Dalmia
BHARAT SUGAR

sugar
cogeneration
wind power
distillery
ethanol
reduced emissions

WIDER VISTAS NEW HORIZONS

Dalmia Bharat Sugar and Industries Limited Annual Report 2010-11

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A NEW IDENTITY

WIDER VISTAS, NEW HORIZONS

The search for wider vistas and new horizons is as old as civilization itself. This primeval, essential human urge lies behind every new discovery, invention and the entire continuum of the human race. Corporations are no different.

A corporation is representative of the collective will of people who come together for the mutual benefit of all. As a collective, it identifies opportunities, endeavours to realize them and leverages them to add value to the organization. Enterprise demands that we move towards new, foucused and distinct paradigms.

The search for wider vistas and new horizons brings human beings and organizations to an inflection point. A point of identifying new opportunities, adding new milestones and charting a new odyssey of growth and success.

Dalmia Bharat Sugar and Industries Limited is at such an inflection point. After our demerger from the cement and other businesses, we see the opportunities available to us with a new vision. A vision powered by wider vistas of our role as an organization and new horizons that we have to reach. This Annual Report includes these wider vistas and new horizons that we have identified and plan to leverage.

FOCUSED ON VALUES

Values

Logo representing our values

Our logo is the Akshayapatra (Sanskrit); meaning the vessel of plenty, which, according to Hindu mythology, was given to Yudhishthira by the Sun God - Surya. For us, Akshayapatra is the result of the integration of each of the four elements of nature, viz. Fire, Water, Air and Earth; each representing one of our values. All four natural elements are powerful and they nurture life. Similarly, we believe our four values will empower and nurture each one of us and the Dalmia Group as a whole. They would also help us fulfill our pledge of creating value for all stakeholders.

Dalmia
Lets Excel

Dalmia Bharat Sugar and Industries Limited is inter alia one of the leading producers of sugar in Uttar Pradesh, which is the second largest producer of sugar in the country. It has three integrated plants, with a total cane crushing capacity of 22,500 TCD, located at Ramgarh, Jawaharpur and Nigohi in U.P. The Jawaharpur plant has 80 KLPD distillery capacity to produce ethanol from molasses.

Cogeneration and renewable power generation

The integrated sugar plants have a capacity to produce 79 MW of power, two third of which is exportable. The company also has wind farm capacity of 16.5 MW, located at Muppandal near Kanyakumari in Tamil Nadu. The company, through its 100% subsidiary, is also incubating a 10 MW solar power generation unit in Rajasthan, land for which has already been procured. The project is in advanced stage of incubation.

The company produces around 96 MW of power through renewable energy with an aim to increase power generation from non-conventional methods.

Going forward, the company seeks to expand its presence in the renewable energy space, while continuing to seek opportunities in augmenting processes and enhancing value additions and efficiencies in its sugar business.

Connecting elements to values they represent

Learning: Fire represents our Value of Learning. The fire within is the source of curiosity to learn and learning applied creatively leads to innovation.

Team Work: Water represents our Value of Team Work. Water best represents trust and mutual respect and collaboration as, being the best solvent, it absorbs and mixes with maximum number of elements.

Speed: Air represents our Value of Speed. Air empowers and evokes passion and nurtures growth. Air also promotes fastest mode of travel.

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

Our Values are captured in the Acronym of `Let's Excel':

LE: Learning

T: Teamwork

S: Speed

Excel: Excellence

From the desk of the Vice Chairmen

Mr. Jai Hari Dalmia, Vice Chairman

Mr. Yadu Hari Dalmia, Vice Chairman

Dear Shareholders,

It is a privilege to address you this year, our first year after demerger from Dalmia Cement (Bharat) Limited. We are at an inflection point in our growth story. From being a part of a conglomerate of diverse businesses, we have now emerged as a sugar and renewable energy focused entity.

This change has led us to wider vistas and new horizons of business. There is an opportunity before us to navigate our growth to a whole new horizon and an opportunity to widen our vistas by both strengthening our present structure and by focusing on new initiatives. A strong sense of vigour runs through the organization and we are gratified by this enthusiasm and response from all our team members and stakeholders.

New Global Vistas

The year 2010-11 witnessed a resurgence in the global markets with the world economy reporting positive growth of 4.7%. This growth was propelled largely by consumption in developed nations combined with stimulus given by several governments in the western countries. However, inflationary headwinds threatened to slowdown the recovery and growth process. This inflationary pressure was felt in India too. Soaring oil prices and weakening of domestic investment were causes of worry for the country. Yet, robust economic growth and sagacious inflation management strategies promise a virtuous growth cycle for the Indian economy as a whole.

Wider Vistas, New Horizons

Dalmia Bharat Sugar and Industries Limited is one of the leading manufacturers of sugar in Uttar Pradesh. We seek to expand to new horizons by growing the proportion of contribution of our cogeneration, renewable power and ethanol in our revenue mix to emerge as an integrated manufacturer of sugar and renewable power.

New Vistas for Stakeholders

The new vistas we seek to conquer in the sugar business are higher efficiencies in our manufacturing and cultivation of high yielding varieties of cane. Our new positioning helps investors selectively invest in industries where they perceive traction instead of having to invest in a diversified conglomerate.

New Horizons for the Nation

India's continuing concerns are two-fold. On the one hand, there is the need to substitute and reduce the

"There is an opportunity before us to navigate our growth to a whole new horizon and an opportunity to widen our vistas by both, strengthening our present structure and by focusing on new initiatives"

consumption of crude oil, the prices of which are ever increasing and at the same time, to increase electricity production by introducing power generation from renewable sources. In each of these sectors, Dalmia Sugar and Industries Limited seeks to play a pivotal role by participating in power generation with wind farm and solar energy projects. We currently have a power generation capacity of 16.5 MW from our wind farms at Muppandal, near Kanyakumari in Tamil Nadu, 79 MW of cogeneration capacity and we are incubating a 10 MW solar power project at Jodhpur in Rajasthan.

We also plan to foray into ethanol production soon with our existing distillery production capacity of 80 KLPD at our Jawaharpur plant.

New Vistas for Farmers

We also seek new horizons in our relationship with our farmers by contributing to the improvement of their quality of cane with better inputs and modern farming methods. We are committed to work with our farmer community with the clear understanding that we have a symbiotic relationship with them, wherein their betterment positively impacts our growth.

New Horizons for the Future

With the restructuring of the businesses, the unlocking of value, the new initiatives that synergistically lead to more value creation, we are addressing holistic goals. We envisage a future where we build the business on a sustainable basis, de-risk ourselves from the cyclical nature of the sugar business by bringing in other revenue streams, while contributing to the nation through our green energy initiatives and carbon reduction measures. In doing so, what we perceive as wider vistas and new horizons will translate into greater value creation for stakeholders, team members, farmers, the Government and society as a whole.

We take this opportunity to thank our Board members, our management team, our employees, our farmers, investors, vendors and the Government with whose help, support and participation we are building wider horizons.

Jai Hari Dalmia
Vice Chairman

Yadu Hari Dalmia
Vice Chairman

Managing Directors' Perspective

Mr. Gautam Dalmia,
Managing Director

Mr. Puneet Yadu Dalmia,
Managing Director

Dear Shareholders,

After being part of a conglomerate business for a long time, this is the first year of our operations as an independent sugar and renewable energy company. The company has an integrated business model with 22,500 TCD of sugar, 79 MW cogeneration of power (of which 2/3rds is exportable), 16.5 MW of wind farm and an 80 KLPD distillery. Further, we are also incubating a 10 MW solar energy project at Jodhpur in Rajasthan.

The year in review was one of ambition and achievement. We have laid plans for the future growth of the business and look forward to the years when these plans fructify to the benefit of our stakeholders.

The Indian economy performed well in the year 2010-11, with GDP growing from 7.3% in the previous year to 8.3%. There was inflationary pressure though, due to increase in the prices of commodities.

At the international level, production of sugar exceeded consumption for the first time since 2007-2008. Production stood at 162 Million Tonnes, whereas consumption was estimated at 159 Million Tonnes, as per USDA Research Reports, November 2010. Sugar prices fell significantly since reaching a high in early February 2011, due to larger than expected Thai sugarcane crop. Prices are currently around 27 cents per pound due to tight supply of sugar to world market from Brazil.

Indian Sugar Industry Overview

The Indian sugar industry is cyclical in nature starting with years of over-production leading to falling cane prices, followed by a shift in acreage and subsequent firming of the prices of sugar.

Your company is one of the leading producers of sugar in Uttar Pradesh – the second largest sugar producing state of India.

Sugar production for SY10-11 was buoyant, with an expected growth of around 30% (24.2 Million Tonnes). With the domestic consumption at around 23 Million Tonnes and exports of around 2.3 Million Tonnes, inventory levels are expected to remain at last year's level of approximately 2 months. Prices have formed a good base at ₹ 25,000 - 27,000/T range from where they have moved up and are likely to remain steady.

Consolidated Performance of the Company

Your company has recorded net sales of ₹ 6,668 Million for FY11 and earned EBITDA of ₹ 857 Million. PAT stood at

₹ 38 Million. Sugar production and sales volumes stood at 2.1 lakh Metric Tonnes and 1.9 lakh Metric Tonnes respectively during the year. The average sugar realization was at ₹ 26,682 per Tonne in FY11, as compared to ₹ 27,076 per Tonne during the previous year.

Major Achievements and Initiatives

The cane crushed has improved significantly, with a growth of 35% y-o-y for the year under review, at 20.5 lakh metric tonnes, with a recovery of 9.3%, as compared to the previous year's total of 15.2 lakh Metric Tonnes with a recovery of 9.2%.

Power generation also recorded a phenomenal growth during the year under review at 309 Million KWH and power exports stood at 246 Million KWH.

All our three units - Ramgarh, Jawaharpur and Nigohi - have been certified as Clean Development Mechanism (CDM) projects, which will enable us to earn about 1,00,000 tradable Carbon Emission Reduction (CER) credits. This initiative will not only reduce our carbon footprint and contribute to environment conservation but will also add approximately ₹ 80 Million each year to our bottom line for the next 10 years.

Increase in Power Production

Dalmia Bharat Sugar and Industries Limited has an integrated business model so as to de-risk itself from the cyclical nature of the sugar industry. Cogeneration of power helps in mitigating the impact of the sugar industry downcycle on our EBITDA.

Outlook for 2011-2012

We will continue to seek improved productivity in the sugar business with improved varieties of cane, higher farm yields and efficient crushing. We will also focus on improving institutional sales to increase margins.

In the cogeneration business, we will focus our attention on higher capacity utilization, improving efficiencies and increasing the sale of electricity to the grid.

The distillery operations are another focus area, with the company expecting considerable revenues from the processing of the by-product – molasses.

We are clearly focused on becoming a significant player in the green energy field and will seek opportunities to expand our wind farm and crystallize our ambitions to set up the solar energy project at Jodhpur in Rajasthan.

We have identified CDM as a way forward to both reduce carbon emissions as well as to benefit from the sale of carbon credits. Going forward and we will continue to seek more ways of reducing carbon emissions and emerging as a green producer.

Your company also stands to gain from Renewable Energy Certification (REC) mechanism. The concept of REC seeks to address the mismatch between availability of renewable energy sources and the requirement of discoms to meet the renewable purchase obligations. The company is in the process of applying for registration under this mechanism.

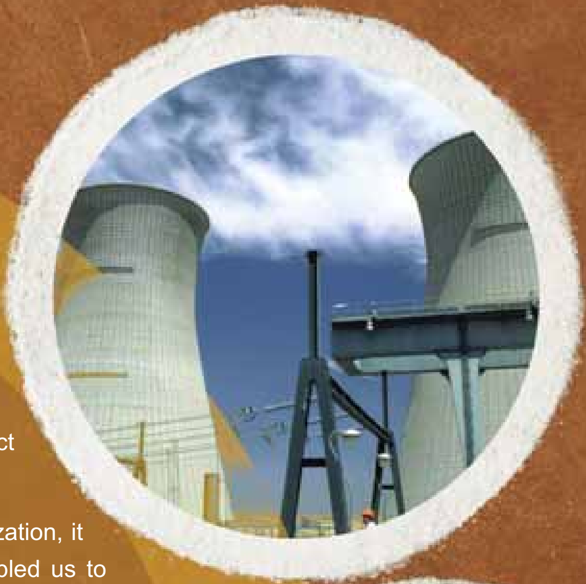
With an integrated revenue model, a strong and entrenched presence in the sugar industry, we foresee a future with significant unlocking of value and sustained rewards for our team, our vendors, our stakeholders and the communities we work in.

We seek wider vistas of opportunities and intend to create new horizons in our business with our achievements.

Gautam Dalmia	Puneet Yadu Dalmia
Managing Director	Managing Director

WIDER VISTAS, NEW HORIZONS - THE TRANSFORMATION OF A DIVERSIFIED CONGLOMERATE INTO A SUGAR AND RENEWABLE ENERGY FOCUSED ENTITY

It might sound contradictory, but it is actually true. When you sharpen your focus, your horizons actually widen.



At Dalmia Bharat Sugar and Industries Limited, we have been through a paradigm change. We have restructured from a diversified conglomerate to one with business interests in two main and distinct businesses - cement and sugar & renewable energy play.

While on the surface it has meant narrowing of focus, like a specialization, it has actually opened up wider vistas and new horizons. It has enabled us to extract full value from the derivatives of the sugar business - distillery and cogeneration. Further, it has directed the company to expand its focus into renewable energy generation.

It has allowed the management to unifocus on its business and ensure its smooth running. It has unlocked value for stakeholders and offered them greater choice by way of deciding which business to be a part of. The industry dynamics of sugar and renewable power offer great opportunities for growth and our new corporate structure is conducive to achieving long-term growth. The demerged entity has enabled each business to discover and leverage its true intrinsic value.

Wider Vistas, New Horizons, More Intense Focus.

WIDER VISTAS, NEW HORIZONS - CONTRIBUTING TO THE NATION'S CARBON FOOTPRINT BY FOCUSING ON RENEWABLE ENERGY

It might seem contradictory but it is true. Additional power generation need not mean an increased carbon footprint. Just like sugar is produced in India from cane and in many other countries from beet, fuels can be substituted. A prime example of this is Brazil that has successfully implemented ethanol blending to reduce imports and reduce foreign exchange outflow.

India is a fuel deficient country and it imports a majority of its fuel requirements. The annual outflow of hard currency on this commodity alone is massive and growing in these days of hardening prices of crude oil. While efforts to explore and extract oil and gas from the Indian subcontinent and its oceans are on, until any big discovery happens we will still be dependent on imported crude oil. There is a more intense issue that, whether imported or domestically produced, we are depleting a non-renewable resource that will run out in time, even while its extensive use pollutes our environment.

In these circumstances, ethanol blending is an ideal solution. Ethanol is an organic fuel made from sugar extracts and it can be easily blended with petroleum. Blended petroleum, when burnt, emits lower levels of carbon monoxide and carbon dioxide, both green house gases. The Government of India has recently mandated 5% blending of ethanol, which in itself will result in a demand for 850-900 Million litres of this ethanol. Furthermore, the Government has also increased the floor price at which ethanol will be sold - from ₹ 21/- per litre to ₹ 27/- a litre - thus increasing the viability of this processing operation for sugar mills. Producing ethanol will not only capture value in the sugar manufacturing process, it will be a significant addition to our profits.

Wider Vistas, New Horizons, New Revenue Streams.

WIDER VISTAS, NEW HORIZONS - THE TRANSFORMATION OF THE COMPANY FROM BEING A CARBON EMITTER TO AN EARNER OF CARBON CREDITS

It is contradictory but true. Man has consistently learnt to make productive uses of waste material. An excellent example of this is cow dung, which is used in multiple ways - it is used as an organic fertilizer, it is used as flooring in rural households, it is dried and burnt as fuel and it is also used to produce cooking gas (methane).

Carbon dioxide and carbon emissions are the waste product or the by-product of most manufacturing processes. They are produced when fuels are combusted and carbon is released. These gases are the main cause of the green house effect and global warming. While man has not found a lasting and widely accepted solution to reusing carbon emission other than sequestering it, reducing carbon emissions by using environment-friendly manufacturing processes is an accepted way forward and one that is rewarded with tradable Carbon Emission Reduction (CER) credits. Certification for being eligible to receive carbon credits is done by United Nations Framework Convention on Climate Change (UNFCC) - an international body.

We took an early lead in transforming our manufacturing process to a low carbon emission operation. The first of our manufacturing units to get CDM certification was the Ramgarh plant. Last year, we successfully achieved CDM certification for our Jawaharpur project. This entitles us to CERs of about 30,000 units every year. We have recently been awarded the CDM certification for the Nigohi project as well. For us, this is a win-win situation - while we contribute to the reduction of carbon emissions and reduce our environmental impact, we actually improve our profitability!

Wider Vistas, New Horizons, Cleaner Environment.

EACH OF THESE TRANSFORMATIONS IS A DEEP REFLECTION OF OUR INNATE PURPOSE.

