance in Consolidated Statement of Profit & Loss            | -                       | 0.46                    |
| Closing Balance  | <b>0.54</b>             | <b>0.54</b>             |
| <b>Reserve Fund as per RBI</b>   |                         |                         |
| Opening Balance as per last financial statements   | 0.34                    | 0.33                    |
| Add: Amount transferred from surplus balance in Consolidated Statement of Profit & Loss            | 0.01                    | 0.01                    |
| Closing Balance  | <b>0.35</b>             | <b>0.34</b>             |
| <b>Debenture Redemption Reserve</b>  |                         |                         |
| Opening Balance as per last financial statements   | 21.87                   | 18.75                   |
| Add: Amount transferred from surplus balance in the Consolidated Statement of Profit & Loss        | 3.13                    | 3.12                    |
| Closing Balance  | <b>25.00</b>            | <b>21.87</b>            |
| <b>Surplus in the Consolidated Statement of Profit and Loss</b>                                    |                         |                         |
| Balance as per last financial statements   | 413.49                  | 401.08                  |
| Profit for the year  | 3.05                    | 18.37                   |
| Less: Appropriations   |                         |                         |
| (i) Transfer to Debenture Redemption Reserve   | 3.13                    | 3.12                    |
| (ii) Transfer to General Reserve   | -                       | 0.46                    |
| (iii) Transfer to Reserve Fund as per RBI  | 0.01                    | 0.01                    |
| (iv) Proposed Dividend on Ordinary Shares  | -                       | 2.02                    |
| (v) Dividend Distribution Tax  | -                       | 0.35                    |
| Total Appropriations   | 3.14                    | 5.96                    |
| <b>Net Surplus in the Consolidated Statement of Profit and Loss</b>                                | <b>413.40</b>           | <b>413.49</b>           |
| <b>Total Reserves and Surplus</b>  | <b>446.06</b>           | <b>442.52</b>           |

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

## 4. Long Term Borrowings

|   | As at<br>March 31, 2014 |        | As at<br>March 31, 2013 |        |
|---|-------------------------|--------|-------------------------|--------|
| <b>Secured</b>  |                         |        |                         |        |
| A. Redeemable Non-Convertible Debentures                  | 100.00                  |        | 100.00                  |        |
| Less: Shown in Current maturities of Long Term Borrowings | 33.33                   | 66.67  | -                       | 100.00 |
| B. Term Loans:  |                         |        |                         |        |
| i. From Banks   | 435.66                  |        | 200.00                  |        |
| Less: Shown in Current maturities of Long Term Borrowings | 10.00                   | 425.66 | 10.00                   | 190.00 |
| ii. From Others   | 53.04                   |        | 73.73                   |        |
| Less: Shown in Current maturities of Long Term Borrowings | 18.71                   | 34.33  | 20.69                   | 53.04  |
|   | <b>526.66</b>           |        | <b>343.04</b>           |        |

### 1) Debentures referred to in A above to the extent of :

10.26%, Series XII ₹ 100 crore (₹ 100 crore) are secured by mortgage and first charge on pari-passu basis on all the immovable and movable assets (both current and future) excluding current assets of the sugar units of the company at Jawaharpur and Nigohi, redeemable in three yearly equal installments commencing from September 30, 2014.

### 2) Term Loans from Banks referred to in B (i) above to the extent of :

₹ 190 crore (₹ 200 crore) is secured by subservient charge on entire fixed assets excluding vehicles of company's sugar units at Jawaharpur and Nigohi and subservient charge on plant & machinery at Ramgarh Sugar unit. The same is repayable in five yearly unequal installments ranging from ₹ 10 crore to ₹ 60 crore each, commencing from December 2013, carrying interest @ Base rate + 1% (Present 11.20%).

₹ 167.46 crore (₹ NIL) is secured by mortgage on immovable property being Land & Building, structure, plant & machinery of shri Datta Sakhar Karkhana (unit Asurle Porle). The same is repayable in thirty unequal installments ranging from ₹ 4 crore to ₹ 5.50 crore each, commencing from March 2016, carrying interest @ Base rate + 1.5% (Present 11.70%).

₹ 78.20 crore (₹ NIL), interest free loan (availed under "Scheme for Extending Financial Assistance to Sugar Undertaking 2014" of Govt of India) is secured by second charge on pari passu basis with SDF lenders and Allahabad Bank on entire fixed assets of the company's sugar units. The same is repayable in twelve quarterly equal installments commencing from June 2016.

### 3) Term Loan from others referred to in B (ii) above to the extent of :

₹ 53.04 crore (₹ 73.73 crore) which consist of various loans and are secured by second exclusive charge on movable and immovable properties of the sugar units at Ramgarh, Jawaharpur and Nigohi. The same is repayable in unequal installments in the range of ₹ 1.33 crore to ₹ 20.08 crore per year till FY 2018-19 and carry interest in the range of 4% to 7.50%.

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

## 5. Deferred Tax

(₹ Crore)

|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--|-------------------------|-------------------------|
| Deferred Tax Assets/ Liabilities are attributable to the following items : |                         |                         |
| <b>Liabilities</b>   |                         |                         |
| Depreciation   | 95.16                   | 86.05                   |
|  | <b>95.16</b>            | 86.05                   |
| <b>Assets</b>  |                         |                         |
| Voluntary retirement expenses  | 0.19                    | 0.25                    |
| Expenses allowable for tax purpose when paid & unabsorbed depreciation     | 16.17                   | 6.44                    |
|  | <b>16.36</b>            | 6.69                    |
| <b>Net</b>   | <b>78.80</b>            | <b>79.36</b>            |

## 6. Other Long Term Liabilities

(₹ Crore)

|                   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|-------------------|-------------------------|-------------------------|
| Other Liabilities | 6.36                    | 4.77                    |
|                   | <b>6.36</b>             | <b>4.77</b>             |

## 7. Long Term Provisions

(₹ Crore)

|                                 | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---------------------------------|-------------------------|-------------------------|
| Provision for Employee Benefits | 2.39                    | 1.92                    |
|                                 | <b>2.39</b>             | <b>1.92</b>             |

## 8. Short Term borrowings

(₹ Crore)

|                                      | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--------------------------------------|-------------------------|-------------------------|
| <b>Secured</b>                       |                         |                         |
| Working Capital Loan from Banks      | 157.15                  | 168.08                  |
| Short Term Loan from Banks           | -                       | 180.00                  |
| <b>Unsecured</b>                     |                         |                         |
| Short Term Loan from Related Parties | 66.00                   | 64.00                   |
|                                      | <b>223.15</b>           | <b>412.08</b>           |

- (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 10.50% to 11%.
- (ii) Short term Loans from Banks of NIL (₹ 150 crore) are secured by hypothecation of receivable of farmers and NIL (₹ 30 crore) secured against mutual fund securities.
- (iii) Short term Loans from Related Parties are repayable during next one year and carry interest @ 10%.