TO EMERGE AS AN EFFICIENT, ENVIRONMENT-FRIENDLY PRODUCER OF SUGAR AND POWER BASED ON RENEWABLE SOURCES.

EACH OF THESE TRANSFORMATIONS WILL IMPACT EVERY STAKEHOLDER THAT THE COMPANY INTERACTS WITH. FOR THE INVESTOR IT IS AN UNLOCKING OF VALUE AND HIGHER REVENUE REALIZATION; FOR THE COMMUNITY WE WORK IN, IT MEANS REDUCED CARBON EMISSIONS; FOR THE AREAS WE OPERATE IN, IT MEANS MORE POWER AVAILABILITY FOR PRODUCTIVE USE; FOR OUR VENDORS AND SUPPLIERS, IT MEANS MORE BUSINESS; FOR OUR EMPLOYEES, IT MEANS MORE OPPORTUNITIES TO PROVE THEIR METTLE IN EMERGING BUSINESS INITIATIVES AND STRENGTHENING THEIR CAREER.

WIDER VISTAS AND NEW HORIZONS FOR ALL WHOM WE INTERACT WITH.

GOING GREEN

Over two hundred years since the industrial revolution, mankind has reached the limits of unbridled growth. Two centuries of unceasing exploitation of the resources that nature offers us has brought us to a point of no return.

There is a collective realization that this mindless economic expansion has come at the cost of the environment. Forests are degraded, water resources are under pressure, the green house gases are changing the climate of the earth and lifestyle diseases are becoming an increasing concern.

There is a need for a paradigm shift in our thinking and our way of operating business and industry. We need to minimize our impact on our environment, we need to free ourselves from the fatal addiction we have for fossil fuels and we need to bring about a green revolution across the world. The world has woken up to the fact that business as usual cannot be overlooked.

World institutions have also woken up to this circumstance and have created mechanisms that reward reduction of carbon footprint and incentivize the greening of manufacturing operations.

As a concerned corporate citizen, we support these causes with deep commitment. All our three sugar units are certified for CDM credits.

We have invested in wind farm based electricity generation as a part of our efforts to produce power with renewable energy sources and we are currently in the process of incubating a solar energy project in the state of Rajasthan.

We have an 80 KLPD distillery at the Jawaharpur plant to produce ethanol from molasses that we generate in the process of sugar production. Blending ethanol with petrol results in reducing carbon emissions. Ethanol is also a renewable resource. Ethanol blending will not only impact the environment positively but will also proprotionately reduce our outgo of hard currencies in the import of petroleum products.

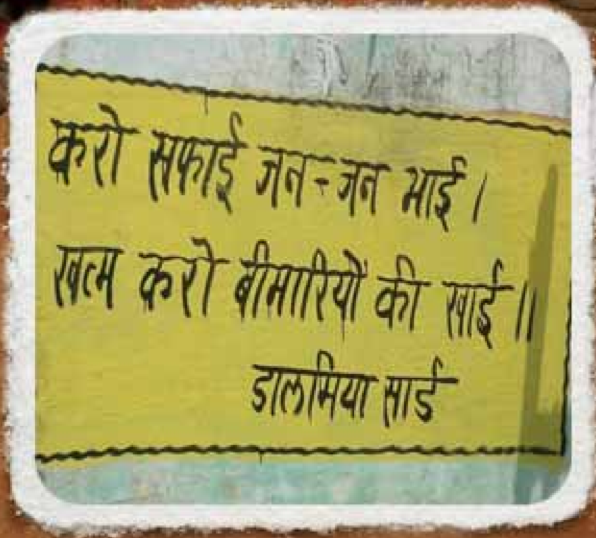
These are but the beginning stages of our endeavours to minimize our environmental impact and bring about a greening of our environment.

With a green ethos and belief, everything that we do will have an environment friendly aspect to it.

Our green ethos is also reflected in our cogeneration of power. Cogeneration is an extension of our manufacturing operations and uses the waste materials to produce power. This effectively reduces carbon emissions that would occur if the power were produced in the conventional manner by burning fossil fuels.

These initiatives not only contribute to our environment, but they are also contributors to improving our bottom line.

WIDER VISTAS AND NEW HORIZONS IN GIVING BACK TO THE COMMUNITY



Business sustainability is all about contributing to socio-economic development of key stakeholders. We operate with full realization that our communities look up to us for a fair and responsible business practice. We strive for a mutually rewarding relationship with the villagers and administration around our factories. A recent independent assessment at Ramgarh, for instance, showed that sugarcane farmers have greatly benefitted in their relationship with our factory. Since inception, cane departments of all the three sugar factories of Ramgarh, Jawaharpur and Nigohi work closely with the community, sharing knowledge about best practices in agriculture, seed support, subsidies and the like.

Two years back, when we decided to start our first major CSR initiative from Jawaharpur, we underestimated its potential in making a difference in the lives of people. We have positively impacted the development indices in 10 villages around Jawaharpur sugar plant. In the financial year under review, 276 children improved their academic performance, 1687 pregnant and lactating women improved their nutrition and health status, 432 people were diagnosed, helped with medicines and referred for further medical attention. At least 25 village youth are able to earn for themselves as a result of our vocational training programmes.

Women's empowerment has been a prime focus area for us in all our projects. We have formed 6 Self Help Groups (SHGs) in Jawaharpur with 65 women who have come together for building long-term savings and credits. As a company, we are gradually entering the phase of sustainable development with a great emphasis on energy conservation and environment. The major achievement has been the registration of a Clean Development Mechanism project of Jawaharpur plant with United Nations Framework Convention on Climate Change. A project at Ramgarh was registered last year and Nigohi is expected to get registered early next financial year. Together, these will bring down carbon emission by 100,000 Metric Tonnes.

SCALING WIDER VISTAS THROUGH FINANCIAL PERFORMANCE

Particulars	FY Ending	FY07	FY08	FY09	FY10	FY11
Total Operating Income	₹ Million	10,069	15,078	17,787	21,938	6,845
Operating Profit (EBITDA)	₹ Million	2,698	4,960	5,301	5,003	857
Cash Profits	₹ Million	2,047	3,299	3,474	3,181	374
Profits Before Tax (PBT)	₹ Million	2,964	4,341	2,599	2,041	12
Profit After Tax (PAT)	₹ Million	2,289	3,472	1,586	1,370	38
Share Capital	₹ Million	85	162	162	162	162
Reserves & Surplus	₹ Million	7,449	11,310	12,520	13,615	4,248
Loan Funds	₹ Million	10,146	15,833	23,383	28,504	6,609
Net Block*	₹ Million	13,436	18,260	26,660	28,317	6,075
Net Current Assets	₹ Million	1,752	4,536	5,017	8,844	5,321
Operating Profit Margin	%	27	33	30	23	13
EPS (fully diluted)	₹	29.18	42.87#	19.61	16.92	0.54
Cash EPS (fully diluted)	₹	43.40	57.70#	38.50	40.69	4.94
Net Debt Equity Ratio	x	0.6	0.5	1.2	1.4	0.5
Interest Coverage	x	6.5	4.8	2.8	2.2	1.0
Current Ratio	x	1.3	1.8	1.8	2.8	4.6
Dividend Rate	%	150	200	150	100	13
Dividend Payout Ratio	%	6	9	15	12	54
Share Price**	₹	361	285	78	252	24
Market Capitalization	₹ Million	15,438	23,020	6,338	20,381	1,967

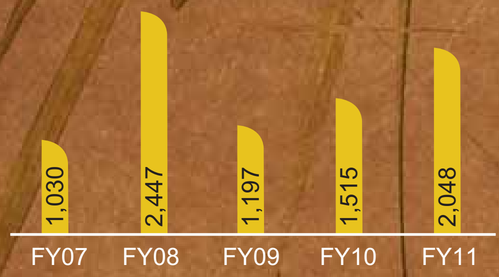
Previous year figures are not comparable with current year due to implementation of the Scheme of Arrangement detailed in Directors' Report.

** Includes Capital Work in Progress*

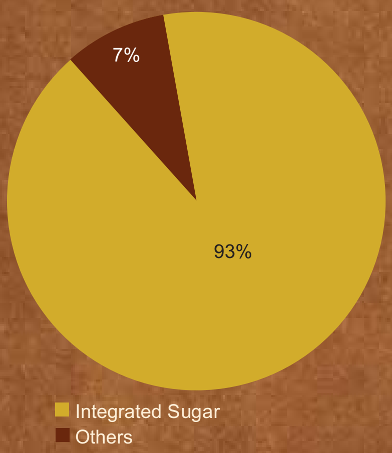
*** As on 31st March*

 # Based on shares outstanding at year ended

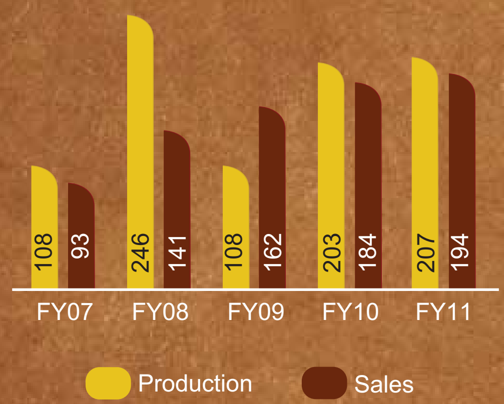
Cane Crushed ('000 MT)



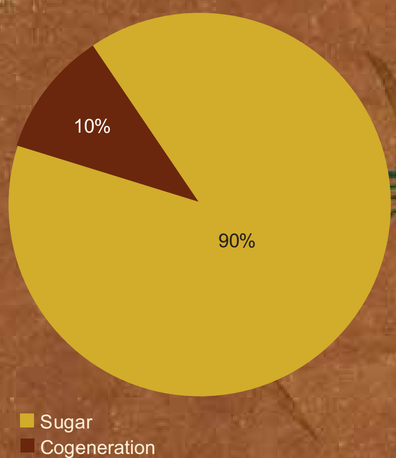
Business Revenue Mix (FY11)



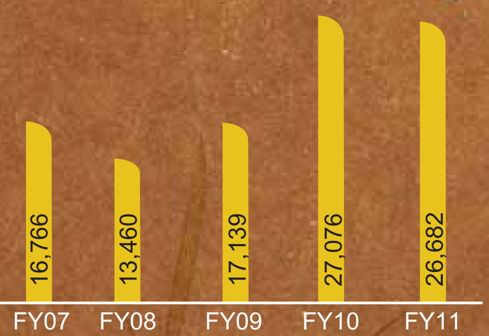
Sugar Production & Sales ('000 MT)



Integrated Sugar Revenue Mix (FY11)



Sugar Sales Realization (₹/MT)



BOARD OF DIRECTORS

Jai Hari Dalmia, Vice-Chairman

With more than 39 years of experience cutting across various industries, including refractory, sugar and cement businesses, Mr. J.H. Dalmia is the steering force behind the company. A powerhouse of knowledge, Mr. J.H. Dalmia, 66, has been deeply involved in the company's research and development efforts. Instrumental in establishing the company's R&D unit more than 20 years ago, Mr. J.H. Dalmia's innovative excellence has earned him several patents for the company's businesses. Under his stewardship, the company has grown from strength to strength. Mr. J.H. Dalmia holds a B.E. degree in Electrical Engineering from Jadavpur University and a Master's degree in Electrical Engineering from the University of Illinois, Urbana Champagne.

Yadu Hari Dalmia, Vice-Chairman

A visionary par excellence, Mr. Y.H. Dalmia brings to the table more than 38 years of experience in the cement industry. A known figure in the cement industry, he has held several key positions, including as President of the Cement Manufacturers Association. His strategic prowess has been a guiding force for the company, which he has helped scale new heights of growth and expansion. Mr. Y.H. Dalmia, 63, holds a B.Com (Hons) degree from Delhi University and is a Fellow Member of the Institute of Chartered Accountants of India.

Gautam Dalmia, Managing Director

Leading the effort to design and execute the company's integrated sugar, ethanol and cogeneration business, Mr. Gautam Dalmia was personally responsible for implementing a new strategy to turnaround the sugar business. Part of the team that led the diversification of the company into sugar business in 1994, he is currently leading all operations and execution of cement projects. With 18 years of experience in the cement and sugar industries, he provides leadership to the commercial functions for the group. Mr. Gautam Dalmia, 43, holds B.S. and M.S. degrees in Electrical Engineering from Columbia University.

Puneet Yadu Dalmia, Managing Director

At the helm of the company's governance, Mr. Puneet Yadu Dalmia is the brain behind the growth strategy and the governance architecture of the Group to focus on its core businesses. Mr. Puneet Yadu Dalmia, who is spearheading the Group's growth plans, has 14 years of experience in the cement industry. He started his career as the co-founder and Chairman of one of the most profitable e-recruitment websites in India, which was later acquired by Monster.com, a Nasdaq listed multinational company. Mr. Puneet Dalmia, 38, holds a B.Tech. degree from the Indian Institute of Technology, Delhi and is a gold medalist from the Indian Institute of Management, Bangalore, in Strategy and Marketing.

Mridu Hari Dalmia, Non-Executive Director

Mr. Mridu Hari Dalmia, 69, was co-opted as a Director of the Company in 2005. He is currently the President and CEO of OCL and brings with him a wealth of over 41 years of experience in the cement industry. Mr. Mridu Hari Dalmia has led the Group in various sectors in national and international operations and has held leadership positions in various Indian business associations. A gold medallist in Chemical Engineering from Jadavpur University, he has been associated with various industry organizations in the past, including Managing Committee Member of FICCI and President of Indian Refractories Manufacturers Association.

J.S. Baijal, Independent Non-Executive Director

With over 11 years of experience in the cement industry, Mr. J.S. Baijal, 79, holds an M.A. degree in Economics from Allahabad University. A senior fellow in Harvard University, USA, he joined IAS in 1954 and has held the posts of Secretary, Finance, Government of Orissa; Joint Secretary to the Government of India, Ministry of Finance, Department of Economic Affairs; Minister Economic, Embassy of India, Washington D.C.; and Executive Director, World Bank, International Finance Corporation. Post retirement, he was Director of HDFC Bank Limited, before being appointed as a Director of the Company on May 31, 1999.

M. Raghupathy, Independent Non-Executive Director

Chairman of the Audit Committee and Shareholders' Committee of the company, Mr. M. Raghupathy, 74, was co-opted as a Director of the company in 1997. Mr. Raghupathy, who holds an M.A. degree in Economics from Madras University, with Statistics as his special subject, has over 14 years of experience in the cement industry. He joined the IAS in 1960 and has held various positions in the Government of Tamil Nadu; was Managing Director of Tamil Nadu Dairy Development Corporation, Commissioner & Secretary to Government of Tamil Nadu in various departments like Transport, Housing and Urban Development etc. and Principal Vigilance Commissioner and Principal Commissioner of Revenue Administration .

Donald Peck, Independent Non-Executive Director

A Director of the Company since July 2006, Mr. Donald Peck, 59, has expertise in emerging markets investing, both in the equity investment/fund management business. He has worked in the investment banks of Lloyds Bank and Morgan Grenfell. He joined CDC Capital Partners and was responsible for helping it develop its equity investment business and for setting up its fund management business worldwide. He went on to become a Director in 1999. Mr. Peck became one of the senior founding partners in Actis in 2004. Mr. Peck holds an M.A. degree and a Doctorate in Economic History from Oxford University.

N. Gopalaswamy, Independent Non-Executive Director

Mr. N. Gopalaswamy, 79, joined the company in 1980 and was co-opted as a Whole-time Director in 1989. He ceased to be a Whole-time Director of the company and was appointed as a Director with effect from 1st August, 2007. He has over 14 years of experience in the cement industry. Mr. Gopalaswamy is a member of the Institute of Industrial Engineers, USA; the Indian Institution of Industrial Engineering; the Indian Institute of Chemical Engineering; and the Institution of Engineers (India). Having held the position of President for 25 years, since 2007, he is a Council Member of the Tiruchirapalli Productivity Council. He holds a B.Sc. degree in Chemistry from Madras University and a B.E. degree in Chemical Engineering from Annamalai University.

T. Venkatesan, Director

With rich experience spanning over 31 years, Mr. T. Venkatesan, 58, commenced his career with Thiru Arooran Sugars Limited in the finance and accounts department. He has worked with reputed companies such as Eicher Tractors Limited, Triveni Engineering Limited, Aditya Birla Group and Sterlite Group. His expertise lies in accelerating growth and building organizational capability to ensure delivery of business goals. Mr. Venkatesan is a B.A. (Economics) and a Fellow Member of the Institute of Chartered Accountants of India.

CORPORATE INFORMATION

Board of Directors

Jai Hari Dalmia
Vice-Chairman

Yadu Hari Dalmia
Vice-Chairman

Gautam Dalmia
Managing Director

Puneet Yadu Dalmia
Managing Director

Mridu Hari Dalmia
Non-Executive Director

J.S. Baijal
Independent Non-Executive Director

M. Raghupathy
Independent Non-Executive Director

Donald M. Peck
Independent Non-Executive Director

N. Gopalaswamy
Independent Non-Executive Director

T. Venkatesan
Director

Auditors

Statutory Auditors
S.S.Kothari Mehta & Co.

Internal Auditors

Axis Risk Consulting Services Pvt. Ltd.

Head Office

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

Registered Office

Dalmiapuram 621 651
District Tiruchirapalli, Tamil Nadu

Bankers

Allahabad Bank
Axis Bank Limited
Bank of Baroda
Bank of India
BNP Paribas
Canara Bank
Central Bank of India
Corporation Bank
DBS Bank Limited
HDFC Bank Limited
The Hongkong & Shanghai Banking Corporation Limited
ICICI Bank Limited
IDBI Bank Limited
Indian Bank
The Lakshmi Vilas Bank Limited
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore
Union Bank of India
United Bank of India
Vijaya Bank
YES Bank Limited

MANAGEMENT DISCUSSION AND ANALYSIS

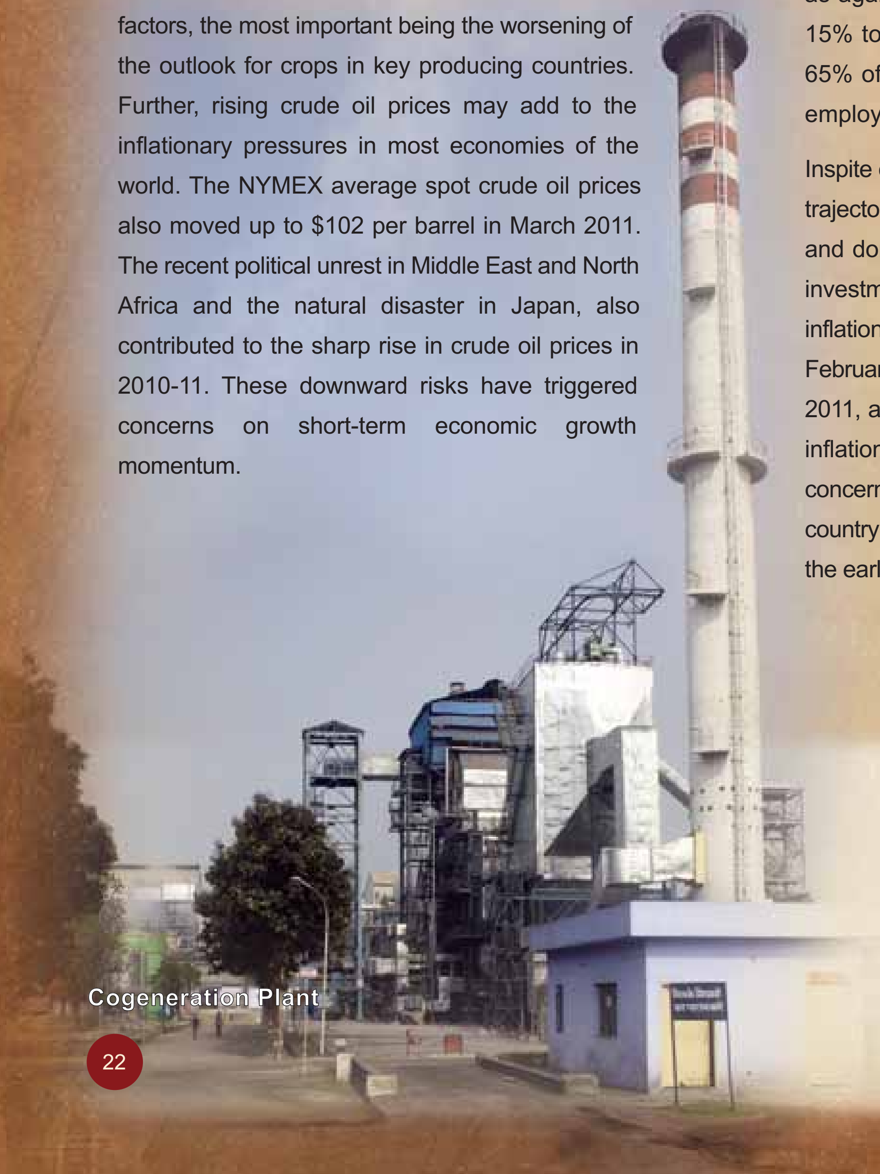
Economic overview

A. Global economic overview

The year 2010-11 saw a rebound in the global markets, with the world economy growing at 4.7%, led by strong consumption growth in the developed countries and continued stimulus measures by various Government.

However, even as nations across the globe are recovering from the global recession, there are growing concerns of commodity inflation and unemployment. The annual Food & Agriculture Organization Food Price index in 2011 has touched a record high of 204, as against that of 158 in 2010.

The upward movement of food prices was attributed to several factors, the most important being the worsening of the outlook for crops in key producing countries. Further, rising crude oil prices may add to the inflationary pressures in most economies of the world. The NYMEX average spot crude oil prices also moved up to $102 per barrel in March 2011. The recent political unrest in Middle East and North Africa and the natural disaster in Japan, also contributed to the sharp rise in crude oil prices in 2010-11. These downward risks have triggered concerns on short-term economic growth momentum.



Cogeneration Plant

B. Indian economic overview

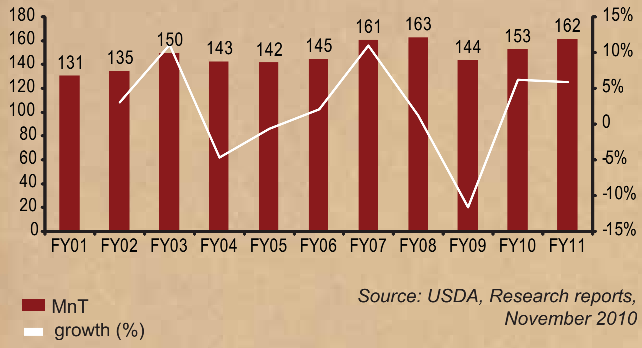
The Indian economy has recorded a strong GDP growth of 8.5% in fiscal year 2010-11, up from 7.4% in fiscal year 2009-10 as per Central Statistical Organization of India. Strong rebound in the agricultural sector, sharp revival in private consumption and pick-up in gross fixed capital formation helped the economy swiftly and smoothly transition out of the shadows of the global recession.

The above average rainfall in 2010-11, after a severe drought in 2009-10, helped boost growth in the agricultural sector. According to Central Statistical Organization (CSO), the agriculture sector of the country grew at 5.4% in FY 2010-11, as against 0.4% a year ago. Agriculture contributes around 15% to India's Gross Domestic Product (GDP), and about 65% of the population still depends on this sector for their employment and livelihood.

Inspite of this positive scenario, the country's economic growth trajectory is challenged by soaring crude oil prices, rising global and domestic commodity prices and weakening of domestic investment trends. There has also been rise in the head line inflation, which stood at 9% in March 2011 as against 8.3% in February 2011. The annual food inflation stood at 9.5% in March 2011, as compared to 22.9% in June 2010. Although the food inflation has moderated, it still continues to be a cause for concern. Together, these factors may slow down the pace of the country's economic expansion in the short to medium term, from the earlier projections of over 9% to over 8%.

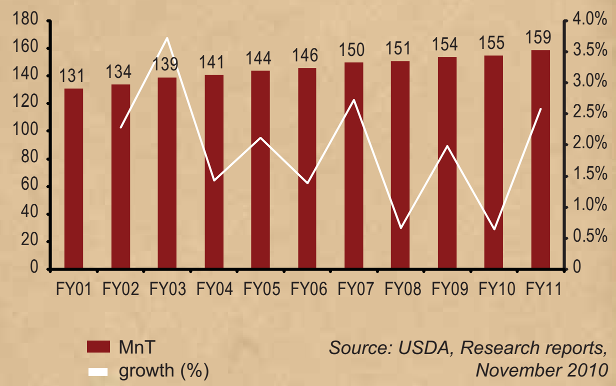
The Indian economy has recorded a strong GDP growth of 8.5% in fiscal year 2010-11, up from 7.4% in fiscal year 2009-10

World Sugar Production



Source: USDA, Research reports, November 2010

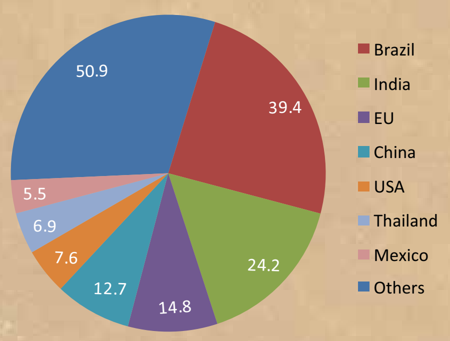
World Sugar Consumption



Source: USDA, Research reports, November 2010

World Sugar Production

(by countries) 2010-11 (MnT)



Source: USDA, Research reports, November 2010; ISMA

II. Industry overview

A. Global sugar overview

i. Production showing a healthy growth

The world sugar production has continued to grow at a steady CAGR of 2% over the past 10 years, owing to enhanced acreage and usage of modern technologies. According to United States Department of Agriculture (USDA) for the marketing year 2010-11, the estimated world sugar production stands at 162 Million Tonnes (MnT) as against 153 MnT in 2009-10, thereby registering a growth of around 6% year-on-year. Brazil, India, China and the US are the major sugar producing countries, accounting for 52% of the total sugar production. Brazil is the largest producer of sugar, contributing around 24% to the total global sugar production. It is followed by India as the second largest producer, contributing around 15% to the global sugar production. EU collectively produces around 9% of the total sugar production.

World sugar production

ii. Consumption also growing steadily

For the marketing year 2010-11, according to USDA, the world sugar consumption is forecast at 159 MnT, thereby showing a growth of 2.6% year-on-year. India is the largest consumer of sugar, followed by China, Brazil, US and Russia. The consumption of sugar in China, India and Brazil is growing at a higher rate than the world average of about 2.2%. Consequently, these countries are expected to play a significant role in the global sugar trade in the coming years.

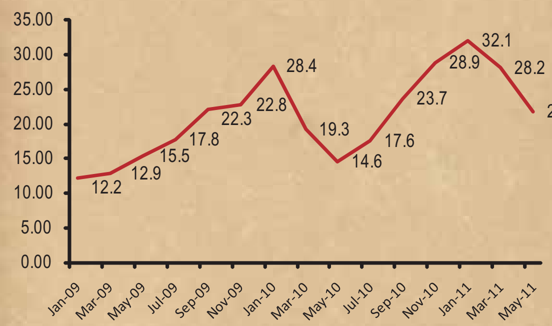
iii. Prices remain volatile due to supply-side issues

The year 2010-11 saw wide volatility in the world sugar prices. The raw sugar prices rallied and touched new highs in January 2011, on the concerns of supply shortages. The Intercontinental Exchange (ICE) raw sugar futures price in March 2011 stood at around 28.15 cents a pound, up by 46% as compared to March 2010. Currently, China is facing sugar deficit of 2 MnT, with its consumption outpacing production. On the supply side, the year saw adverse weather conditions in the key producing countries - US, Brazil and Australia. There is also rise in demand for bio-ethanol in countries like Brazil and US, translating into migration from sugarcane to ethanol manufacturing. Some of the other factors that are driving sugar prices are limited acreage for cultivation, growing consumption in low sugar producing economies and the resultant increased import dependency.

iv. Trading

Sugarcane is the primary source of internationally traded sugar and Brazil dominates this arena in raw and refined sugars. The other major producers of sugar in the world who are exporters and are dependent on the world trade are

Prices of Raw Sugar (US¢/lb)



Source: Intercontinental Exchange

Australia, Thailand, Cuba, Guatemala, South Africa, Mauritius, Colombia, El Salvador and Fiji. According to USDA, the export availability for 2010-11 is estimated at 52 MnT, exceeding the estimated import demand of 50 MnT. During 2010-11, the Brazilian sugar exports are estimated at 27 MnT, up by 2.55% as compared to the previous year. Australia accounts for around 11% of the global raw sugar trade and ships its produce mainly to the Asian markets.

v. Outlook for 2010-11 marketing year

Higher price of sugar in the recent years has helped boost planting of sugarcane and beet in all major producing countries, especially Brazil, India, Russia, Ukraine and Indonesia, thereby translating into increase in the production of the sweetener in 2010-11. According to the estimates of

International statistics - World sugar balance

	2010-11	2009-10	Change	
	(MnT, raw value)		in MnT	%
Production	161.9	153.5	8.4	5.5
Consumption	158.9	154.9	4.0	2.6
Surplus/Deficit	3.0	-1.4	-	-
Import demand	49.2	51.4	-2.3	-4.4
Export availability	51.8	51.8	0.02	0.02
End Stocks	26.5	26.2	0.3	1.2
Stocks/Consumption ratio in %	16.7	16.9	-	-

(Source: USDA, Research Report, November 2010)

International Sugar Organization's World Sugar Balance Report (February 2011), the world sugar production is estimated at 162 MnT and consumption at 159 MnT, with surplus of 2.5 MnT, according to Kingsman & Rabo Bank May, 2011 outlook report.

Hence, for the first time since 2007-08, global production is expected to surpass consumption, but the surplus may be subject to downward revisions as the season progresses. This is mainly due to poor weather in the 2010 sugar season, which saw drought in Brazil and excessive rains in Australia, the other major producer, resulting in surge in sugar prices. However, the Brazilian crop, which is expected to arrive in the market in the second half of sugar year 2010-11, is expected to provide a cushion to global sugar prices.

vi. Forecast for 2011-12

World Sugar Production for the 2011-12 marketing year is forecasted at 168 MnT, up 6 MnT over the previous year. Changes in world production are highlighted by higher production in Brazil, China, India, Russia and Thailand.

Strong demand in the EU, Indonesia, Russia and many other markets and the need to replenish stocks, will enhance exports from Brazil and Thailand, which are forecast to have large exportable supplies. Global Exports are forecast at 56 MnT.

Consumption is forecast at a record 162 MnT, up 3 MnT from a year earlier and ending stocks are forecast at 29 MnT.

Indian sugar industry overview

i. Indian sugar industry is cyclic in nature

The Indian sugar industry is a key driver to rural development and plays an important role in the country's economic growth. As per data published by the Ministry of Agriculture, the Indian sugar sector is the country's largest agro-processing rural industry, which touches 50 Million farmers and 5 Lakh workforce and encompasses nearly 7% of the country's rural population. The impact of the sugar industry on the rural economy is extremely positive; in the year 2009-10, just through payment of cane, farmers in the sector received nearly ₹ 460 Billion.

Currently, the country has 490 working sugar factories, with an average capacity of 3,846 MT sugarcane crushed per day

(TCD), as against 299 working sugar factories with an average capacity of 1,650 TCD in 1980. According to the Ministry of Agriculture data, farmers planted cane on 4.8 Million Hectares land during 2010-11, up by 12% from a year ago.

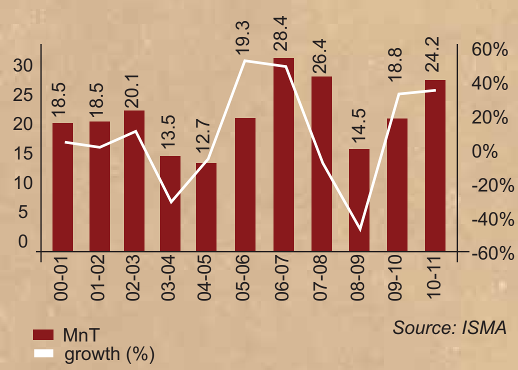
Sugar in India is primarily produced in nine major states. Maharashtra and Uttar Pradesh are the leading producers, contributing around 37% and 22%, respectively, to the total production. Sugarcane and sugar production in India is cyclic in nature, typically following a 4-6 year cycle, wherein 2 to 3 years of higher production are generally followed by 2 to 3 years of lower production.

ii. Production remains buoyant

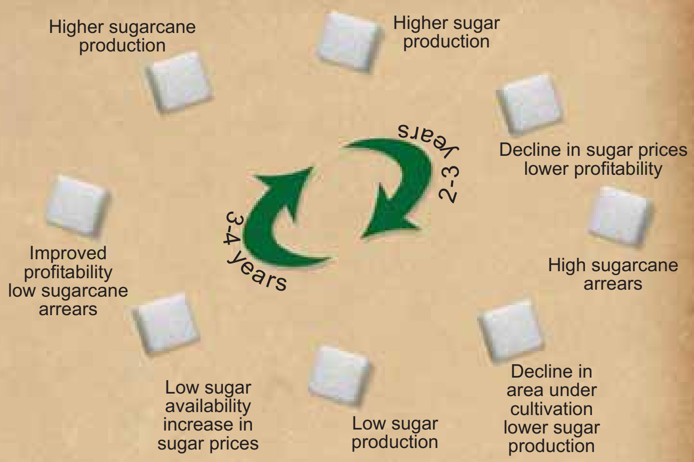
During sugar year 2010-11, according to Indian Sugar Mills Association (ISMA), sugar production is estimated to see a growth of around 30% to stand at around 24.2 MnT, mainly driven by enhanced cane acreage, in response to higher cane prices in sugar years 2008-09 and 2009-10 and adequate rainfall. With the domestic consumption at around 23 MnT and exports of around 2 MnT, inventory levels are expected to remain at last year's level of approximately 2 months.