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

## 9. Trade payables

(₹ Crore)

|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--|-------------------------|-------------------------|
| Trade Payables   |                         |                         |
| - Micro and Small Enterprises (to the extent information available to the company)<br>(refer note no.34) | 0.77                    | 0.09                    |
| - Others   | 282.00                  | 249.81                  |
|  | <b>282.77</b>           | <b>249.90</b>           |

## 10. Other current liabilities

(₹ Crore)

|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--|-------------------------|-------------------------|
| Current Maturities of long term borrowings | 62.04                   | 30.69                   |
| Interest accrued but not due on borrowings | 0.50                    | 5.04                    |
| Interest accrued and due on borrowings     | 3.21                    | 1.89                    |
| Advances from customers                    | 4.98                    | 3.58                    |
| Security deposit received                  | 0.74                    | 0.90                    |
| Unclaimed Dividend *                       | 1.67                    | 1.98                    |
| Other Liabilities                          |                         |                         |
| Excise Duty Payable on Closing Stock       | 20.13                   | 24.46                   |
| Statutory Dues                             | 2.49                    | 8.43                    |
| Others                                     | 37.46                   | 38.40                   |
|  | <b>133.22</b>           | <b>115.37</b>           |

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

## 11. Short Term Provisions

(₹ Crore)

|                                 | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---------------------------------|-------------------------|-------------------------|
| Provision for Employee Benefits | 2.45                    | 2.60                    |
| Proposed Dividend               | -                       | 2.02                    |
| Dividend Distribution Tax       | -                       | 0.34                    |
|                                 | <b>2.45</b>             | <b>4.96</b>             |



# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

## 12. Fixed Assets

| Particulars                   | (₹ Crore)     |                 |               |                     |                        |             |                  |                                       |                   |                 |
|-------------------------------|---------------|-----------------|---------------|---------------------|------------------------|-------------|------------------|---------------------------------------|-------------------|-----------------|
|                               | Land Freehold | Land Lease hold | Buildings     | Plant and equipment | Furniture and Fixtures | Vehicles    | Office equipment | Intangible Assets<br>Operating Rights | Computer Software | Total           |
| <b>Cost</b>                   |               |                 |               |                     |                        |             |                  |                                       |                   |                 |
| as at 1st April, 2012         | 21.07         | 0.65            | 115.91        | 806.21              | 4.00                   | 1.66        | 3.02             | -                                     | 0.13              | 952.65          |
| Additions                     | 34.58         | -               | 14.51         | 83.61               | 1.23                   | 0.58        | 1.02             | -                                     | 0.09              | 135.62          |
| Disposals                     | -             | 0.01            | -             | 11.43               | 0.02                   | 0.07        | 0.61             | -                                     | -                 | 12.14           |
| <b>as at 31st March, 2013</b> | <b>55.65</b>  | <b>0.64</b>     | <b>130.42</b> | <b>878.39</b>       | <b>5.21</b>            | <b>2.17</b> | <b>3.43</b>      | <b>-</b>                              | <b>0.22</b>       | <b>1,076.13</b> |
| Additions                     | 4.03          | -               | 9.16          | 170.20              | 0.54                   | 1.52        | 0.35             | 3.58                                  | -                 | 189.38          |
| Disposals                     | -             | 0.06            | 0.33          | 12.32               | 0.02                   | 0.38        | 0.01             | -                                     | -                 | 13.12           |
| <b>as at 31st March, 2014</b> | <b>59.68</b>  | <b>0.58</b>     | <b>139.25</b> | <b>1,036.27</b>     | <b>5.73</b>            | <b>3.31</b> | <b>3.77</b>      | <b>3.58</b>                           | <b>0.22</b>       | <b>1,252.39</b> |
| <b>Depreciation</b>           |               |                 |               |                     |                        |             |                  |                                       |                   |                 |
| as at 1st April, 2012         | -             | 0.11            | 26.86         | 345.04              | 2.45                   | 0.91        | 3.01             | -                                     | 0.04              | 378.42          |
| Charge for the year           | -             | 0.01            | 3.02          | 69.08               | 0.46                   | 0.10        | 0.37             | -                                     | 0.04              | 73.08           |
| Disposals                     | -             | -               | -             | 10.40               | -                      | 0.03        | 0.48             | -                                     | -                 | 10.91           |
| <b>as at 31st March, 2013</b> | <b>-</b>      | <b>0.12</b>     | <b>29.88</b>  | <b>403.72</b>       | <b>2.91</b>            | <b>0.98</b> | <b>2.90</b>      | <b>-</b>                              | <b>0.08</b>       | <b>440.59</b>   |
| Charge for the year           | 0.01          | -               | 3.11          | 45.36               | 0.31                   | 0.24        | 0.38             | 0.04                                  | 0.04              | 49.49           |
| Disposals                     | -             | -               | -             | 4.88                | 0.02                   | 0.20        | 0.01             | -                                     | -                 | 5.11            |
| <b>as at 31st March, 2014</b> | <b>0.01</b>   | <b>0.12</b>     | <b>32.99</b>  | <b>444.20</b>       | <b>3.20</b>            | <b>1.02</b> | <b>3.27</b>      | <b>0.04</b>                           | <b>0.12</b>       | <b>484.97</b>   |
| <b>Net Block</b>              |               |                 |               |                     |                        |             |                  |                                       |                   |                 |
| as at 31st March, 2013        | 55.65         | 0.52            | 100.54        | 474.67              | 2.30                   | 1.19        | 0.53             | -                                     | 0.14              | 635.54          |
| as at 31st March, 2014        | 59.67         | 0.46            | 106.26        | 592.07              | 2.53                   | 2.29        | 0.50             | 3.54                                  | 0.10              | 767.42          |

@ includes depreciation charged to other heads ₹ Nil crore (₹ 0.05 crore)

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

## 13. Non-current Investments

|  | (₹ Crore)               |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| <b>Unquoted</b>  |                         |                         |
| <b>Shares of Co-operative Societies (Unquoted)</b>                                     |                         |                         |
| DMC Employees Co-op Stores Limited   | ((2500))                | ((2500))                |
| <b>Government or Trust Securities (Unquoted)</b>                                       |                         |                         |
| National Saving Certificates   | ((23000))               | ((23000))               |
| <b>Equity Shares (Quoted)</b>  |                         |                         |
| 942567 (942567) Equity shares of ₹ 2 each fully paid up in Dalmia Bharat Limited       | 9.90                    | 9.90                    |
| 203,655 (203,655) equity shares of ₹ 10 each, fully paid up of Poddar Pigments Limited | 0.67                    | 0.67                    |
| <b>Mutual Funds</b>  |                         |                         |
| Quoted - Debt Based Scheme   | 5.40                    | 7.47                    |
|  | <b>15.97</b>            | <b>18.04</b>            |
| Quoted Investments :   |                         |                         |
| Book Value   | 10.57                   | 10.57                   |
| Aggregate Market Value   | 24.73                   | 14.83                   |
| Book Value of Unquoted Investments   | <b>((25500))</b>        | <b>((25500))</b>        |