According to the latest estimates released by ISMA, sugar production in Maharashtra and Uttar Pradesh is expected to be 9 MnT and 6 MnT, respectively, in sugar year 2010-11. Sugar production is expected to be high, particularly in central and southern India, on account of well distributed rainfall and favourable weather conditions.

India's Sugar Production



Sugar cycle



iii. Consumption growth remains steady

India is the largest consumer of sugar in the world. The sugar consumption for 2010-11 is estimated at around 23 MnT. However, India's per capita sugar consumption is still quite low at approximately 21 kg, compared to 59 kg per capita in Brazil. Sugar consumption is likely to continue to grow at approximately 3% per annum, driven by a mix of increasing per capita consumption due to GDP growth and population growth.

iv. Prices to remain stable

Notwithstanding the improved crop outlook, there has been a recovery in sugar prices since the steep decline seen during February-August 2010. Free sale sugar spot prices, which declined to around ₹ 27,000 per MT in August 2010 from around ₹ 40,000 per MT in February 2010, have firmed up since then and stood at around ₹ 30,000 per MT in second quarter of sugar season 2010-11. This recovery was largely driven by an increase in demand during the festive season and rise in international sugar prices. Improvement in sugar prices was also witnessed on account of anticipation that the sugar mills would be able to export surplus production under the Open General Licence (OGL) scheme during SY 2010-11. This is also expected to result in stable sugar prices.

v. Recent developments

- In March 2011, the Government of India decided to allow export of 500,000 MT of sugar under Open General Licence (OGL). Further in June, 2011 the Government has allowed additional 5 Lakh Tonnes of sugar exports.

- The Government has, on March 16, 2011, raised the FRP of sugarcane by 4.2% to around ₹ 143 per quintal for the sugar season 2011-12, from ₹ 139 per quintal in the last season (2010-11).

vi. Outlook

The estimated sugar production for sugar year 2010-11 is 24.2 MnT and the consumption is expected at around 23 MnT, thus producing a surplus. However, despite the surplus, industry players are optimistic about stable domestic sugar prices for session year 2010-11 due to the Government of India's decision to allow export of excess sugar of 1 MnT.

Statement showing comparative supply and demand position of Sugar for the season 2000-01 to 2009-10 & estimate for 2010-11

(Figures in Lakh MT)

		2006-07	2007-08	2008-09	2009-10	2010-11e
1	Opening Stock as on 1st Oct.	43*	110	105	44	50@
2	Production during the Season	284	264	145	189	242
3	Imports	-	-	24**	41**	3
4	Total Availability	327	374	274	274	295
5	Off-take					
	i) Internal Consumption	199	219	229	213***	212
	ii) Exports	17	50	2	2	18
	Total offtake	216	269	231	216	230
6	Closing Stock as on 30th Sept.	110	105	44	58	65
7	Stock as % of Offtake	55	48	19	27	31

Source: ISMA

* Adjustment made as per Central excise certificate

** In 2009-10 total Imports of Raw & White Sugar amount to 42.5 Lakh MT which is equivalent to 40.8 Lakh MT of white sugar.

In 2008-09 total Imports of Raw & White Sugar amount to 25.2 Lakh MT which is equivalent to 24 Lakh MT of white sugar.

*** Net releases after adjusting unsold stocks plus 3 Lakh imported by bulk consumers which was not subject to releases.

@ As per Govt. the opening stock at the beginning of 2010-11 is 49.8 Lakh MT. The difference in our figures & Govt. figure is on account of (1) 5 Lakh MT BIS sugar reprocessed in 2009-10 sugar. (2) 4.1 Lakh MT released for export although only 2.1 Lakh MT were exported (3) 1 Lakh MT difference in imported sugar during 2008-09 & 2009-10.

Company performance

Higher sales volume of sugar and significant growth in units of power exported due to availability of more bagasse has led to increase in total income. Sales volume of sugar has increased by 5% at 1.9 Lakh MT, from 1.8 Lakh MT in the previous year, with flat growth in sugar realizations. There has been 45% increase in volume of cogen exported, which for the year stood at 1,973 Lakh KWH.

Particulars	UOM	FY08	FY09	FY10	FY11
Operating Days -Sugar	Nos.	167	98	107	125
Total Cane Crushed	000 MT	2,447	1,197	1,515	2048
Sugar Recovery	%	10.1	8.9	9.2	9.3
Sugar Production (incl. Prod. From Raw Sugar)	000 MT	246	108	203	207
Sugar Sales	000 MT	141	162	184	194
Sugar NSR	₹/MT	13,460	17,139	27,076	26,682

A. Sugar

Your company demonstrated significant growth during 2010-11, with production of sugar up 2% year-on-year to 2.07 Lakh MT during the year. The average sugar realization stood at ₹ 26,682 per MT in FY11, as compared to ₹ 27,076 per MT during the previous year.

i. Operational highlights

The company operates three sugar manufacturing facilities with 22,500 TCD of cane crushing capacity and is one of the leading sugar players in Uttar Pradesh. Your company's plants are strategically located across the cane rich areas of Ramgarh, Jawaharpur and Nigohi in Uttar Pradesh.

All the three sugar units showed significant improvement in operations during the season, both in terms of cane crushing and recovery.

The total crushing for your company stood at 20.5 Lakh MT, with a recovery of 9.3%, as against the previous season of 15.2 Lakh MT with a recovery of 9.2%.

The crushing season lasted for 125 days during the year 2010-11, up from 107 days in the previous year. Raw Sugar processing contributed a meagre 16,824 MT in FY11 to the

Evaporator Set at Ramgarh

total sugar production, as compared to a whopping 63,591 MT in FY10. However, growth in sugar production from cane was significantly higher at 37% year-on-year in FY11, the second highest in Uttar Pradesh. In terms of efficiency parameters also, your company ranked very high in the industry in Uttar Pradesh, restricting the total production losses to 1.9%.

Your company's positive performance can partly be attributed to the cost control measures, which helped in reining in the fixed expenses. Sugarcane cost accounts for approximately 70% of the total production cost of sugar.

ii. Cane development

Your company has embarked upon eradication of rejected varieties of cane and planting of high yielding varieties, which would result in higher availability of cane and better recovery in the seasons to come. This would positively impact your company's performance through substantial savings in production and improvement in the bottom line.

To improve communication with cane growers, your company successfully installed hand-held terminals at its centres and also provided IVRS system and SMS facilities during the year.

iii. Sugar prices

Sugar prices are still under pressure due to the strict regulatory measures taken by the Government of India and are currently ranging at about ₹28 per kg, thereby impacting your company's profitability. The continuation of the stock limits is affecting sentiments in the market. For the financial year, your company was able to achieve an average net sales realization of ₹26,882 per MT, impacting profitability adversely.

iv. Sales & marketing

Sales and marketing continued to be a key focus area for your company during the year and some of the initiatives taken in this regard are as under:

- Hedging part quantities of sugar by entering into forward contracts, which resulted in additional realization.
- Interaction with the commodity exchanges, viz MCX and ACE, in order to ensure that Sitapur is listed as the delivery centre, which would enable your company to deliver sugar at lower cost after hedging sales in exchanges.
- Proactive interaction with ISMA and others so as to ensure that levy sugar percentage is brought down to 10% from 20%.
- Thrust on institutional sales so as to maximize realization.
- Export of raw sugar lying at the port, which yielded an incremental contribution.

B. Cogeneration

It has been your company's constant endeavour to go beyond pure sugar play to create higher value across its business functions. As part of this endeavour, your company has constantly focussed on cogeneration of power and is today firmly established in this domain, being one of the largest exporters of surplus power to the grid. This has enabled your company to enhance its cost-competitiveness in the industry, while concurrently sustaining its focus on environmental protection and sustainable development.

As of March 31, 2011, your company operates a cogeneration capacity of over 79 MW, out of which around 50 MW is exported to the grid. The gross power generation in 2010-11 was 281 Million units, up by 40%, and the net power exported was 198 Million units, up by 45%, with an average operating period of 161 days. Significant increase in cane crushed during the year helped the power generation business.

During the year, your company's cogeneration project at Jawaharpur was registered with United Nations Framework Convention on Climate Change (UNFCCC) as a Clean Development Mechanism (CDM) project. This registration makes your company eligible to earn and receive carbon credits. Ramgarh cogeneration plant is already a registered project. The company will be entitled to about 30,000 CERs from each of these projects every year.

C. Distillery

Your company's distillery, with a capacity of 80 KLPD, would be operational in FY12 after the completion of its bio-methanation plant.

D. Wind farm

Your company operates two wind farms with total installed capacity of 16.5 MW in Tamil Nadu.

Outlook

i. Growth plans

The increasing power demand supply gap has emerged as a major challenge and also a big opportunity, for power generating companies in India. With a population of 1.2 Billion and an economy growing at over 8% per annum, India is the world's fifth largest consumer of energy. With fast growing demand, it is expected to be the third largest consumer of energy by 2030.

There is a considerable demand supply gap, with the energy consumption growing around 5 times on account of increasing population and urbanization. The Government has a capacity addition target of 78,700 MW under the Eleventh Five Year Plan (2007-12).

In order to increase the generation capacity, which is largely dependent on thermal power, the Government has made efforts to enhance the renewable power capacity. The current Five Year Plan (2007-2012) envisages renewable power capacity addition of 15,000 MW. Renewable energy sources contribute around 10% to the total power generation in the country, producing 15,789 MW as on January 31, 2010.

Your company shares the Government's concerns on the conservation of ecology and sustainable development. Towards this end, your company contributes to reducing greenhouse gas emissions and is also expanding its footprints in the renewable energy space.

Solar power

An ambitious target of 20,000 MW of solar power is envisaged by the year 2020 under the National Solar Mission, announced recently by the Government of India.

Your company, through its 100% subsidiary Dalmia Solar Power Limited, is setting up a solar project of 10 MW in Rajasthan. Land possession and all other statutory approvals have been received. PPA has been signed with NVVN (NTPC Vidyut Vyapar Nigam) for 25 years at an average tariff of ₹ 15.31/KWH for Solar Thermal Technology.

Wind energy

According to Indian Wind Energy Association the gross potential of wind power of the country stands at 48,561 MW as on March 31, 2011. The wind energy sector in India has an installed capacity of 14,158 MW as on March 31, 2011 and is ranked fifth in the world in terms of wind power installed capacity.

Your company's wind energy capacity stands at 16.5 MW and the entire production is sold to the grid.

Cogeneration

Your company has applied for registration of its cogen plants under Renewable Energy Certificates (REC) mechanism, which can add further value to your company's bottom line. Under the REC Mechanism, when Renewable Energy is generated (solar, wind, biomass, etc), the energy is divided

Cane being unloaded

into two components – the physical commodity electricity and a tradable certificate, which is the Renewable Energy Certificate (REC). The commodity electricity is sold to the distribution company/utility (or any user) at a mutually agreed tariff, while the REC can be traded in the exchange.

Go Green initiatives

Globally, environmental protection has emerged as a major element of social responsibility, with organizations investing increasingly in the use of green technologies to save costs and reduce damage to environment. Aligning itself to this corporate trend, your company has also undertaken major Go Green initiatives, aimed at going beyond mere business imperatives.

As part of its Go Green initiatives and environmentally focused business strategies, your company also plans to install a bio-methanation plant at its distillery, which would be commissioned by the end of FY12.

Your company is also taking major steps to minimize fresh water use at its plants.

Industry opportunities and threats

Opportunities

- Increasing demand potential of sugar at retail level due to rise in population, more purchasing power of the people and increasing demand of sugar by confectionaries and beverage industries and other food items.
- Sugar by-products attract a high value. For example: Ethanol is an organic fuel made from sugar extracts and it can be easily blended with petrol. Blended petrol has better calorific value when burnt and emits lower levels of carbon monoxide and carbon dioxide, both greenhouse gases. The Government of India has mandated 5% blending of ethanol with petrol – which in itself will result in a demand of 850-900 Million KL of this bio-fuel. Furthermore, the Government has also increased the floor price at which ethanol will be sold - from ₹ 21 per litre to ₹ 27 per litre, thus increasing the viability of this blending operation for sugar mills.
- Cogeneration potential remains significantly underutilized currently; according to industry experts, higher potential can be harnessed with technological improvements.

Threats/Key challenges

- The sugar industry is highly regulated and is vulnerable to adverse interventions in raw material pricing, sale timing and other ad-hoc measures, which may not be favourable to the profitable growth of the industry.
- Unreasonable increases in sugarcane cost: By virtue of being a regulated sector, ad-hoc policy changes dictating the cane procurement prices threaten the commercial viability of the industry.
- Extensive overuse of fertilizers and pesticides over a long period of time, without adopting scientific farming methods and crop rotation practices, can deteriorate the quality of the soil and can reduce its potency. This can adversely impact the productivity of the farms and in turn the cane procurement of the industry.
- Crop rotation is a major concern for the sugar companies as farmers switch to alternate crops in expectation of better returns, which results in volatility in cane supplies.
- Inability to increase the productivity of cane farms: To meet the increasing demand of sugar, growth of the sugar industry is imperative. There is very limited scope for expansion of area under sugarcane cultivation due to limited availability of land, water and prevailing emphasis on promoting food security through increasing food crop production. Hence, growth in sugarcane industry will largely be dependent on better yield and recovery and ability to increase the per hectare production of sugar through better practices.
- Low productivity of cane: India's yield of sugarcane has been varying between 67 and 71 MT per hectare during the past 15 years, which is far lower than the international yield per hectare. Similarly, the recovery rate of sugar from sugarcane is also far lower than international standards. Brazil's average production per hectare is 12 MT, as against India's average production of 6.5 to 7.2 MT per hectare in the past 15 years.

Your company is engaged with the farmer community, in and around areas surrounding its production facilities, to help their farms become more productive. Your company engages with farmers through village meetings and field demonstrations.

Cane Handling System

The company has appointed field officers and through regular meetings with farmers, disseminates information on methods to improve crop productivity, new variety of seeds, cost saving, ratoon management, use of fertilizers, etc.

Risks and concerns

i. Raw material risk

Sugarcane is the main raw material used for the production of sugar and the sugar business largely depends on the availability of sugarcane. Thus, any shortage of sugarcane can adversely affect operations. A variety of factors contribute to a shortage of sugarcane in any given harvest period. Some of the main factors that could contribute to a shortage of sugarcane are migration from cane production to other cash crops; adverse weather conditions and crop diseases; drop in drawal rate; non-remunerative cane procurement price declared by the State Government and/or Central Government.

Your company's procurement areas are located in two different districts of Uttar Pradesh, which is one of the largest sugar producing states in the country. Your company also enjoys cordial relations with the farmer community, who are treated as partners in progress. Your company has also initiated several measures to facilitate better communication systems and promote modern farming techniques for higher yields, infuse awareness on a variety of health issue, etc., thus harmonizing better relationship with farmers and promoting their well-being. These measures also strengthen the bonding of the farmer community with your company and enhance their loyalty to it. These measures help the company mitigate the controllable raw material availability risk.

ii. Sugar price risk

The market price of sugar depends on the demand and supply gap. The fluctuation in demand and supply of sugar largely occurs due to changes in the price and availability of sugarcane; international demand and supply; and availability of substitutes for the sugar products. The wholesale price of sugar has a significant impact on the profits of sugar companies. Hence, any decrease in the sugar prices may have an adverse impact on your company.

However, with strong and steady demand potential, the risk of any significant and sharp drop in prices is not foreseen. The sugar industry also generates revenues from the by-products, which have also reduced the industry's pure dependence on sugar alone. Also, mandatory blending of petrol with ethanol acts as a counter measure from the impact of slowdown.

Centrifugal Machines

iii. Regulatory risk

The Indian sugar industry is highly regulated by the Government. The Government regulates pricing of sugarcane, allocation of cane areas, levy obligations, monthly releases of free sale sugar and stock limits of sugar for bulk consumers and dealers/agent/intermediaries. Any material change in the existing policies by the Central Government and/or State Government which may be unfavourable to the sugar industry may adversely impact the revenues of your company.

According to the Ministry of Agriculture, sugar mills in India are allowed to import sugar at 0% import duty until August 31, 2011, after scrapping a 60% import duty levied earlier. The Government of India has notified the export of 10 Lakh MT of sugar for the year 2011.

iv. Cyclicality & dependence risks

The top line of your company may be impacted if it depends fully on a single business. Furthermore, the Indian sugar industry follows a cyclical pattern, thus exposing it to high input prices (of sugarcane) on the one hand and lower realizations on the other. Your company's inability to manage this cyclicality could affect its sustainability. Hence, in order to minimize the risk of cyclicality of the sugar business, your company has incorporated an integrated business model and as a de-risking measure, also forayed into the renewal power sector. This move enables your company to stabilize its top line and will strengthen its bottom line in future.