## 14. Long term Loans and Advances (Considered good unless otherwise stated)

|   | (₹ Crore)               |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Capital Advances  | 1.22                    | 13.58                   |
| Security Deposits   | 0.89                    | 0.86                    |
| Loans and Advances to   |                         |                         |
| Related Parties   | -                       | -                       |
| Employees @   |                         |                         |
| Secured   | -                       | -                       |
| Unsecured   | 0.20                    | 0.05                    |
| Others  | 26.06                   | 26.91                   |
| Advances recoverable in cash or in kind or for value to be received     | 1.74                    | 2.28                    |
| Advance Income tax (net of provisions of ₹ 14.94 crore (₹ 14.82 crore)) | 33.32                   | 32.93                   |
| MAT Credit entitlement  | 48.82                   | 48.19                   |
| Others (Considered doubtful)  | 1.50                    | 1.14                    |
| Less : Set off with provision for doubtful debts/advances               | 1.50                    | 1.14                    |
|   | <b>112.25</b>           | <b>124.80</b>           |
| @ Due from officers of the company                                      | 0.15                    | -                       |

## 15. Other Non Current Assets

|  | (₹ Crore)               |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Fixed Deposits with Banks<br>(with original maturity of more than 12 months) | 0.54                    | 0.23                    |
| Others   | 1.75                    | -                       |
|  | <b>2.29</b>             | <b>0.23</b>             |

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

## 16. Current Investments

(₹ Crore)

|                                | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--------------------------------|-------------------------|-------------------------|
| Units of Mutual Funds (Quoted) |                         |                         |
| Debt Based Schemes             | 63.48                   | 43.97                   |
| <b>Total</b>                   | <b>63.48</b>            | <b>43.97</b>            |
| Quoted :                       |                         |                         |
| Book Value                     | 63.48                   | 43.97                   |
| Market Value                   | 64.05                   | 44.00                   |

## 17. Inventories

(₹ Crore)

|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--|-------------------------|-------------------------|
| (Mode of valuation - Refer Note No. 1(m) on Inventories) |                         |                         |
| Raw Materials  |                         |                         |
| On hand  | 12.24                   | 14.40                   |
| Work in Progress   | 16.08                   | 11.55                   |
| Finished Goods   | 580.13                  | 670.80                  |
| Stores, Spares etc                                       |                         |                         |
| On hand  | 20.58                   | 23.07                   |
| In transit   | 0.09                    | 0.11                    |
| Loose tools  | 0.19                    | 0.07                    |
|  | <b>629.31</b>           | <b>720.00</b>           |

## 18. Trade Receivables

(₹ Crore)

|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--|-------------------------|-------------------------|
| <b>a) Receivables Outstanding for a period exceeding six months from the date they are due for payment</b> |                         |                         |
| Considered good  |                         |                         |
| Unsecured  | 2.14                    | 7.26                    |
| Considered doubtful  | 0.02                    | 0.09                    |
| Less: Provision for Bad and Doubtful receivables   | 0.02                    | 0.09                    |
| <b>b) Other Receivables</b>  |                         |                         |
| Considered good  |                         |                         |
| Unsecured  | 16.04                   | 50.47                   |
| Considered doubtful  | -                       | -                       |
| Less: Provision for Bad and Doubtful receivables   | -                       | -                       |
|  | <b>18.18</b>            | <b>57.73</b>            |

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

## 19. Cash and Cash Equivalents

|   | (₹ Crore)               |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Cash on Hand  | 0.54                    | 0.50                    |
| Cheques in Hand   | 8.61                    | 4.68                    |
| Balances with Banks :   |                         |                         |
| - On Current accounts   | 16.77                   | 10.77                   |
| - On Cash Credit accounts   | 5.89                    | 4.38                    |
| - Deposits with Original maturity of less than 3 months                         | 12.16                   | 1.04                    |
| - Unpaid Dividend Account   | 1.67                    | 1.98                    |
| - Deposits with original Maturity of more than 3 months but less than 12 months | 2.10                    | 3.51                    |
|   | <b>47.74</b>            | <b>26.86</b>            |

## 20. Short term Loans and Advances (Unsecured considered good unless otherwise stated)

|   | (₹ Crore)               |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Loans and Advances to   |                         |                         |
| Employees @   | 0.12                    | 0.10                    |
| Others  | -                       | 1.87                    |
| Advances recoverable in cash or in kind or for value to be received               | 18.19                   | 5.96                    |
| Loans and Advances to Related Parties (Refer Note No. 41 to Financial Statements) | -                       | 0.09                    |
| Deposit and Balances with Government Departments and Other Authorities            | 13.33                   | 5.09                    |
| Others (Considered doubtful)  | 0.07                    | 0.10                    |
| Less: Provision for Doubtful Loans and advances                                   | 0.07                    | 0.10                    |
|   | <b>31.64</b>            | <b>13.11</b>            |
| @ Due from Officers of the Company  | 0.05                    | 0.01                    |

## 21. Other Current Assets

|                     | (₹ Crore)               |                         |
|---------------------|-------------------------|-------------------------|
|                     | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Interest Receivable | 1.11                    | 0.21                    |
| Unbilled Revenue    | 13.27                   | 12.72                   |
| Others              | 1.75                    | -                       |
|                     | <b>16.13</b>            | <b>12.93</b>            |

# Notes to Consolidated Financial Statements (Contd.)

## for the year ended March 31, 2014

### 22. Revenue from Operations (Gross)

(₹ Crore)

|                           | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---------------------------|-------------------------|-------------------------|
| Sales of Products         |                         |                         |
| Sugar and Molasses Sales  | 1019.02                 | 805.96                  |
| Power Sales               | 108.37                  | 117.29                  |
| Refractory Products Sales | 24.01                   | 26.80                   |
| Other Sales               | 75.95                   | 74.99                   |
|                           | <b>1227.35</b>          | <b>1025.04</b>          |
| Sales of services         | 2.32                    | 2.13                    |
| Other operating revenue   | 5.45                    | 4.01                    |
|                           | <b>1235.12</b>          | <b>1031.18</b>          |

### 23. Other Income

(₹ Crore)

|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---|-------------------------|-------------------------|
| Dividend income                               |                         |                         |
| from non current Investments                  | 0.24                    | 0.18                    |
| from Current Investments                      | -                       | -                       |
| Interest Income from Bank deposits and others | 0.90                    | 0.47                    |
| Interest on Income Tax refund                 | 1.05                    | -                       |
| Profit on sale of Current Investments         | 7.11                    | 4.97                    |
| Less: Loss on sale of Current Investments     | -                       | -                       |
| Profit on sale of Fixed Assets                | 0.08                    | 2.11                    |
| Gain on Foreign Exchange Fluctuation          | 0.70                    | 0.57                    |
| Miscellaneous Receipts                        | 9.67                    | 8.06                    |
|   | <b>19.75</b>            | <b>16.36</b>            |

### 24. Consumption of Raw Materials

(₹ Crore)

|               | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---------------|-------------------------|-------------------------|
| Sugar Cane    | 815.22                  | 809.82                  |
| Raw Magnesite | 3.31                    | 3.38                    |
| Others        | 6.16                    | 4.50                    |
|               | <b>824.69</b>           | <b>817.70</b>           |