The cogeneration and distillery businesses of your company will also help to minimize the impact of the industry cyclicality. Your company's integrated structure helps it counter these challenges.

FINANCIAL HIGHLIGHTS

Consolidated P&L Analysis

The company, on a consolidated basis, has recorded total income of ₹ 6,873 Million for FY11. The EBITDA stood at ₹ 857 Million for FY11. Depreciation and Interest for the current year are at ₹ 394 Million and ₹ 481 Million, respectively. The company has recorded PAT of ₹ 38 Million.

Operating expenditure

Total operating expenditure of the company in FY11 stood at ₹ 6,016 Million:

- There has been a decrease in raw material cost in FY11, which stood at ₹ 4,983 Million. This was on account of lower average procurement cost at around ₹ 2,050/MT as compared to previous year.
- Stock adjustment stood at ₹ (399) Million.
- Employee costs stood at ₹ 390 Million in FY11.
- Power & fuel costs stood at ₹ 354 Million. Cost incurred was higher for the year on account of higher amount of cane crushed at 20.5 Lakh MT.
- Other expenses stood at ₹ 682 Million.

Operating EBITDA

Operating EBITDA stood at ₹ 857 Million for the year under review.

Depreciation

Depreciation cost stood at ₹ 394 Million in FY11.

Financial & interest expenses

Finance & interest expenses were lower at ₹ 481 Million in FY11 on account of repayment of term loan of ₹ 200 Crore at the beginning of the year.

Other income

Other income stood at ₹ 30 Million for the year under review.

Provision for tax

Provision for Tax (including current and deferred tax) stood at ₹ (26) Million in FY11, mainly due to MAT credit entitlement of ₹ 15 Million and deferred tax reversal of ₹ 32 Million during the year under review.

Net profit

Net Profit was to the tune of ₹ 38 Million in FY11, wherein the proposed dividend including the dividend distribution tax, amounted to ₹ 23 Million.

Mill House

Consolidated Balance Sheet Analysis

Capital structure

The company's paid up equity capital remained constant at ₹ 161.9 Million as on March 31, 2011, 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 ₹ 4,248 Million in FY11. Of this, during the year under review, surplus in profit & loss account accounted to ₹ 4,033 Million and Debenture Redemption Reserve at ₹ 156 Million and Revaluation Reserve at ₹ 51 Million.

Loan profile

The borrowed funds of the company were ₹ 6,609 Million in FY11. Secured loans at ₹ 4,538 Million comprise 69% of the total loan funds.

Total assets

Total assets of the company were ₹ 11,786 Million in FY11. The company's net fixed assets as proportion of total assets were at 52% at the end of the year.

Fixed assets

Fixed assets mainly constituted the Plants and Machinery valued at ₹ 4,805 Million, followed by ₹ 913 Million worth Building and Land worth ₹ 211 Million, respectively It also included a small portion of Capital Work in progress amounting to ₹ 115 Million.

Investments

Out of the total investments of ₹ 390 Million, the company had a major investment of ₹ 383 Million in fixed income funds.

Inventories

Inventories were higher at ₹ 4,932 Million in FY11 on account of increase in sugar inventory in hand, valued at ₹ 4,149 Million at the closing of the year.

Sundry debtors

The debtors of the company stood at ₹ 205 Million in FY11, of which just 5% amounting to ₹10 Million are more than six months old.

Loans and advances

Loans and advances comprised 16.5% of the company's current assets. Loans and advances made by the company were to the tune of ₹ 1,126 Million in FY11, primarily on account of MAT credit entitlements of ₹ 453 Million and advances recoverable amounted to ₹ 439 Million.

Cash & bank balance

The company had lower cash & bank balance of ₹ 551 Million in FY11, with ₹ 222 Million in current accounts and ₹ 129 Million in deposit accounts of the company at the year end.

Current liabilities & provisions

Current liabilities & provisions stood at ₹ 1,493 Million, wherein dues towards sundry creditors stood at ₹ 1,081 Million and provisions included ₹ 49 Million.

Panoramic view of the plant

Human Resources

Your company has always looked at its people as a key enabler of its growth plans and a critical factor in its future success. The HR component of your company is, therefore, a vital and integral part of its strategic plans and policies.

It has been your company's focused endeavour, therefore, to invest in the growth of its people and make constant efforts to align them to its vision for the future. To this end, your company had undertaken initiatives in manpower rationalization and implementation of Total Productive Maintenance (TPM). The year under review saw your company making considerable progress in these areas.

Your company, with a focus on improving business productivity and performance, has undertaken some new initiatives in 2010-11, which, along with the improving operational performance are intended for the all-round development of the teams. Some of the initiatives undertaken are: introduction of TPM in your company's sugar plants; Applied Leadership Programme for the senior level executives and Managerial Effectiveness Programme to strengthen the managerial capabilities of middle level managers. Your company has made all efforts to ensure that its HR policies are employee-friendly and are geared to strengthen its processes to attain business excellence. At regular intervals, your company also revisits these policies and amends and updates the same as per the organizational requirement.

In Internal control system and its adequacy

The company has proper and adequate systems of internal controls to ensure that all its assets are safeguarded. The company has established an internal audit department, which ensures adequate review of the entire company's internal control systems through its audit partners M/s. Axis Risk consulting for Sugar. The effectiveness of the internal control systems is continuously monitored by the Corporate Audit Department of your company. The Corporate Audit's main focus is to provide to the audit committee and the Board of directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organization's risk management control and governance process. The Corporate Audit group follows up the implementation of the corrective actions and improvement in business processes, as per the review by the audit committee and senior management.

The audit activities are undertaken as per the annual audit plan, developed on the basis of the risk profile of the business process and in consultation with outsourced firms and the statutory auditors. The audit department also does suitable enhancements to the audit plan based on the current business operating scenario.

During the year, the audit committee met quarterly to review the reports submitted by the corporate audit division and provide guidance. All significant audit observations and follow-up actions thereon were reported to the audit committee.

Cautionary Statement

Certain statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are identified in this report, by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements.

Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on 'risks and concerns'. The company takes no responsibility for any consequence of decisions made based on such statements and holds no obligation to update these in the future.

Effluent Treatment Plant

FINANCIAL SECTION

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2011

The Directors have pleasure in submitting the Annual Report and Audited Statements of Account of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

(` million)

	FY11	FY10
Net Sales Turnover	**6668**	21543
Profit before interest, depreciation and tax (EBITDA)	**879**	5117
Less: Interest and Financial Charges	**481**	1756
Profit before depreciation and tax (PBDT)	**398**	3361
Less: Depreciation	**394**	1320
Profit/(Loss) before tax (PBT)	**4**	2041
Provision for current tax	**1**	67
Provision for tax – earlier years	**4**	-
Provision for deferred tax	**(32)**	604
Fringe Benefit tax	**-**	-
Profit after tax (PAT)	**31**	1370
Add: (i) Surplus brought forward	**8067**	7091
(ii) Transfer from Debenture Redemption Reserve	**-**	125
Balance	**8098**	8586
Less: Transfer pursuant to Scheme of Arrangement	**4022**	-
Profit available for appropriation	**4076**	8586
APPROPRIATIONS:		
General Reserve	**1**	200
Debenture Redemption Reserve (net)	**31**	129
Interim/Proposed Dividend	**20**	162
Dividend Distribution tax thereon	**3**	27
Balance carried forward	**4021**	8068
	4076	8586

The results for the year under review are not comparable with that of the earlier previous year on account of the implementation of the Scheme of Arrangement, detailed herein below

DIVIDEND

Despite the lower profits, your Directors recommend payment of a final dividend @ 12.5%, i.e. ` 0.25 per equity share as against a dividend of ` 2/- per equity share paid last 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 2010-11. In addition, working results for key businesses have been provided as an annexure to this report (Annexure - A).

SCHEME OF ARRANGEMENT

With a view to effectively and efficiently cater to the growth plans of the business segments, the Board of Directors of the Company approved a Scheme of Arrangement between the Company, Dalmia Bharat Enterprises Limited, Avnija Properties Limited and DCB Power Ventures Limited under which certain business undertakings like the refractory, cement and the captive thermal power businesses together with certain subsidiaries were to be demerged into Dalmia Bharat Enterprises Limited, Avnija Properties Limited(now known as Dalmia Cement (Bharat) Limited) and DCB Power Ventures Limited. The said Scheme of Arrangement was sanctioned by the Madras High Court by its order dated 29-7-2010 and was made effective from 1-9-2010. Consequently the operating results for the year 2010-11 comprise the remaining businesses, viz., sugar, Magnesite, travel agency and wind power.

CHANGE IN NAME OF COMPANY

The name of the Company was changed from Dalmia Cement (Bharat) Limited to Dalmia Bharat Sugar and Industries Limited with the approval of the Shareholders in the last Annual General Meeting held on 27th August, 2010. The Registrar of Companies, Tamil Nadu, has approved the said change in the name and had issued the Fresh Certificate of Incorporation consequent upon Change in the Name on 7th September, 2010.

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.

INDUSTRIAL RELATIONS

Barring a two months strike by the workers at Salem, 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 exempted 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 2011 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.dalmiacement.com.

FIXED DEPOSITS

As at the end of the year, the total amount of deposits remaining due for payment and not claimed by the depositors as on 31st March 2011 was ` NIL million.

DIRECTORS

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

1. Shri J.S. Baijal; and
2. Shri Donald M. Peck.

Shareholdings in the Company by its Directors as at 31-3-2011, are as under:

Name of the Director	No. of Shares of ` 2/- each held
Shri Jai H. Dalmia	1,635,010
Shri Y.H. Dalmia	751,880
Shri Gautam Dalmia	751,990
Shri Puneet Yadu Dalmia	742,055
Shri T. Venkatesan	2,000

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2010-11.

CEO/CFO REPORT ON ACCOUNTS

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

DIRECTORS RESPONSIBILITY STATEMENT

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

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

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

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

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

AUDITORS

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

For and on behalf of the Board

Place : New Delhi
Dated : 23rd May, 2011

Jai H. Dalmia
Vice Chairman

Puneet Yadu Dalmia
Managing Director

ANNEXURE – A

WORKING RESULTS

	FY11	FY10	FY09
SUGAR DIVISION ('000 MT)			
Cane Crushed	**2048**	1515	1197
Sugar Production	**204**	203	108
Sugar Sales	**194**	184	162
Molasses Production	**101**	79	78
MAGNESITE DIVISION ('000 MT)			
Refractory Products production	**21**	24	28
Refractory Products Sales and Self Consumption	**19**	23	25
ELECTRONICS DIVISION ('000 nos.)			
Chip Capacitors Production	**5555**	4452	2949
Chip Capacitors Sales	**5572**	4503	3001
Chip Resistors Production	**30**	52	10
Chip Resistors Sales	**33**	53	10
WIND FARM			
Installed Capacity (MW)	**16.5**	16.5	16.5
Production (Million Units)	**28**	30	26
Plant Load Factor	**19.5%**	21.6%	19.0%
GOVAN TRAVELS			
Business Handled (` Million)	**263**	231	269
CO-GENERATION			
Installed Capacity (MW)	**79**	79	79
Production (Million Units)	**281**	200	195

ANNEXURE – B

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

A. CONSERVATION OF ENERGY

(a) Energy Conservation measuers taken:

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

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

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

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

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

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

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

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

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

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

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

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(i) Refractory products were exported during the year.

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

(i) Used: ` 2.75 million

(ii) Earned: ` 18.77 million

FORM 'A'

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

		2010-11	2009-10
A.	**POWER AND FUEL CONSUMPTION**		
1.	**ELECTRICITY:**		
a)	Purchased:		
	Units (KWH in million)	**1.70**	325.10
	Total Amount (` million)	**9.82**	1473.10
	Rate/Unit (`)	**5.79**	4.53
b)	Own Generation:		
	i) Through Diesel Generator:		
	Units (KWH in million)	**0.49**	2.70
	KWH per Litre of HSD/FO	**3.01**	3.41
	Rate/Unit (`)	**15.05**	13.43
	ii) Through Co-Gen Plant:		
	Units (KWH in million)	**59.16**	46.70
	Total amount (` Million)	**254.97**	201.40
	Rate/Unit (`)	**4.31**	4.31
2.	**COAL-SLACK/STEAM – GRADES B TO E, LIGNITE AND COKE BREEZE**		
	Quantity ('000 MT)	**NA**	620
	Total Cost (` million)	**NA**	2526.00
	Average Rate (` / MT)	**NA**	4076.00
3.	**FURNACE OIL INCLUDING (LSHS & HSD)**		
	Quantity (KL)	**3876**	9377
	Total Amount (` million)	**112.63**	251.40
	Average Rate (` / KL)	**29059**	26812

		2010-11	2009-10
4.	**OTHERS/INTERNAL GENERATION**		
	Quantity (Lakh MT)	-	-
	Total Amount (` million)	-	-
	Average Rate (` / MT)	-	-

Note: Previous year's figures are not strictly comparable as they include the relevant data relating to the demerged units. The previous year's figures have been regrouped wherever considered necessary.

B. CONSUMPTION PER UNIT OF PRODUCTION:

PRODUCT	CEMENT			REFRACTORIES & REFRACTORY PRODUCTS		
	Standard If any	Current Year	Previous Year	Standard If any	Current Year	Previous Year
Electricity (Units/MT)		NA	77		95	91
Furnace Oil (including LSHS) (Litres/MT)		NA	1.00		214	220
Coal (Kgs. / MT)		NA	102		-	139

PRODUCT	SUGAR			DISTILLERY		
	Standard If any	Current Year	Previous Year	Standard If any	Current Year	Previous Year
Electricity (Units/MT)		288	226		-	257
Diesel Oil (including LSHS) (KL / MT)		N.A.	N.A.			NIL
Coal (Kgs./ MT)		-	-		-	-

FORM "B"

(Form of Disclosure of Particulars with respect to Absorption)

RESEARCH AND DEVELOPMENT (R&D)

1. **Specific areas in which R&D is carried out by the Company:**
   Method of secondary air injection through nozzles in the boiler furnace.

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

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

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

(` million)

a.	Capital	Nil
b.	Recurring	0.06
c.	Contribution/Expenditure on Research and Development	—
	Total	0.06
e.	Total R&D Expenditure as a percentage of turnover	Negligible

Above excludes material and other costs.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
   Muddy juice recirculation back to Mills to dispense with the use of bagacillo and rotary vacuum filters.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:
   The Company as a result of the above efforts has achieved lower stoppage days, which has resulted in better crush rates and consistent improvement in the quality of sugar manufactured.

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

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

BOARD OF DIRECTORS

Composition of the Board

As on 31st March 2011 the Company's Board comprised ten members — four executive Directors and six non-executive Directors, of which four are independent. Till his resignation in February, 2011, Mr. P.K. Khaitan, a non executive director was the Chairman. The composition of the Board is in conformity with Clause 49 of the listing agreement, which stipulates that if the Chairman is non-executive, and is not related to the promoters or persons occupying management positions at the Board level or at one level below the Board, one-third of the Board should be independent, or else, 50 per cent of the Board should comprise independent Directors.

NUMBER OF BOARD MEETINGS

The Board of Directors met six times during the year on 13-4-2010, 7-5-2010, 26-5-2010, 9-8-2010, 29-10-2010 and 27-1-2011. The maximum gap between any two meetings was less than 4 months.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS HELD

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

Table 1: Composition of the Board of Directors

Name of the Directors	Category	Attendance Particulars			No. of other Directorships and Committee Memberships/ Chairmanships		
		Number of Board Meetings		Last AGM	Other Directorships@	Committee Member-ships #	Committee Chairman-ships #
		Held	Attended				
Mr. P.K. Khaitan, Chairman **	Non-Executive	6	4	No	NA	NA	NA
Mr. J.S. Baijal	Independent	6	6	No	2	2	None
Mr. M. Raghupathy	Independent	6	4	Yes	1	None	None
Mr. N. Gopalaswamy	Non-Executive	6	4	Yes	9	4	None
Mr. M. H. Dalmia	Non-Executive	6	2	No	2	None	None
Mr. Donald M. Peck	Independent	6	-	No	5	None	None
Mr. J. H. Dalmia, Vice-Chairman	Executive	6	3	No	6	None	None
Mr. Y.H. Dalmia, Vice-Chairman	Executive	6	6	No	3	None	1
Mr. Gautam Dalmia, Managing Director	Executive	6	5	No	4	None	None
Mr. Puneet Yadu Dalmia, Managing Director	Executive	6	5	No	7	None	None
Mr. T. Venkatesan ^^	Executive	6	2	No	2	None	None
Mr. G.N. Bajpai **	Independent	6	3	No	NA	NA	NA
Mr. Asanka Rodrigo (Alternate to Mr. Donald M. Peck)	Independent	5	4	No	None	None	None

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

** *Mr. P.K. Khaitan and Mr. G.N. Bajpai ceased to be Directors of the Company effective February 7, 2011 and February 2, 2011, respectively. Hence, particulars of other Directorships not given.*

^^ *Mr. T. Venkatesan ceased to be a Whole-time Director of the Company w.e.f. 1-11-2010.*

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

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

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

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

INFORMATION SUPPLIED TO THE BOARD

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

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

- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

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

REMUNERATION PAID TO DIRECTORS

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

Table 2: Details of remuneration paid to Directors for 2010-11

(` Million)

Name of the Director	Category	Sitting Fees	Salary and Perquisites	Retirement Benefits	Commission@	Total
Mr. P.K. Khaitan	Non - Executive	0.080	—	—	—	0.080
Mr. J.S. Baijal	Independent	0.250	—	—	—	0.250
Mr. M. Raghupathy	Independent	0.160	—	—	—	0.160
Mr. M. H. Dalmia	Non - Executive	0.040	—	—	—	0.040
Mr. N. Gopalaswamy	Non - Executive	0.080	—	—	—	0.080
Mr. Donald M. Peck	Independent	—	—	—	—	—
Mr. J. H. Dalmia Vice-Chairman	Executive	—	4.791	0.359	—	5.150
Mr. Y.H. Dalmia Vice-Chairman	Executive	—	4.788	0.359	—	5.147
Mr. Gautam Dalmia Managing Director	Executive	—	4.458	0.359	—	4.817
Mr. Puneet Yadu Dalmia Managing Director	Executive	—	4.202	0.359	—	4.561
Mr. T. Venkatesan ^^	Executive	—	—	—	—	—
Mr. G.N. Bajpai	Independent	0.120	—	—	—	0.120
Mr. Asanka Rodrigo (Alternate to Mr. Donald M. Peck)	Independent	0.090	—	—	—	0.090

@ *Commission paid on net profit only. Hence the remuneration particulars are given only till that date.*

^^ *Mr. T. Venkatesan ceased to be a Whole-time Director of the Company w.e.f. 1-11-2010.*

Retirement benefits 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 Whole-time Director, Vice Chairmen, Managing Directors. The Company has not provided any stock options to the employees at the Board level.