### 25. (Increase)/ Decrease in inventories of finished goods, work in progress

(₹ Crore)

|                 | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|-----------------|-------------------------|-------------------------|
| Finished Goods  |                         |                         |
| - Closing stock | 580.13                  | 670.80                  |
| - Opening stock | 670.80                  | 538.10                  |
|                 | 90.67                   | (132.70)                |
| Work-in-Process |                         |                         |
| - Closing stock | 16.08                   | 11.55                   |
| - Opening stock | 11.55                   | 13.24                   |
|                 | (4.53)                  | 1.69                    |
|                 | <b>86.14</b>            | <b>(131.01)</b>         |

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

## 26. Employee Benefit Expenses

|   | As at<br>March 31, 2014 | (₹ Crore)<br>As at<br>March 31, 2013 |
|---|-------------------------|--------------------------------------|
| Salaries, Wages and Bonus<br>(after allocating ₹ 0.78 crore (₹ 1.61 crore) to other accounts) | 58.03                   | 47.37                                |
| Contribution to Provident Fund and Other Funds  | 4.63                    | 3.68                                 |
| Workmen and Staff Welfare expenses  | 3.28                    | 2.36                                 |
|   | <b>65.94</b>            | <b>53.41</b>                         |
| Less: Employee expenses Capitalised   | 0.78                    | -                                    |
|   | <b>65.16</b>            | <b>53.41</b>                         |

## 27. Other Expenses

|  | As at<br>March 31, 2014 | (₹ Crore)<br>As at<br>March 31, 2013 |
|--|-------------------------|--------------------------------------|
| Power and Fuel   | 12.96                   | 14.86                                |
| Packing Materials  | 13.95                   | 12.22                                |
| Consumption of Stores and Spares Parts<br>(after allocating ₹ 32.65 crore (₹ 35.52 crore) to other accounts) | 9.84                    | 10.44                                |
| Excise duty variation on opening/closing stock   | (3.86)                  | 4.51                                 |
| Repairs and Maintenance :  |                         |                                      |
| - Plant & Machinery  | 25.10                   | 20.18                                |
| - Buildings  | 2.87                    | 2.77                                 |
| - Others   | 1.35                    | 0.91                                 |
| Rent   | 0.52                    | 0.39                                 |
| Rates and Taxes  | 1.18                    | 1.24                                 |
| Insurance  | 0.98                    | 0.71                                 |
| Travelling   | 1.43                    | 1.35                                 |
| Advertisement and Publicity  | 0.17                    | 0.31                                 |
| Freight and Forwarding Charges   | 0.75                    | 0.60                                 |
| Cane Development Expenses  | 2.90                    | 5.27                                 |
| Management Service Charges   | 9.43                    | 9.87                                 |
| Selling Expenses   | 0.01                    | 0.15                                 |
| Commission paid to Other Selling Agents  | 1.46                    | 1.07                                 |
| Rebates, Discount and Allowances   | 1.05                    | 0.19                                 |
| Director's Sitting Fees  | 0.07                    | 0.07                                 |
| Charity and Donation   | 0.19                    | 0.07                                 |
| Assets written off / Loss on sale of Fixed Assets  | 3.45                    | 0.05                                 |
| Advance written off  | -                       | -                                    |
| Provision for Doubtful Debts   | 0.27                    | 0.05                                 |
| Provision for diminution in value of Inventory   | 0.59                    | -                                    |
| Miscellaneous Expenses   | 27.10                   | 20.28                                |
|  | <b>113.75</b>           | <b>107.56</b>                        |
| Less: Expenses Capitalised   | 6.05                    | -                                    |
|  | <b>107.71</b>           | <b>107.56</b>                        |



# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

## 28. Finance Costs

(₹ Crore)

|                                 | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---------------------------------|-------------------------|-------------------------|
| Interest                        |                         |                         |
| - On Term loans and Debentures  | 73.68                   | 36.73                   |
| - On Borrowing from Banks       | 6.42                    | 24.88                   |
| - Others                        | 0.81                    | 3.04                    |
| Other Borrowing Costs           | -                       | 0.90                    |
|                                 | 80.91                   | 65.55                   |
| Less: Interest cost Capitalised | 5.27                    | -                       |
|                                 | <b>75.64</b>            | <b>65.55</b>            |

## 29. Earning Per Share

(₹ Crore)

|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---|-------------------------|-------------------------|
| Net profit for calculation of basic and diluted EPS (₹ In Crores)             | <b>3.05</b>             | 18.37                   |
| Total number of equity shares outstanding at the end of the year              | <b>80939303</b>         | 80939303                |
| Weighted average number of equity shares in calculating basic and diluted EPS | <b>80939303</b>         | 80939303                |
| <b>Basic and Diluted EPS (₹)</b>  | <b>0.38</b>             | <b>2.27</b>             |

## 30. 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<br>incorporation | Percentage of<br>Ownership held<br>as at March 31,<br>2014 | Percentage of<br>Ownership held<br>as at March 31,<br>2013 |
|--------------------------------------|-----------------------------|--|--|
| Subsidiaries                         |                             |  |  |
| Himshikhar Investment Limited (HIL)  | India                       | <b>100%</b>  | 100%   |
| Dalmia Solar Power Limited (DSPL)    | India                       | <b>100%</b>  | 100%   |
| Dalmia Sugar Ventures Limited (DSVL) | India                       | <b>100%</b>  | 100%   |

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

(₹ in Crore)

| S. No. | Particulars   | 2013-14      | 2012-13 |
|--------|---|--------------|---------|
| a)     | Claims against the Company not acknowledged as debts  | <b>0.51</b>  | 0.49    |
| b)     | Demand raised by Income tax authorities under dispute   | <b>56.62</b> | 65.28   |
| c)     | Demand raised by custom, excise, entry tax, service tax and sales tax authorities under dispute | <b>53.25</b> | 56.21   |
| d)     | Other money for which the Company is contingently liable  | <b>0.15</b>  | 0.15    |
| e)     | Guarantee issued by the Company's banker on behalf of the company                               | <b>2.98</b>  | -       |

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.

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

## 32. Capital and other commitment:

| Particulars   | (₹ in Crore) |         |
|---|--------------|---------|
|   | 2013-14      | 2012-13 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)            | 0.58         | 72.66   |
| Estimated amount of contracts remaining to be executed on other than capital account and not provided for (net of advances) | 3.92         | -       |

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

| Particulars                          | (₹ in Crore) |         |
|--------------------------------------|--------------|---------|
|                                      | 2013-14      | 2012-13 |
| a) Statutory Auditor                 |              |         |
| i) Audit Fee                         | 0.08         | 0.08    |
| ii) For Tax Audit and Other services | 0.05         | 0.05    |
| iii) For Expenses                    | 0.04         | 0.01    |
| b) Cost Auditor                      |              |         |
| i) Audit Fee                         | 0.04         | 0.01    |

## 34. Details of Dues to Micro and Small Enterprises as per MSMED Act, 2006 to the extent of information available with the Company:

| Particulars  | (₹ in Crore) |             |
|--|--------------|-------------|
|  | 2013-14      | 2012-13     |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year   | 0.77         | 0.09        |
| 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 | -            | -           |
| <b>Total</b>   | <b>0.77</b>  | <b>0.09</b> |

35. 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.

## 36. Operating Lease

### Assets taken on Lease

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

| Particulars                 | (₹ in Crore) |             |
|-----------------------------|--------------|-------------|
|                             | 2013-14      | 2012-13     |
| Lease payments for the year | 0.52         | 0.39        |
| <b>Total</b>                | <b>0.52</b>  | <b>0.39</b> |

There are no non-cancellable operating leases.

# Notes to Consolidated Financial Statements (Contd.)

## for the year ended March 31, 2014

### 37. Gratuity and Other Post Employment Benefit Plans:

#### Gratuity

The Company has 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 Consolidated Balance Sheet for the plan.

#### Statement of Profit and Loss

Net employee benefit expense (recognised in Employee Benefit Expenses)

(₹ in Crore)

| Particulars                     | Gratuity (Funded) |             |
|---------------------------------|-------------------|-------------|
|                                 | 2013-14           | 2012-13     |
| Current Service Cost            | 1.24              | 1.11        |
| Interest Cost                   | 1.13              | 1.01        |
| Expected return on plan assets  | (1.39)            | (1.27)      |
| Net Actuarial (Gain)/ Loss      | 0.14              | (0.26)      |
| Past Service cost               | -                 | -           |
| <b>Total Expense</b>            | <b>1.12</b>       | <b>0.59</b> |
| Actual return on planned assets | 1.28              | 1.42        |

#### Consolidated Balance Sheet

(₹ in Crore)

| Particulars                                 | Gratuity (Funded) |             |
|---|-------------------|-------------|
|   | 2013-14           | 2012-13     |
| Present value of obligation as at year-end  | 14.91             | 14.08       |
| Fair value of plan assets as at year-end    | 15.23             | 14.81       |
| Less : Unrecognised past service cost       | -                 | -           |
| Funded status {( Surplus)/(Deficit)}        | 0.31              | 0.73        |
| <b>Net Asset/(Liability) as at year end</b> | <b>0.31</b>       | <b>0.73</b> |

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

(₹ in Crore)

| Particulars                               | Gratuity (Funded) |              |
|---|-------------------|--------------|
|   | 2013-14           | 2012-13      |
| Opening defined benefit obligation        | 14.08             | 12.66        |
| Interest cost                             | 1.13              | 1.01         |
| Current service cost                      | 1.24              | 1.11         |
| Benefits paid out of funds                | (1.56)            | (0.60)       |
| Actuarial (gains)/ losses on obligation   | 0.03              | (0.11)       |
| <b>Closing defined benefit obligation</b> | <b>14.92</b>      | <b>14.08</b> |

# Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2014

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

| Particulars                              | Gratuity (Funded) |              |
|--|-------------------|--------------|
|  | 2013-14           | 2012-13      |
| Opening fair value of plan assets        | 14.81             | 13.49        |
| Expected return                          | 1.39              | 1.27         |
| Contribution by employer                 | 0.70              | 0.50         |
| Benefits paid                            | (1.56)            | (0.60)       |
| Actuarial gains/ (losses) on obligation  | (0.12)            | 0.15         |
| <b>Closing fair value of plan assets</b> | <b>15.23</b>      | <b>14.81</b> |

(₹ in Crore)

The Company expects to contribute ₹ 1.78 Crore (₹ 0.50 Crore) to gratuity in 2013-14.

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

| Particulars                 | Gratuity (Funded) |         |
|-----------------------------|-------------------|---------|
|                             | 2013-14           | 2012-13 |
| Qualifying Insurance Policy | 99%               | 100%    |
| Bank Balance                | 1%                | -       |

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) |               |
|-----------------------------------|-------------------|---------------|
|                                   | 2013-14           | 2012-13       |
| Discount Rate                     | 8.00%             | 8.00%         |
| Expected rate of return on assets | 8.85%             | 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:

| Particulars                               | Gratuity (Funded) |         |         |         |         |
|---|-------------------|---------|---------|---------|---------|
|   | 2013-14           | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
| Defined benefit obligation                | 14.92             | 14.08   | 12.66   | 10.84   | 19.28   |
| Plan assets                               | 15.23             | 14.81   | 13.49   | 12.33   | 21.46   |
| Surplus/ (deficit)                        | 0.31              | 0.73    | 0.83    | 1.49    | 2.18    |
| Experience adjustment on plan assets      | (0.12)            | 0.15    | 0.04    | (0.40)  | 1.80    |
| Experience adjustment on plan liabilities | (0.03)            | 0.11    | (0.28)  | (11.69) | (1.09)  |

(₹ in Crore)

## Provident and Other Funds

### Contribution to Defined Contribution Plans:

| Particulars                              | Gratuity (Funded) |         |
|--|-------------------|---------|
|  | 2013-14           | 2012-13 |
| Pension Fund/Superannuation funds/ESI/PF | 3.54              | 3.12    |

(₹ in Crore)

# Notes to Consolidated Financial Statements (Contd.)

## for the year ended March 31, 2014

### 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.

### 38. 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.

#### Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on March 31, 2014:

(₹ in Crore)

| Segment Particulars                | Sugar                         | Power                     | Others                    | Total                         |
|------------------------------------|-------------------------------|---------------------------|---------------------------|-------------------------------|
| <b>Revenue</b>                     |                               |                           |                           |                               |
| Gross Revenue                      | <b>1,139.52</b><br>(919.63)   | <b>210.12</b><br>(216.05) | <b>107.27</b><br>(108.63) | <b>1,456.91</b><br>(1,244.31) |
| Less: Inter/ Intra Segment Revenue | <b>120.50</b><br>(113.79)     | <b>99.55</b><br>(97.97)   | <b>1.74</b><br>(1.37)     | <b>221.79</b><br>(213.13)     |
| Less: Excise Duty                  | <b>40.35</b><br>(30.91)       | <b>0.00</b><br>-          | <b>3.27</b><br>(2.71)     | <b>43.62</b><br>(33.62)       |
| Net Revenue                        | <b>978.67</b><br>(774.93)     | <b>110.57</b><br>(118.08) | <b>102.26</b><br>(104.55) | <b>1,191.50</b><br>(997.56)   |
| <b>Results</b>                     |                               |                           |                           |                               |
| Segment result                     | <b>(57.30)</b><br>(1.44)      | <b>66.25</b><br>(58.84)   | <b>69.30</b><br>(33.18)   | <b>78.25</b><br>(93.46)       |
| Less: Finance Cost                 |                               |                           |                           | <b>75.64</b><br>(65.55)       |
| Less: Exceptional Items            |                               |                           |                           | -<br>(8.92)                   |
| Profit before tax                  |                               |                           |                           | <b>2.61</b><br>(18.99)        |
| Tax expenses                       |                               |                           |                           | <b>(0.44)</b><br>(0.62)       |
| Profit after tax                   |                               |                           |                           | <b>3.05</b><br>(18.37)        |
| <b>Assets</b>                      | <b>1,122.61</b><br>(1,131.12) | <b>316.72</b><br>(251.41) | <b>102.13</b><br>(113.80) | <b>1,541.46</b><br>(1,496.33) |