The appointments of Mr. Y.H. Dalmia, Vice Chairman, Mr. Gautam Dalmia, Managing Director and Mr. Puneet Yadu Dalmia, Managing Director have been made for a period of five years effective 16th January 2007. The appointment of Mr. J. H. Dalmia, Vice Chairman, has been made for a period of five years with effect from 1st April 2007 and that of Mr. T. Venkatesan, Whole-time Director had been made for a period of three years with effect from 1st November 2007. He ceased to be a Whole-time Director of the Company effective 1st November, 2010 and continues to remain an ordinary Director on the Board. No severance fees is payable to any of aforementioned persons in respect of their cessation.

The Company has also paid an amount of ` 1.08 million (including ` 0.02 million towards out-of-pocket expenses) to M/s. Khaitan & Co., Solicitors and Advocates (a firm in which Mr. P.K. Khaitan is a Partner), for the professional services rendered by them and for their appearances and opinions on various matters and also for appearances of other Advocates/ Senior Advocates engaged by them in defending legal cases on behalf of the Company.

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.dalmiacement.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

The Company has seven Board-level Committees – Audit Committee, Remuneration Committee, Finance Committee, Investment Committee, Risk Management Committee, Nomination and Governance Committee and Shareholders Grievance Committee.

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

a) Audit Committee

As on 31st March 2011, the Audit Committee comprises two members Mr. M. Raghupathy, Chairman, and Mr. J.S. Baijal both of whom are independent Directors. Mr. G.N. Bajpai, an independent Director was also a member of this Committee till the date of his resignation on 2nd February, 2011. Subsequently in the Board Meeting held on 20th April, 2011, Mr. N. Gopalaswamy an Independent Director was co-opted as the Member of the Audit Committee. The Audit Committee met four times during the year on 26-5-2010, 9-8-2010, 29-10-2010 and 27-1-2011. The details of the Audit Committee are given in Table 3.

Table 3: Attendance record of DBSIL's Audit Committee during 2010-11

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
Mr. M. Raghupathy	Independent	Chairman	4	4
Mr. J. S. Baijal	Independent	Member	4	4
Mr. G. N. Bajpai	Independent	Member	4	2

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

All members of the Audit Committee have requisite accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 27th August, 2010 to answer shareholders queries.

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

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

shareholders (in case of non payment of declared dividends) and creditors.

- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

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

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

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

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

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

b) Remuneration Committee

As on 31st March 2011, the Remuneration Committee comprised, Mr. J.S. Baijal and Mr. Donald M. Peck, both independent Directors. Mr. G.N. Bajpai was also a member of this Committee till his resignation on 2nd February, 2011. The Committee met once during the year on 26-5-2010. The members of this Committee, including Mr. Asanka Rodrigo, Alternate Director to Mr. Donald M. Peck, attended the meeting.

c) Shareholders Grievance Committee

The Shareholders Grievance Committee comprises Mr. M. Raghupathy, (Independent Director) as its Chairman, and Mr. N. Gopalaswamy (Non-Executive Director) 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, 187 complaints were received from investors and all of them were resolved in time to the satisfaction of the concerned investors. At the close of the year there were no cases pending in respect of share transfers. Table 4 gives the details:

Table 4: Nature of complaints received and attended to during 2010-11

Nature of Complaint		Pending as on 1st April 2009	Received during the year	Answered during the year	Pending as on 31st March 2010
1.	Transfer / Transmission / Duplicate	Nil	13	13	Nil
2.	Non-receipt of Dividend/ Interest/Redemption Warrants	Nil	99	99	Nil
3.	Non-receipt of securities/ electronic credits	Nil	61	61	Nil
4.	Complaints received from:				
-	Securities and Exchange Board of India	Nil	3	3	Nil
-	Stock Exchanges	Nil	1	1	Nil
-	Registrar of Companies/ Department of Company Affairs	Nil	Nil	Nil	Nil
5.	Others	Nil	10	10	Nil
Total		**Nil**	**187**	**187**	**Nil**

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

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

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

d) **Finance Committee**

As on 31-3-2011, the Finance Committee comprises of Mr. J. H. Dalmia, Mr. Y.H. Dalmia, Mr. Gautam Dalmia, Mr. Puneet Yadu Dalmia and Mr. J.S. Baijal (Independent Director) as its Members. The Committee met three times during the year on 2-7-2010, 11-1-2011 and 21-2-2011. The particulars of attendance of the members in the Meetings of this Committee is set out in Table 5 hereunder: -

Table 5: Attendance record of Finance Committee during 2010-11

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
Mr. J.S. Baijal	Independent	Member	3	3
Mr. J. H. Dalmia	Executive	Member	3	1
Mr. Y.H. Dalmia	Executive	Member	3	3
Mr. Gautam Dalmia	Executive	Member	3	2
Mr. Puneet Yadu Dalmia	Executive	Member	3	3

e) **Investment Committee**

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

f) **Risk Management Committee**

As on 31-3-2011, the Risk Management Committee comprised of Mr. J.S. Baijal, Mr. T. Venkatesan and Mr. Y.H. Dalmia as its Members. Mr. G.N. Bajpai was also a member of this Committee till his resignation on 2nd February, 2011. The Committee met once during the year on 2-9-2010.

g) **Nomination and Governance Committee**

As on 31-3-2011, the Nomination and Governance Committee comprised of Mr. J.S. Baijal, Mr. J.H. Dalmia and Mr. Puneet Yadu Dalmia as its Members. Mr. G.N. Bajpai was also a member of this Committee till his resignation on 2nd February, 2011. The Committee did not meet during the year.

SUBSIDIARY COMPANIES

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

As on 31st March 2011, 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 2011.

Table 6: Details of the shares and convertible instruments held by the Non-Executive Directors as on 31st March, 2011

Name of the Director	Category	Number of shares held	Number of convertible instruments held
Mr. P.K. Khaitan	Non-Executive	Nil	Nil
Mr. J.S. Baijal	Independent	Nil	Nil
Mr. M. Raghupathy	Independent	Nil	Nil
Mr. M. H. Dalmia	Non-Executive	Nil	Nil
Mr. N. Gopalaswamy	Non-Executive	Nil	Nil
Mr. Donald M. Peck	Independent	Nil	Nil
Mr. G.N. Bajpai	Independent	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. 17 of Schedule 20B 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.

Particulars of persons constituting "Group" pursuant to Regulation 3(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997: -

Mr. J.H. Dalmia, J.H.Dalmia (HUF), Smt. Kavita Dalmia, Mr. Y.H.Dalmia, Y.H. Dalmia (HUF), Smt. Bela Dalmia, Mr. Gautam Dalmia, Gautam Dalmia (HUF), Smt. Anupama Dalmia, Mr. Puneet Yadu Dalmia, Smt. Avantika Dalmia, Kumari Shrutipriya Dalmia, Kumari Sukeshi Dalmia, Kumari Vaidehi Dalmia, Kumari Sumana Dalmia, Kumari Avanee Dalmia, Mst. Priyang Dalmia, Mr. M.H.Dalmia, and Smt. Abha Dalmia.

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

Disclosure of Accounting Treatment in Preparation of Financial Statements

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

Details of Non-Compliance by the Company

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

Code for Prevention of Insider-Trading Practices

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

CEO/ CFO certification

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

SHAREHOLDERS

Reappointment/Appointment of Directors

Pursuant to the Articles of Association of DBSIL, at every Annual General Meeting of the Company, one-third of the rotational Directors retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third retire from office.

Accordingly, at the ensuing Annual General Meeting, Mr. J.S. Baijal, and Mr. Donald M. Peck, Directors of the Company retire by rotation and are 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 one month of the close of every quarter and such results are published in one financial newspaper, viz., Business Line, and one Regional Newspaper, Dinamani, within the stipulated time, i.e. 45 days from the end of each quarter. The Company also publishes its annual audited results in these newspapers within the stipulated period.

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
2009-10	27th August, 2010	10.00 a.m.	Community Centre, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu, 621651
2008-09	25th September, 2009	10.00 a.m.	Community Centre, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu, 621651
2007-08	25th July, 2008	10.30 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
27th August, 2010	AGM	• Reaffirmation of insertion of new Article 138 in the Articles of Association of the Company. • Change in name of the Company from Dalmia Cement (Bharat) Limited to Dalmia Bharat Sugar and Industries Limited.

Postal Ballot

During the year ended 31st March 2011, the Company did not propose any Resolution through Postal Ballot.

Compliance

Mandatory Requirements

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

Adoption of Non-Mandatory Requirements

Although it is not mandatory, a Remuneration Committee, Risk Management Committee, Investment Committee and Nomination and Governance 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	:	26th August, 2011
Time	:	10.00 a.m.
Venue	:	Community Centre Premises, Dalmiapuram -621651, Dist. Tiruchirapalli, Tamil Nadu

Financial Calendar

Financial year: 1st April, 2011 to 31st March, 2012

For the year ended 31st March 2012, results will be announced on:

- First quarter: By mid August, 2011
- Second quarter: By mid November, 2011
- Third quarter: By mid February, 2012
- Fourth quarter: By end May, 2012

Book Closure

The dates of book closure are from 19th August, 2011 to 26th August 2011 inclusive of both days.

Dividend Payment

A Final dividend of ` 0.25 per equity share of ` 2/- each which shall be paid on or after 30th August, 2011 subject to approval by the shareholders at the Annual General Meeting to be held on 26th August, 2011.

Listing

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

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

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

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

The Privately placed Non-Convertible Debentures are listed on WDM Segment of the National Stock Exchange of India Limited. Listing fees for the year 2011-12 has been paid to all the above Stock Exchanges. The annual custodial fees for the year 2011-12 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 2010-11 at BSE and NSE

Month	BSE			NSE		
	High	Low	Close	High	Low	Close
April, 2010	271.90	238.00	265.10	284.80	242.10	264.95
May, 2010	279.00	197.00	213.50	284.00	195.15	212.35
June, 2010	227.20	205.00	207.60	228.50	205.10	207.95
July, 2010	223.00	202.60	205.05	223.80	203.00	205.90
August, 2010	233.40	220.00	201.50	232.90	197.10	201.15
September, 2010*	272.80	50.00	62.60	272.40	54.00	63.05
October, 2010	62.00	48.10	48.70	61.00	48.05	48.60
November, 2010	52.50	37.00	38.60	55.30	36.10	38.40
December, 2010	42.90	35.00	38.00	42.95	31.00	37.80
January, 2011	38.90	26.20	28.00	39.00	27.00	29.30
February, 2011	30.00	25.00	25.95	29.75	25.00	25.55
March, 2011	27.90	23.20	24.05	29.00	23.00	24.30

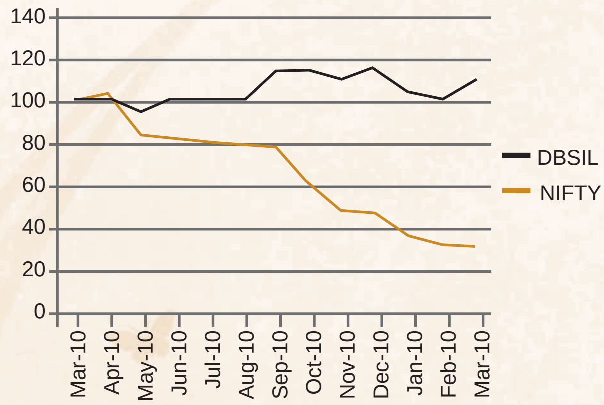
* Prices post September, 2010 represent price of shares of the Company post implementation of the Scheme of Arrangement.

Table 2: Stock Performance over past 5 years

	% of Change in					
	Company's Share		Sensex	Nifty	Company in comparison with	
	BSE	NSE			Sensex	Nifty
2010-11	-70	-69	11	11	-81	-82
2 years	-2	-1	100	93	-103	-95
3 years	-73	-73	24	23	-97	-95
5 years	44	46	72	71	-28	-26

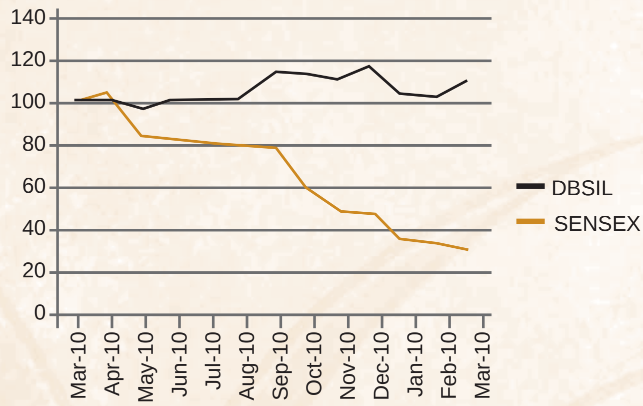
Note: *The stock performance of Company's shares have been calculated on the closing prices after (a) considering the impact of the Scheme of Arrangement; and (b) conversion of warrants and are thus not strictly comparable.*

Chart A: DBSIL's Share Performance versus BSE Sensex



Note: *Share prices and Sensex indexed to 100 as on 1st working day of the financial year 10-11, i.e. April 1, 2010*

Chart B: DBSIL's Share Performance versus NIFTY



Note: *Share prices and NIFTY indexed to 100 as on 1st working day of the financial year 2010-11, i.e. April 1, 2010*

Distribution of Shareholding

Table 3 and 4 lists the distribution of the shareholding of the equity shares of the Company by size and by ownership class as on 31st March 2011.

Table 3: Shareholding pattern by size

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-500	12597	75.83	1751355	2.16
501-1000	1647	9.91	1269011	1.57
1001-2000	1181	7.11	1762234	2.18
2001-3000	420	2.53	1061476	1.31
3001-4000	207	1.25	746727	0.92
4001-5000	112	0.67	510780	0.63
5001-10000	231	1.39	1611438	1.99
10001 and above	218	1.31	72226282	89.24
Total	**16613**	**100.00**	**80939303**	**100.00**

Table 4: Shareholding Pattern by ownership

Particulars	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Promoters @	57	0.34	46901777	57.95
Central/State Governments	4	0.02	128155	0.16
Financial Institutions/Banks	24	0.15	1669736	2.06
Mutual Funds	1	0.01	2500	0.00
Foreign Institutional Investors	19	0.11	5219789	6.45
Insurance Companies	2	0.01	1128096	1.39
Bodies Corporate	470	2.83	5834676	7.21
Overseas Body Corporates	2	0.01	3253805	4.02
Foreign Corporate Bodies	2	0.01	4470588	5.52
NRI/Foreign Nationals	131	0.79	201406	0.25
Individuals/ Others	15901	95.72	12128775	14.99
Total	**16613**	**100.00**	**80939303**	**100.00**

Note: @ The Promoters have not pledged the shares of the Company against any loan drawn by them. This disclosure may be treated as a disclosure as required under Clause 35 of the Listing Agreement and under Regulation 8A of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997.

Dematerialisation of Shares

As on 31st March 2011, over 55% shares of the Company were held in the dematerialised form.

Outstanding GDRs/ADRs/Warrants/Options

NIL

Details of Public Funding Obtained in the last three years

NIL

Registrar and Transfer Agent

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

Share Transfer System

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

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

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

PLANT LOCATIONS

Dead Burnt Magnesite Plant:
Dalmia Magnesite Corporation
Salem (Tamil Nadu)
Vellakkalpatti,
P.O. Karuppur,
Salem – 636012.

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

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

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

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

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Dalmia Bharat Sugar and Industries Limited
(formerly known as Dalmia Cement (Bharat) Limited)

We have examined the compliance of conditions of corporate governance by Dalmia Bharat Sugar and Industries Limited (formerly Dalmia Cement (Bharat) Limited) (the Company), for the year ended 31.3.2011, as stipulated in clause 49 of the listing agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For S. S. KOTHARI MEHTA & Co.
Firm Registration No. 000756N
Chartered Accountants

ARUN K. TULSIAN
Partner
Membership No.89907

Place : New Delhi
Date : May 23, 2011

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 26-7-2005.

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 : 23-5-2011

Puneet Yadu Dalmia
Chief Executive Officer

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

Dear Sirs,

1. We have reviewed the Balance Sheet, Profit and Loss account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements as at 31st March, 2011 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 : 23-5-2011

Narendra Mantri
Chief Financial Officer

Puneet Yadu Dalmia
Chief Executive Officer

AUDITORS REPORT

To

The Members of Dalmia Bharat Sugar and Industries Limited
(formerly known as Dalmia Cement (Bharat) Limited)

1. We have audited the attached Balance Sheet of **Dalmia Bharat Sugar and Industries Limited (formerly known as Dalmia Cement (Bharat) Limited) ('the Company')** as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:
   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

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

   v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
      a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

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

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

For **S.S. KOTHARI MEHTA & Co.**
Firm Registration No. 000756N
Chartered Accountants
(ARUN K. TULSIAN)
Partner
Membership No. 89907

Place : New Delhi
Date : May 23, 2011

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

Re: Dalmia Bharat Sugar and Industries Limited

(formerly known as Dalmia Cement (Bharat) 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 (and other assets and liabilities) relating to demerged undertakings comprising of Cement business, Thermal Power business and Refractory business have been transferred to the resulting companies pursuant to the Scheme of Arrangement (refer note no. 19 of schedule 20). This has not affected the going concern assumption.

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

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.

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

(b) According to the information and explanations given to us, the Company has taken unsecured loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ` 1017.50 million and the year end balance of such loan is ` 250 million. Further, the company had, in earlier years, taken secured loans in the form of fixed deposits from four persons including directors and their relatives covered in the register maintained under section 301 of the companies Act, 1956. However, these loans have been transferred pursuant to the scheme of arrangement(refer note no. 19 of schedule 20). There are no such loans outstanding at the close of the year.

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

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

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit carried out in accordance with the generally accepted auditing practices in India, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

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

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

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Regarding the deposits accepted in earlier years, the same have transferred pursuant to the Scheme of Arrangement (Refer note no. 19 of schedule 20).

(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 books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we are not required to make a detailed examination of such books.

(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.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(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, are as follows:

Name of the statute	Nature of the Dues	Amount (in Millions)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Disallowance of Cenvat Credit	1.0	April 2006 to March 2010	Dy. Commissioner, Sitapur
Central Excise Act, 1944	Disallowance of Cenvat Credit	13.8	April 2006 to March 2010	Dy. Commissioner, LTU Delhi
Central Excise Act, 1944	Demand on duty on Bagass & electricity sale	27.8	Feb. 2007 to March 2010	Add. Commissioner, Lucknow
Central Excise Act, 1944	Demand on duty on Bagass & electricity sale	121.8	Feb. 2007 to March 2010	Dy. Commissioner, LTU Delhi
Central Excise Act, 1944	Disallowance of Cenvat Credit	28.5	March 2006, to Nov. 2008	Commissioner, Lucknow
Central Excise Act, 1944	Disallowance of Cenvat Credit	0.1	March 2006, to Feb. 2007	Asst. Commissioner, Sitapur
Central Excise Act, 1944	Cenvat Credit on Cement	0.2	April, 2006	Commissioner Appeal, Delhi
Finance Act, 1994	Demand of Service tax on installation	0.1	April 2006 to March 2007	Asistant Commissioner, Sitapur
Central Excise Act, 1944	Demand on duty of Distillery Products	1.3	April 2007 to March 2010	Commissioner Appeal
Central Excise Act, 1944	Cenvat Credit on Cement & Steel	1.6	April 2008 to Nov. 2008	Commissioner Appeal, LTU Delhi
Central Excise Act, 1944	Cenvat Credit on Cement & Steel	0.3	March, 2006	Commissioner Appeal, Lucknow
Central Sales Tax	Sales Tax	19.9		Dy. Commissioner, Sitapur

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

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

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

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

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

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

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

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

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

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

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

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

For **S.S. KOTHARI MEHTA & Co.**
Firm Registration No. 000756N
Chartered Accountants
(ARUN K. TULSIAN)
Partner
Membership No. 89907

Place : New Delhi
Date : May 23, 2011

Balance Sheet as at March 31, 2011

(` Million)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	161.88	161.88
Reserves and Surplus	2	4,232.82	13,614.50
		4,394.70	**13,776.38**
Loan Funds			
Secured Loans	3	4,537.93	27,402.01
Unsecured Loans	4	2,050.00	1,102.14
		6,587.93	**28,504.15**
Deferred Tax Liability (Net)	5	767.80	2,891.14
Total		**11,750.43**	**45,171.67**
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross Block		9,325.49	33,736.16
Less: Accumulated Depreciation		3,366.01	7,894.47
Net Block		5,959.48	25,841.69
Capital work-in-progress		75.60	2,475.79
		6,035.08	**28,317.48**
Investments	7	386.51	8,009.79
Current Assets, Loans and Advances			
Inventories	8	4,932.36	7,067.00
Sundry Debtors	9	204.77	2,138.20
Cash and Bank balances	10	548.72	2,108.49
Loans and Advances	11	1,145.03	2,392.09
(A)		**6,830.88**	**13,705.78**
Less: Current Liabilities and Provisions			
Current Liabilities	12	1,452.96	4,715.03
Provisions	13	49.08	146.35
(B)		**1,502.04**	**4,861.38**
Net Current Assets (A-B)		5,328.84	8,844.40
Total		**11,750.43**	**45,171.67**
Notes to Accounts	20		

The Schedules referred to above and the Notes to Accounts form an integral part of the Balance Sheet.

As per our report of even date

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

per Arun K. Tulsian
Partner
Membership No. 89907

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

K V Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director (Group Finance)

Jai H Dalmia
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : 23rd May, 2011

Profit & Loss Account for the year ended March 31, 2011

(` Million)

	Schedule	For the year ended March 31, 2011		For the year ended March 31, 2010	
INCOME					
Turnover (Gross)			6,926.71		23,438.80
Less: Excise Duty			258.65		1,896.23
Turnover (Net)			**6,668.06**		**21,542.57**
Other Income	14		226.24		508.11
Total			**6,894.30**		**22,050.68**
EXPENDITURE					
(Increase)/Decrease in Stocks	15		(399.14)		(1,672.62)
Raw Material consumed			4,982.74		7,561.47
Purchase of Trading Goods			-		136.54
Personnel Expenses	16		390.33		1,142.20
Operating and other Expenses	17		1,041.83		9,766.56
Depreciation / Amortization	6	408.15		1,406.21	
Less: Transferred from Revaluation Reserve		14.01		86.41	
Net Depreciation / Amortization			394.14		1,319.80
Financial expenses	18		480.78		1,755.90
Total			**6,890.68**		**20,009.85**
Profit before Tax [including ` Nil (` 1,850.83 million) for discontinuing operations]			**3.62**		**2,040.83**
Provision for Taxation					
Current tax (Including of MAT credit entitlement ` 0.55 Million (availment ` 319.06 Million)			1.00		44.43
Deferred tax charge			(32.47)		604.14
Prior year tax charge			4.13		22.39
Total Tax Expenses [including tax related to operation relating to discontinuing operations ` Nil (` 581.30 million)]			**(27.34)**		**670.96**
Profit after Tax [including ` Nil (` 1,269.53 million) for discontinuing operations]			**30.96**		**1,369.87**
Balance Brought Forward from Previous Year			8,067.24		7,090.62
Less: Transfer pursuant to Scheme of Arrangement			4,021.36		-
Add: Transfer from Debenture Redemption Reserve			-		125.00
Profit available for appropriation			**4,076.84**		**8,585.49**
Appropriations					
General Reserve			0.80		200.00
Debenture Redemption Reserve			31.25		129.17
Dividend					
Interim Dividend			-		80.94
Proposed Dividend			20.24		80.94
Dividend Distribution tax thereon			3.28		27.20
Balance carried To Balance Sheet			**4,021.27**		**8,067.24**
Earning per Share	19				
Basic and Diluted Earnings Per Share (In `) [Nominal Value of Share ` 2 (` 2) each]			0.38		16.92
Notes to Accounts	20				

The Schedules referred to above and the Notes to Accounts form an integral part of the Profit and Loss Account.

As per our report of even date

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

per Arun K. Tulsian
Partner
Membership No. 89907

Place : New Delhi
Date : 23rd May, 2011

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

K V Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director
(Group Finance)

Jai H Dalmia
Director

Puneet Yadu Dalmia
Managing Director

Schedules to the Accounts

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 1: Share Capital		
Authorised:		
11,47,26,820 (11,47,26,820) Ordinary Shares of ` 2 each	229.45	229.45
8,52,73,180 (8,52,73,180) Unclassified Shares of ` 2 each	170.55	170.55
	400.00	**400.00**
Issued, Subscribed and Paid Up:		
8,09,39,303 (8,09,39,303) Ordinary Shares of ` 2 each fully paid up	161.88	161.88
	161.88	**161.88**

Note:

Of the above:

(i) 66,51,410 (66,51,410) Shares were allotted as fully paid-up pursuant to arrangements/scheme of conversion, without payments being received in cash; and

(ii) 2,76,31,245 (2,76,31,245) Shares were allotted as fully paid-up by way of Bonus Shares by capitalisation of Reserves.

(` Million)

	Opening Balance	Deductions pursuant to Scheme of Arrangement	Additions during the year	Deductions during the year	Closing Balance
Schedule 2: Reserves and Surplus					
Capital Reserve	3.50 (3.50)	- (-)	- (-)	- (-)	3.50 (3.50)
Revaluation Reserve	538.55 (625.53)	473.54 (-)	- (-)	14.01 (86.98)	51.00 (538.55)
Realised Revaluation Reserve	- (0.79)	- (-)	- (0.57)	- (1.36)	- -
Share Premium Account	1,996.77 (1,996.77)	1,996.77 (-)	- (-)	- (-)	- (1,996.77)
General Reserve	2,393.85 (2,192.49)	2,393.85 (-)	0.80 (201.36)	- (-)	0.80 (2,393.85)
Debenture Redemption Reserve	614.59 (610.42)	489.59 (-)	31.25 (129.17)	- (125.00)	156.25 (614.59)
Surplus in Profit and Loss Account	8,067.24 (7,090.62)	4,021.36 (-)			4,021.27 (8,067.24)
	13,614.50 **(12,520.12)**	**9,375.11** **(-)**			**4,232.82** **(13,614.50)**

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 3: Secured Loans {Refer note B (19) on schedule 20}		
A. Redeemable Non-Convertible Debentures	1,000.00	3,933.33
B. Term Loans:		
i. From Banks	2,141.20	18,906.34
ii. From Others	889.92	2,376.43
C. Working Capital Loans	506.81	2,185.91
	4,537.93	**27,402.01**

SCHEDULES TO THE ACCOUNTS

1) Debentures referred to in A above to the extent of:
   - i) Series IXB ` Nil (` 133.33 million) are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram, Magnesite unit and Jamnagar property & redeemable on 27th August 2010.
   - ii) Series XA & XB ` Nil (` 800.00 million) are secured by a first pari-passu charge on whole of the movable and immovable properties (except book debts) of Cement unit at Dalmiapuram, Magnesite unit and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from 17th December 2012.
   - iii) Series XI ` Nil (` 500.00 million) are secured by a first pari-passu charge on all the movable and immovable properties of Cement unit at Dalmiapuram and Magnesite unit (except stock and book debts) and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from 15th May 2013.
   - iv) Series XI A ` Nil (` 500.00 million) are secured by a first pari-passu charge on all the movable and immovable properties of Cement Unit at Dalmiapuram and Magnesite unit (except stock and book debts) and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from 15th October 2013.
   - v) Series XII ` 1,000.00 million (` 1,000.00 million) are secured by mortgage and charge on first pari-passu basis on all the immovable and movable assets excluding current assets both present and future of the Company's Sugar unit at Jawaharpur and Nigohi & redeemable in three yearly equal instalments commencing from 30th September 2014.
   - vi) Series XIII ` Nil (` 1,000.00 million) are secured by a first pari-passu charge on the Immovable properties of Cement unit at Dalmiapuram and Jamnagar property & redeemable in three yearly equal instalments commencing from 8th May 2014.

2) Term Loans from Banks referred to in B (i) above to the extent of
   - i) ` Nil (` 10,410.00 million) are secured by exclusive first charge on land and building and hypothecation of all the fixed assets of Cement units at Cuddapah and Ariyalur excluding assets charged to working capital lenders and Vertical roller mills & other machineries and equipments for projects at Cuddapah & Ariyalur acquired under foreign currency loan.
   - ii) ` Nil (` 2,000.00 million) are secured by first pari-passu charge on land and building and hypothecation of plant and machinery of sugar and co-generation units at Jawaharpur and Nigohi, distillery at Jawaharpur and co-generation unit at Ramgarh.
   - iii) ` Nil (` 700.98 million) are secured by way of exclusive charge on Vertical roller mills & other machineries and equipments for projects at Cuddapah & Ariyalur acquired through this loan. The Loan has been availed in foreign currency.
   - iv) ` 141.20 million (` 295.26 million) is secured by residual charge on the movable and immovable fixed assets of the Sugar units.
   - v) ` Nil (` 0.10 million) is secured by hypothecation of vehicles.
   - vi) ` Nil (` 2,000 million) is secured by subsequent and subservient charge on movable fixed assets of all cement units of the company.
   - vii) ` Nil (` 1,500 million) is secured by a subservient charge on the assets of Cement division.
   - viii) ` 2,000.00 million (` 2,000.00 million) is secured by subservient charge on entire fixed assets excluding vehicles of Sugar units at Jawaharpur and Nigohi and subservient charge on Plant & Machinery at Ramgarh Sugar Unit.

3) Term Loan from others referred to in B (ii) above to the extent of:
   - i) ` 889.92 million (` 883.81 million) are secured by second exclusive charge on movable and immovable properties of the sugar unit at Ramgarh, Jawaharpur and Nigohi.
   - ii) ` Nil (` 1,492.62 million) are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram.

4) Working capital loans:
   - i) Includes external commercial borrowing amounting Nil (` 1,893.50 million) which is secured by SBLC issued by working capital lenders.
   - ii) Balance loans amounting ` 506.81 million (` 292.41 million) are secured by hypothecation of inventories and other assets in favour of the participating Banks ranking pari-passu on inter-se-basis.