# Notes to Consolidated Financial Statements (Contd.)

## for the year ended March 31, 2014

| (₹ in Crore)               |                           |                          |                       |                               |
|----------------------------|---------------------------|--------------------------|-----------------------|-------------------------------|
| Segment Particulars        | Sugar                     | Power                    | Others                | Total                         |
| Non Segments Assets        |                           |                          |                       | <b>176.59</b><br>(173.78)     |
| <b>Total Assets</b>        |                           |                          |                       | <b>1,718.05</b><br>(1,670.11) |
| <b>Liabilities</b>         | <b>510.80</b><br>(506.22) | <b>2.86</b><br>(0.85)    | <b>8.64</b><br>(7.22) | <b>522.30</b><br>(514.29)     |
| Non Segments liabilities   |                           |                          |                       | <b>733.50</b><br>(697.11)     |
| <b>Total Liabilities</b>   |                           |                          |                       | <b>1,255.80</b><br>(1,211.40) |
| <b>Depreciation</b>        | <b>24.57</b><br>(22.66)   | <b>20.44</b><br>(45.91)  | <b>4.48</b><br>(4.51) | <b>49.49</b><br>(73.08)       |
| <b>Capital Expenditure</b> | <b>72.61</b><br>(112.87)  | <b>116.09</b><br>(22.36) | <b>0.68</b><br>(0.40) | <b>189.38</b><br>(135.63)     |

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 sold to State Electricity Board.

39. 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 :

### Parent Group

| (₹ in Crore)   |              |         |
|--|--------------|---------|
| Particulars  | 2013-14      | 2012-13 |
| <b>Carried forward as part of Capital Work in Progress (A)</b> | <b>0.52</b>  | -       |
| <b>Expenditure incurred during the year</b>                    |              |         |
| <b>Personnel Expenses</b>                                      |              |         |
| Salary and Wages   | 0.78         | 0.02    |
| <b>Operating and Other Expenses</b>                            |              |         |
| Finance Cost   | 5.27         | -       |
| Consultancy Charges  | 2.33         | 0.42    |
| Miscellaneous Expenses   | 1.96         | 0.08    |
| Expenditure incurred during Trial Run                          | 1.75         | -       |
| <b>Total Expenditure incurred during the year (B)</b>          | <b>12.09</b> | 0.52    |
| <b>Total Pre-operative Expenditure (A + B)</b>                 | <b>12.61</b> | 0.52    |
| Less : Revenue during Trial Run                                | 0.54         | -       |
| Less: Capitalised as Fixed Assets                              | 12.07        | -       |
| <b>Carried forward as part of Capital Work in Progress</b>     | <b>-</b>     | 0.52    |



# Notes to Consolidated Financial Statements (Contd.)

## for the year ended March 31, 2014

### Subsidiaries

| Particulars  | (₹ in Crore) |         |
|--|--------------|---------|
|  | 2013-14      | 2012-13 |
| <b>Carried forward as part of Capital Work in Progress</b> | <b>0.38</b>  | 4.11    |
| Expenditure incurred during the year                       |              |         |
| <b>Other Expenses</b>                                      |              |         |
| Rent   | -            | 0.03    |
| Miscellaneous Expenses                                     | <b>0.02</b>  | 0.16    |
| <b>Finance Cost</b>  |              |         |
| Bank Charges   | -            | -       |
| <b>Grand Total</b>   | <b>0.40</b>  | 4.20    |
| <b>Less: Charged in Profit &amp; Loss Account</b>          | <b>0.20</b>  | 3.92    |
| <b>Carried forward as part of Capital Work in Progress</b> | <b>0.20</b>  | 0.38    |

40. In the previous year, the Company had changed the method of depreciation from straight line method to written down value method with effect from 1-4-2006, for Boiler plants at Ramgarh, Jawaharpur and Nigohi on account of timely replacement of machinery due to accelerated wear and tear.

In compliance with the Accounting Standards (AS-6) notified by Companies (Accounting Standards) Rules, 2006, (as amended), depreciation has been recomputed from the date of commissioning of these plants at WDV rates applicable to those years. Consequent to this, there was an additional charge for depreciation during the previous year of ₹ 26.83 Crore due to the said change.

Had there been no change in the method of depreciation, the charge for the previous year would have been lower by ₹ 1.22 crore, excluding the charge relating to the previous years.

Consequently, the Net Block of Fixed Assets and Reserves and Surplus was lower by ₹ 28.05 Crore in the previous year.

41. 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 Company

Shri Jai Hari Dalmia– Vice-Chairman, Shri Yadu Hari Dalmia – Vice-Chairman (till 31-10-2013), Shri Gautam Dalmia - Managing Director, Shri Puneet Yadu Dalmia – Managing Director (till 31-10-2013).

##### 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 Avanees 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).

# Notes to Consolidated Financial Statements (Contd.)

## for the year ended March 31, 2014



### 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, Himigiri Commercial Limited, Valley Agro Industries Limited, Dalmia Refractories Limited (formerly known as Shri Nataraj Ceramic and Chemical Industries Limited, Shri Chamundeswari Minerals Limited, Shree Nirman Limited, Keshav Power Limited, Avanee and Ashni Securities Private Limited, ZipAhead.Com Limited, Alirox Abrasives Limited, Shri Investments, Sukeshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya Dalmia Trust, Priyang Trust, Avanee Trust, New Habitat Housing Finance and Development Limited, Dalmia Bharat Limited, Dalmia Power Limited, Kanika Investment Limited, Arjuna Brokers & Minerals Limited, Dalmia Cement Ventures Limited (amalgamated into Dalmia Cement Bharat Ltd w.e.f. 9-12-2013), D.I. Properties Limited, Dalmia Minerals & Properties Limited, Geetee Estates Limited, Hemshila Properties Limited, Ishita Properties Limited, ShriRadha 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, Adhunik Cement Limited, Calcom Cement India Limited, Adhunik MSP Cement (Assam) Limited, Vinay Cements Limited, RCL Cements Limited, SCL Cements 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, Dalmia Bharat Cements Holdings Limited, Shri Rangam Securities & Holdings Limited, Khappa Coal Co. Pvt. Ltd., YHD Trusteeship Services Pvt. Limited, Shri Yadu Hari Trusteeship Services Pvt. Ltd., Vastalaya Developers Pvt. Limited, Yadu Hari Dalmia Parivar Trust, Respect Elders & Co., Love Children & Co., Respect Nature & Society, Shri Brahma Creation Trust, Shri Vishnu Preservation Trust, Shubh Homes Realtors LLP.

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

| Nature of Transaction                        | (₹ in Crore)             |   |          |
|--|--------------------------|---|----------|
|  | Key Management Personnel | Key Management Personnel controlled enterprises | Total    |
| Sale of goods and services                   | -                        | 7.64  | 7.64     |
|  | (-)                      | (4.00)  | (4.00)   |
| Reimbursement of expenses - receivable       | -                        | 0.08  | 0.08     |
|  | (-)                      | (0.08)  | (0.08)   |
| Reimbursement of expenses – payable          | -                        | 0.29  | 0.29     |
|  | (-)                      | (0.45)  | (0.45)   |
| Purchase of goods and services               | -                        | 11.03   | 11.03    |
|  | (-)                      | (10.88)   | (10.88)  |
| Rent payment                                 | -                        | 0.01  | 0.01     |
|  | (-)                      | (0.01)  | (0.01)   |
| Loans Taken                                  | -                        | 90.50   | 90.50    |
|  | (-)                      | (153.25)  | (153.25) |
| Loans Repaid                                 | -                        | 88.50   | 88.50    |
|  | (-)                      | (139.25)  | (139.25) |
| Sale of Assets                               | -                        | 0.12  | 0.12     |
|  | (-)                      | (0.04)  | (0.04)   |
| Receipt of fund on their behalf and transfer | -                        | 0.06  | 0.06     |
|  | (-)                      | (0.03)  | (0.03)   |
| Interest paid on Loans                       | -                        | 10.32   | 10.32    |
|  | (-)                      | (3.04)  | (3.04)   |
| Salary and Perquisites                       | 1.59                     | -   | 1.59     |
|  | (0.95)                   | (-)   | (0.95)   |
| Dividend Received                            | -                        | 0.19  | 0.19     |
|  | (-)                      | (0.14)  | (0.14)   |
| Dividend Paid                                | -                        | 0.37  | 0.37     |
|  | (-)                      | (-)   | (-)      |

# Notes to Consolidated Financial Statements (Contd.)

## for the year ended March 31, 2014

1. Sale of goods and services includes transaction with Dalmia Cement (Bharat) Limited ₹ 2.15 Crore (₹ 0.21 Crore), OCL India Limited ₹ 0.29 Crore (₹ 0.46 Crore), Dalmia Bharat Limited ₹ 3.64 Crore (₹ 3.33 Crore) and Adhunik Cement Limited ₹ 0.88 Crore (₹ NIL).
2. Reimbursement of expenses – receivable includes transaction with Dalmia Bharat Limited ₹ 0.04 Crore (₹ 0.03 Crore), Dalmia Cement (Bharat) Limited ₹ 0.04 Crore (₹ 0.05 Crore).
3. Reimbursement of expenses – payable includes transaction with Dalmia Bharat Limited ₹ 0.22 Crore (₹ 0.40 Crore) and Dalmia Cement (Bharat) Limited ₹ 0.02 Crore (₹ 0.05 Crore), DCB Power Ventures Limited ₹ 0.05 Crore (₹ NIL).
4. Purchase of goods & services includes transaction with Dalmia Bharat Limited ₹ 9.58 Crore (₹ 10.19 Crore) and Dalmia Cement (Bharat) Limited ₹ 1.40 Crore (₹ 0.66 Crore).
5. Rent payment includes transaction with Ishita Properties Limited ₹ 0.01 Crore (₹ 0.01 Crore).
6. Loans taken includes transaction with Dalmia Bharat Limited ₹ 75.50 Crore (₹ 127.25 Crore) and DCB Power Ventures Limited ₹ 15.00 Crore (₹ 26.00 Crore).
7. Loans repaid includes transaction with Dalmia Bharat Limited ₹ 70.50 Crore (₹ 132.25 Crore), DCB Power Ventures Limited ₹ 18.00 Crore (₹ 7.00 Crore).
8. Sale of fixed assets includes transaction with Dalmia Cement (Bharat) Limited ₹ 0.09 (₹ NIL) and Dalmia Bharat Limited ₹ 0.03 Crore (₹ 0.04 Crore).
9. Receipt of fund on their behalf and transfer includes transaction with Dalmia Bharat Limited ₹ 0.06 Crore (₹ 0.03 Crore).
10. Interest paid on loans includes transaction with Dalmia Bharat Limited ₹ 7.82 Crore (₹ 2.47 Crore) and DCB Power Ventures Limited ₹ 2.50 Crore (₹ 0.57 Crore).
11. Salary and perquisites includes transaction with Shri J. H. Dalmia ₹ 0.39 Crore (₹ 0.42 Crore), Shri Y. H. Dalmia ₹ 1.11 Crore (₹ 0.41 Crore), Shri Gautam Dalmia ₹ 0.04 Crore (₹ 0.05 Crore), Shri Puneet Yadu Dalmia ₹ 0.05 Crore (₹ 0.07 Crore).
12. Dividend received represent dividend from Dalmia Bharat Limited ₹ 0.19 Crore (₹ 0.14 Crore).
13. Dividend paid represent dividend paid to Dalmia Bharat Limited ₹ 0.37 Crore (₹ NIL).

### c) Balances Outstanding at Year End:

| Nature of Transaction | (₹ in Crore)             |   |         |
|-----------------------|--------------------------|---|---------|
|                       | Key Management Personnel | Key Management Personnel controlled enterprises | Total   |
| Loans Payable         | -                        | 66.00   | 66.00   |
|                       | (-)                      | (64.00)   | (64.00) |
| Interest Payable      | -                        | 1.81  | 1.81    |
|                       | (-)                      | (1.76)  | (1.76)  |
| Amounts receivable    | -                        | 0.15  | 0.15    |
|                       | (-)                      | (0.09)  | (0.09)  |
| Amounts payable       | -                        | 2.35  | 2.35    |
|                       | (-)                      | (3.88)  | (3.88)  |

# Notes to Consolidated Financial Statements for the year ended March 31, 2014



- 1 Loans payable includes Dalmia Bharat Limited ₹ 50.00 Crore (₹ 45.00 Crore) and DCB Power Ventures Limited ₹ 16.00 Crore (₹ 19.00 Crore).
  - 2 Interest payable includes Dalmia Bharat Limited ₹ 1.44 Crore (₹ 1.25 Crore) and DCB Power Ventures Limited ₹ 0.37 Crore (₹ 0.51 Crore).
  - 3 Amount receivable includes Dalmia Cement (Bharat) Limited ₹ 0.15 Crore (₹ 0.09 Crore).
  - 4 Amount payable includes Dalmia Cement (Bharat) Limited ₹ 0.01 Crore (₹ 0.06 Crore), Dalmia Bharat Limited ₹ 2.28 Crore (₹ 3.81 Crore) and DCB Power Ventures Limited ₹ 0.06 Crore (₹ 0.01 Crore).
- 42.** In the previous year, the company acquired immovable and movable property of "M/s Shri Datta Sahakari Sakhar Karkhana Limited", Distt. Kolhapur, Maharashtra, having a capacity of 2500 TCD, under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, on payment of consideration of ₹ 108.00 Crore. Besides this outstanding liabilities of ₹ 17.48 crore consisting of unsecured loan, sales tax dues & employees dues etc. were also taken over and incorporated in the books of account & classified under current & non-current liabilities based upon the tenor of maturity.
- 43.** Figures less than ₹ Fifty thousand which are required to be shown separately have been shown at actual in double brackets.
- 44. 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 Mehta & Co.**  
Chartered Accountants

per **Arun K. Tulsian**  
Partner  
Membership No.: 89907

**K. V. Mohan**  
Company Secretary

**Anil Kataria**  
Deputy Executive Director  
(Finance & Accounts)

For and on behalf of the Board of Directors of  
**Dalmia Bharat Sugar and Industries Limited**

**J. S. Baijal**  
Director

**Gautam Dalmia**  
Managing Director

Place : New Delhi  
Date: May 16, 2014

# Consolidated Cash Flow Statement

for the year ended March 31, 2014

|  | (₹ Crore)       |                 |
|--|-----------------|-----------------|
|  | 2013-14         | 2012-13         |
| <b>A. Cash Flow from Operating Activities</b>                |                 |                 |
| <b>Net Profit before tax and exceptional items</b>           | <b>2.61</b>     | <b>27.91</b>    |
| Adjustments  |                 |                 |
| Depreciation / Amortization                                  | 49.30           | 72.87           |
| Provision for doubtful debts/ advances                       | 0.27            | 0.05            |
| Provision for diminution in value of Inventory               | 0.59            | -               |
| Bad Debts/ Advances written off                              | 0.20            | -               |
| Dividend Income  | (0.24)          | (0.18)          |
| Finance Cost   | 75.64           | 65.55           |
| Interest Income  | (1.95)          | (0.47)          |
| (Profit)/Loss on sale of Investments                         | (7.11)          | (4.97)          |
| (Profit)/Loss on sale of Fixed Assets and Assets written off | 3.17            | (2.06)          |
| <b>Operating Profit before working Capital Changes</b>       | <b>122.48</b>   | <b>158.70</b>   |
| <b>Adjustments for working Capital changes :</b>             |                 |                 |
| Inventories  | 90.07           | (136.25)        |
| Trade and Other Payables                                     | 24.81           | 85.40           |
| Trade and Other Receivables                                  | 30.27           | (6.37)          |
| <b>Cash Generated from Operations</b>                        | <b>267.43</b>   | <b>101.48</b>   |
| Direct Taxes Paid  | (1.02)          | (6.79)          |
| <b>Net Cash from Operating activities</b>                    | <b>266.41</b>   | <b>94.69</b>    |
| <b>B Cash Flow from Investing Activities</b>                 |                 |                 |
| Purchase of fixed Assets( including Capital Reserve)         | (180.19)        | (145.99)        |
| Proceeds from sale of Fixed Assets                           | 4.74            | 3.28            |
| (Purchase)/ Sale of Current Investments (net)                | (12.40)         | (2.45)          |
| (Purchase)/ Sale of Non Current Investments (net)            | 2.08            | (12.09)         |
| Interest Received  | 1.05            | 0.49            |
| Dividend Received from Current Investments                   | 0.24            | 0.18            |
| Dividend Received from Non Current Investments               | -               | -               |
| <b>Net Cash used in Investing Activities</b>                 | <b>(184.48)</b> | <b>(156.58)</b> |
| <b>C Cash Flow from Financing Activities</b>                 |                 |                 |
| Proceeds / (repayment) of Short term Borrowings              | (188.92)        | 85.67           |
| (Repayment) of Long term Borrowings                          | 214.98          | (10.25)         |
| Finance Cost   | (84.13)         | (63.61)         |
| Dividend Paid  | (2.33)          | (0.16)          |
| Corporate Dividend tax paid                                  | (0.34)          | -               |
| <b>Net cash from / ( used in) financing activities</b>       | <b>(60.74)</b>  | <b>11.65</b>    |
| <b>Net increase in cash and cash equivalents ( A+B+C)</b>    | <b>21.19</b>    | <b>(50.24)</b>  |
| <b>Cash and cash equivalents ( Opening Balance)</b>          | <b>27.09</b>    | <b>77.33</b>    |
| <b>Cash and cash equivalents ( Closing Balance)</b>          | <b>48.28</b>    | <b>27.09</b>    |
| <b>Change in Cash &amp; Cash Equivalents</b>                 | <b>21.19</b>    | <b>(50.24)</b>  |

Note:

- 1) Cash & cash equivalents components are as per Note 19 and 15.
- 2) Previous year figures have been regrouped/restated wherever considered necessary

As per our report of even date

For **S. S. Kothari Mehta & Co.**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Dalmia Bharat Sugar and Industries Limited**

per **Arun K. Tulsian**  
Partner  
Membership No.: 89907

**K. V. Mohan**  
Company Secretary

**Anil Kataria**  
Deputy Executive Director  
(Finance & Accounts)

**J. S. Baijal**  
Director

**Gautam Dalmia**  
Managing Director

Place : New Delhi  
Date: May 16, 2014

# Statement Attached to Balance Sheet

As on March 31, 2014 Pursuant to Section 212 of The Companies Act 1956



| S. No. | Subsidiary Companies   | Himshikhar Investment Limited | Dalmia Solar Power Limited | Dalmia Sugar Ventures Limited |
|--------|--|-------------------------------|----------------------------|-------------------------------|
| 1      | Financial year ending  | 31-03-2014                    | 31-03-2014                 | 31-03-2014                    |
| 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 31-3-2014 (₹)   | 317,117                       | (65,496)                   | (50,220)                      |
|        | (b) For the previous financial years since it became Company's Subsidiary (₹)  | 16,339,437                    | (664,930)                  | (454,606)                     |
| 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 31-3-2014 (₹)   | Nil                           | Nil                        | Nil                           |
|        | (b) For the previous financial years since it became Company's Subsidiary (₹)  | Nil                           | Nil                        | Nil                           |

Place: New Delhi  
Date: May 16, 2014

**J. S. Baijal**  
Director

**Gautam Dalmia**  
Managing Director



# Statement Attached to Balance Sheet

As on March 31, 2014 Pursuant to Section 212 of The Companies Act 1956

## Details of Subsidiary Companies

| Name of Subsidiary Company     | (₹ Crore)                     |                            |                               |
|--------------------------------|-------------------------------|----------------------------|-------------------------------|
|                                | Himshikhar Investment Limited | Dalmia Solar Power Limited | Dalmia Sugar Ventures Limited |
| Capital                        | 45.00                         | 5.00                       | 5.00                          |
| Reserves                       | 566.57                        | (7.30)                     | (5.05)                        |
| Total Assets                   | 612.55                        | 32.43                      | 0.34                          |
| Total Liabilities              | 0.98                          | 34.73                      | 0.39                          |
| Investments                    | 606.89                        | -                          | -                             |
| Turnover/ Total Income         | 4.07                          | -                          | -                             |
| Profit/ (Loss) Before Taxation | 3.16                          | (0.65)                     | (0.50)                        |
| Provision for Taxation         | (0.01)                        | -                          | -                             |
| Profit/ (Loss) After Taxation  | 3.17                          | (0.65)                     | (0.50)                        |
| Proposed Dividend              | -                             | -                          | -                             |

Place: New Delhi  
Date: May 16, 2014

**J. S. Baijal**  
Director

**Gautam Dalmia**  
Managing Director





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### Corporate Office

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