Schedules to the Accounts

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 4: Unsecured Loans		
{Refer note B (19) on schedule 20}		
A:Fixed Deposits*	-	302.06
Add: Interest accrued and due	-	2.84
	-	304.90
B: Short term Loans raised from Banks	1,800.00	-
C: Other Loans		
From others	250.00	797.24
*Includes from Directors ` Nil (` 1.75 Million)	**2,050.00**	**1,102.14**

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 5: Deferred Tax		
Deferred Tax assets/liabilities are attributable to the following items		
Liabilities		
Depreciation	897.28	3,074.14
Assets	1.96	4.74
Voluntary retirement expenses	57.96	89.16
Expenses allowable for tax purpose when paid	69.56	89.10
Unabsorbed depreciation		
	129.48	183.00
Net	***767.80**	**2,891.14**

*{Refer note B (19) on schedule 20}

(` Million)

	GROSS BLOCK					DEPRECIATION		NET BLOCK	
Description	**As at 31.03.2010**	**Deduction pursuant to Scheme of Arrangement**	**Additions**	**Deductions**	**As at 31.03.2011**	**For the year @**	**Upto 31.03.2011**	**As at 31.03.2011**	**As at 31.03.2010**
Tangible Assets:									
Owned Assets									
Land	1,315.42	1,106.09	0.46	-	209.79	-	-	209.79	1,315.42
Land (Leasehold)	23.16	17.41	-	-	5.75	0.06	0.97	4.78	11.16
Buildings	2,572.83	1,438.63	23.65	3.36	1,154.49	27.07	241.13	913.36	1,857.33
Plant and Machinery	28,797.86	20,931.51	112.84	104.41	7,874.78	379.33	3,070.04	4,804.74	22,012.61
Railway Sidings	49.84	49.33	-	-	0.51	-	0.51	-	35.38
Vehicles	68.38	55.63	5.32	1.76	16.31	0.96	7.51	8.80	34.99
Furniture and Fixtures	101.95	64.77	1.87	-	39.05	1.65	22.42	16.63	51.99
Other Assets	135.00	110.04	0.02	0.17	24.81	0.33	23.43	1.38	55.51
Owned assets leased out									
Building	27.68	27.68	-	-	-	-	-	-	17.00
Plant & Machinery	601.53	601.53	-	-	-	-	-	-	418.71
Intangible Assets:									
Software Licenses	42.51	42.51	-	-	-	-	-	-	31.59
	33,736.16	**24,445.13**	**144.16**	**109.70**	**9,325.49**	**409.40**	**3,366.01**	**5,959.48**	**25,841.69**
Previous year	26,184.18	-	7,590.65	38.67	33,736.16	1,408.60	7,894.47	25,841.69	
Capital work-in-progress[2]		2,389.54						75.60	2,475.79

Notes:

1 @ includes depreciation charged to other heads ` 1.25 Million (` 2.39 Million)

2 Including capital advances and Pre –operative expenditure pending allocation

*Refer note B (19) of Schedule 20

Schedules to the Accounts

(` Million)

	As at March 31, 2011		As at March 31, 2010	
Schedule 7: Investments				
Long Term Non Trade				
Govt and other Trust Securities				
Unquoted				
National Saving Certificate	-	-	-	0.02
Shares				
Equity Shares				
Unquoted				
Nil (25) shares of ` 10 each fully paid up in Assam Bengal Cement Company Limited (under liquidation)		-		((144.00))
Investment in Associates				
Equity Shares				
Quoted				
Nil (2,58,14,904) Shares of ` 2/- each fully paid up in OCL India Limited).		-		3,772.99
Investment in Joint Venture				
Equity Shares				
Unquoted				
Nil (18,36,500) Shares of ` 10/- each fully paid up in Khappa Coal Company Private Limited.		-		18.37
Investments in Subsidiaries				
Equity Shares				
Unquoted				
Nil (50,000) Shares of ` 10/- each fully paid up in Arjuna Brokers & Minerals Limited.	-			0.50
Nil (21,50,00,000) Shares of ` 10/- each fully paid up in Dalmia Cement (Bharat) Limited (Formerly Avnija Properties Limited).	-			2,156.39
Nil (2,50,000) Shares of ` 10/- each fully paid up in D.I Properties Limited.	-			2.50
2,50,000 (2,50,000) Shares of ` 10/- each fully paid up in Dalmia Sugar Ventures Limited.	0.50			0.50
Nil (50,000) Shares of ` 10/- each fully paid up in Dalmia Minerals & Properties Limited.	-			0.50
Nil (50,000) Shares of ` 10/- each fully paid up in Geetee Estates Limited.	-			0.50
Nil (2,50,000) Shares of ` 10/- each fully paid up in Hemshila Properties Limited.	-			2.50
4,50,000 (4,50,000) Shares of ` 10/- each fully paid up in Himshikhar Investment Limited.	44.50			44.50
Nil (50,000) Shares of ` 10/- each fully paid up in Ishita Properties Limited.	-			12.99
Nil (4,20,000) Shares of ` 10/- each fully paid up in Kanika Investment Limited.	-			23.20
Nil (5,00,000) Shares of ` 10/- each fully paid up in Dalmia Power Limited.	-			5.00
Nil (50,000) Shares of ` 10/- each fully paid up in Shri Radha Krishna Brokers & Holdings Limited.	-			0.50
50,000 (50,000) Shares of ` 10/- each fully paid up in Dalmia Solar Power Limited.	0.50			0.50
Nil (250,000) Shares of ` 10/- each fully paid up in Shri Rangam Properties Limited.	-			2.50
Nil (50,000) Shares of ` 10/- each fully paid up in Sri Dhandauthapani Mines & Minerals Limited.	-			0.50
Nil (1,30,000) Shares of ` 10/- each fully paid up in DCB Power Ventures Limited.	-			1.30
Nil (50,000) Shares of ` 10/- each fully paid up in Sri Madhusudana Mines & Properties Limited	-			0.50
Nil (50,000) Shares of ` 10/- each fully paid up in Sri Shanmugha Mines & Minerals Limited.	-			0.50

Schedules to the Accounts

(` Million)

	As at March 31, 2011		As at March 31, 2010	
Schedule 7: Investments Contd.				
Nil (50,000) Shares of ` 10/- each fully paid up in Sri Subramanya Mines & Minerals Limited.	-			0.50
Nil (50,000) Shares of ` 10/- each fully paid up in Sri Swaminatha Mines & Minerals Limited.	-			0.50
Nil (50,000) Shares of ` 10/- each fully paid up in Sri Trivikrama Mines & Properties Limited.	-			0.50
		45.50		2,256.88
Investment in companies other than subsidiaries				
Equity Shares				
Quoted				
2,50,000 (50,000) Shares of ` 2/- (` 10/-) each fully paid up in Dalmia Bharat Enterprises Limited.		0.50		0.50
Unquoted				
Nil (20) Shares of ` 10/- each fully paid in Asian Refractories Limited (under liquidation)	-			((200))
Nil (49,290) shares of ` 10/- each fully paid in Dalmia Electrodyne Technologies (P) Limited.	-			17.50
Nil (250) Shares of ` 10/- each fully paid in Haryana Financial Corporation	-			((2,500))
		-		17.50
Venture Capital Fund (Unquoted)				
Nil (1,188) Units of ` 1,00,000/- each fully paid up in Urban Infrastructure Opportunities Fund		-		120.56
Shares of Co-operative Societies		-		0.01
Other Investments				
Equity Shares				
Nil (5,20,400) Shares of ` 1/- each fully paid up in Madras Cements Limited	-			101.32
Nil (11,000) shares of ` 2/- each fully paid up in All Cargo Global Logistics Limited	-			1.78
Nil (65,000) shares of ` 10/- each fully paid up in Balkrishna Industries Limited	-			43.95
Nil (1,00,000) shares of ` 10/- each fully paid up in Cords Cable Industries Limited	-			13.50
Nil (99,250) shares of ` 2/- each fully paid up in Essel Propack Limited	-			6.54
Nil (33,100) shares of ` 10/- each fully paid up in Gitanjali Gems Limited	-			9.78
Nil (11,500) shares of ` 5/- each fully paid up in Gokaldas Exports Limited	-			2.87
Nil (36,507) shares of ` 1/- each fully paid up in Jai Corp Limited	-			2.81
Nil (90,000) shares of ` 2/- each fully paid up in JB Chemicals & Pharmaceuticals Limited	-			7.02
Nil (50,000) shares of ` 10/- each fully paid up in Poddar Pigments Limited	-			2.15
Nil (2,14,702) shares of ` 10/- each fully paid up in Polyplex Corporation Limited	-			27.16
Nil (8,74,720) shares of ` 5/- each fully paid up in Reliance Communications Limited	-			460.55
Nil (12,900) shares of ` 10/- each fully paid up in Reliance Industries Limited	-			15.67
Nil (12) shares of ` 10/- each fully paid up in Reliance Infrastructure Limited	-			0.01
Nil (8,724) shares of ` 10/- each fully paid up in Reliance Power Limited	-			2.45
Nil (3,71,000) shares of ` 10/- each fully paid up in Sharyans Resources Limited	-			85.96
Nil (13,836) shares of ` 2/- each fully paid up in Simplex Infrastructures Limited	-			9.23
Nil (2,31,250) shares of ` 10/- each fully paid up in Sunshield Chemicals Limited	-			6.54
Nil (24,630) shares of ` 10/- each fully paid up in TCPL Packagings Limited	-			1.83
Nil (10,000) shares of ` 5/- each fully paid up in Wockhardt Limited	-			3.89
			-	805.01

Schedules to the Accounts

(` Million)

	As at March 31, 2011		As at March 31, 2010	
Schedule 7: Investments Contd.				
Unquoted				
Nil (21,83,899) shares of ` 10/- each fully paid up in Bharathi Cement Corporation Limited		-		950.00
Current Investments				
Units of Mutual Funds (Quoted)				
Debt based schemes	340.51			53.51
Balanced schemes	-	340.51		14.44
		386.51		**8,009.79**
Quoted (including Mutual Funds):				
Book Value		341.01		4,645.95
Market Value		395.83		3,478.75
Book Value of Unquoted Investments		45.50		3,363.84

Notes:

includes purchases during the year - Face value ` 5,560.72 Million, Cost ` 8,864.47 Million; net of sales during the year - Face Value ` 5,371.89 Million, Cost ` 8,591.94 Million. Investment costing ` 7,895.81 Million transferred as per Scheme of Arrangement.

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 8: Inventories		
Stores, Spares etc		
On hand	197.08	1,061.74
In transit	1.14	314.67
Loose Tools	0.20	0.58
Raw Materials		
On hand	95.95	451.84
In Transit	-	188.29
Work in Progress	132.69	569.44
Finished Goods	4,505.30	4,487.44
	4,932.36	7,074.00
Less: Provision for Damaged Stock	-	7.00
	4,932.36	**7,067.00**

(` Million)

	As at March 31, 2011		As at March 31, 2010	
Schedule 9: Sundry Debtors				
a) Debts over six months				
Considered good				
Secured		-		105.15
Unsecured		9.99		68.25
Considered doubtful	2.19		87.76	
Less: Provision for Bad and Doubtful Debts	2.19	-	87.76	-
b) Others				
Considered good				
Secured		-		788.50
Unsecured		194.78		1,176.30
		204.77		**2,138.20**

Schedules to the Accounts

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 10: Cash and Bank Balances		
Cash on hand	11.32	14.07
Cheques in hand	81.08	46.59
Balances with Scheduled Banks:		
- On current accounts	219.65	1,059.72
- On cash credit accounts	50.65	750.79
- On unpaid dividend accounts	24.13	24.75
- On deposit accounts	129.09	211.14
Balance with other Banks:		
On current accounts*	32.80	1.43
	548.72	**2,108.49**
*Balances with		
Avadh Gramin Bank	0.60	0.06
Zila Sahakari Bank Limited	0.43	0.81
Lucknow Kshetriya Gramin Bank	0.02	0.51
Baroda Paschimi Uttar Pradesh Gramin Bank	31.75	0.05
Maximum balance during the year with		
Avadh Gramin Bank	2.74	1.63
Zila Sahakari Bank Limited	25.62	7.36
Bhagirath Gramin Bank	70.75	-
Lucknow Kshetriya Gramin Bank	88.28	1.59
Baroda Paschimi Uttar Pradesh Gramin Bank	73.39	34.10

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 11: Loans and Advances (Considered good unless otherwise stated)		
Loans		
Secured		
Employees*	-	0.01
Unsecured		
Employees*	6.99	9.15
Subsidiary Companies**	18.15	392.37
Others	13.41	116.22
Advances recoverable in cash or in kind or for value to be received (Unsecured)		
considered good		
Subsidiary Companies	-	28.13
Others	438.27	760.35
Others (Considered doubtful)	11.60	20.84
Advance income tax {net of provisions ` 677.17 Million (` 1,164.11 Million)	171.12	122.56
MAT Credit entitlement	453.23	456.38
Deposit and Balances with Government Departments and Other Authorities	43.86	506.92
	1,156.63	2,412.93
Less: Provision for Doubtful loan and advances	11.60	20.84
	1,145.03	**2,392.09**

Schedules to the Accounts

(` Million)

	As at March 31, 2011	As at March 31, 2010	2010 - 2011	2009 – 2010
	Outstanding Balance		Maximum Balance	
* includes				
Due from Officers of the Company	1.28	7.62	1.47	8.30
** Due from Subsidiaries:				
Arjuna Brokers & Minerals Limited.	-	1.85	-	1.85
Dalmia Cement (Bharat) Limited (Formerly Avnija Properties Limited.)	-	7.50	-	668.50
D.I Properties Limited.	-	-	-	7.71
Dalmia Sugar Ventures Limited.	-	9.94	9.94	9.94
Dalmia Minerals & Properties Limited.	-	289.20	-	291.08
Geetee Estates Limited.	-	-	-	10.53
Hemshila Properties Limited.	-	-	-	6.81
Himshikhar Investment Limited.	-	0.47	-	3.35
Ishita Properties Limited.	-	48.49	-	48.91
Dalmia Power Limited.	-	1.46	-	16.15
Shri Radha Krishna Brokers & Holdings Limited.	-	-	-	15.16
Dalmia Solar Power Limited.	18.15	31.46	31.46	31.46
Shri Rangam Properties Limited.	-	-	-	7.83
Sri Dhandauthapani Mines and Minerals Limited.	-	-	-	17.68
Dalmia Bharat Enterprises Limited.	-	-	-	14.44
DCB Power Ventures Limited.	-	-	-	14.37
Sri Madhusudana Mines and Properties Limited.	-	-	-	12.47
Sri Shanmugha Mines & Minerals Limited.	-	0.73	-	13.10
Sri Subramanya Mines & Minerals Limited.	-	-	-	3.41
Sri Swaminatha Mines & Minerals Limited.	-	-	-	12.00
Sri Trivikrama Mines and Properties Limited.	-	1.27	-	14.24

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 12: Current Liabilities		
Sundry Creditors		
- Micro and Small Enterprises	-	-
- Others	1,092.24	3,908.96
Advances from customers	25.14	289.53
Directors' Commission payable	-	83.00
Unclaimed Dividend*	24.13	24.75
Other liabilities	280.25	302.44
Interest accrued but not due on Loans	31.20	106.35
	1,452.96	**4,715.03**

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

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 13: Provisions		
Proposed dividend on equity shares	20.24	80.94
Pension and other Staff benefits	25.56	51.97
Dividend Distribution Tax	3.28	13.44
	49.08	**146.35**

Schedules to the Accounts

(` Million)

	For the Year Ended March 31, 2011		For the Year Ended March 31, 2010	
Schedule 14: Other Income				
Income from Travel Agency business				
[Tax deducted at source ` 0.81 million (` 0.94 million)]		16.29		14.55
Interest				
-Bank deposits {Tax deducted at source ` 1.57 million (` 1.23 million)}	15.53		17.58	
-Others {Tax deducted at source ` 0.02 million (` 0.99 million)}	21.66		6.74	
		37.19		24.32
Export benefits received		-		1.93
Income from Carbon Credit		-		12.37
Profit on sale of fixed assets (net)		-		1.08
Dividend		-		
-Investments Non-trade		-		8.26
-Investments trade		-		33.18
Profit on sale of Investments	24.78		181.64	
Less: Loss on sale of Investments	3.55		109.86	
		21.23		71.78
Miscellaneous Receipts		151.53		340.64
		226.24		**508.11**

(` Million)

	For the Year Ended March 31, 2011		For the Year Ended March 31, 2010	
Schedule 15: (Increase)/Decrease in Stocks				
Finished Goods				
- Closing stock		4,505.30		4,487.44
- Opening stock	4,487.44		2,954.52	
- Less Deduction pursuant to Scheme of Arrangement	296.19		-	
		4,191.25		2,954.52
		(314.05)		(1,532.92)
Work-in-Process				
- Closing stock		132.69		569.44
- Opening stock	569.44		429.74	
- Less Deduction pursuant to Scheme of Arrangement	521.84		-	
		47.60		429.74
		(85.09)		(139.70)
		(399.14)		**(1,672.62)**

(` Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Schedule 16: Personnel Expenses		
Salaries, Wages & Bonus	335.20	973.49
{after allocating ` 39.07 Million (` 240.18 million) to other accounts}		
Payment under Voluntary Retirement Scheme	1.38	0.46
Contribution to Provident Fund and Other Funds	34.03	70.24
Bonus	1.63	2.03
Workmen and Staff Welfare expenses	18.09	95.98
	390.33	**1,142.20**

Schedules to the Accounts

(` Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Schedule 17: Operating and Other Expenses		
Power and Fuel	354.47	4,371.55
Processing charges	-	194.86
Packing Materials	117.83	748.37
Consumption of Stores and Spare Parts	70.35	82.06
{after allocating ` 33.86 Million (` 401.88 Million) to other accounts}		
Excise duty variation on opening/ closing stock	25.71	122.78
Repairs and Maintenance:		
- Plant & Machinery	113.28	612.19
- Buildings	19.74	85.88
- Others	4.94	11.13
Rent	2.59	33.06
Rates and Taxes	6.64	30.98
Insurance	5.78	20.41
Travelling	10.94	72.41
Advertisement and Publicity	1.72	75.36
Freight and Forwarding Charges	6.39	2,099.61
Commission paid to Other Selling Agents	6.98	58.38
Rebate, Discount and Allowances	17.93	23.75
Director's Sitting Fees	0.82	0.95
Non-executive Directors Commission	-	3.00
Charity and Donation	2.03	24.73
Assets written off	0.36	-
Provision for doubtful debts / advances	0.59	90.95
Bad Debts written off	0.47	0.16
Miscellaneous expenses	272.27	1,003.99
	1,041.83	**9,766.56**

(` Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Schedule 18: Financial Expenses		
Interest		
- On term loans and debentures	433.01	1,463.81
- On borrowing from banks	2.19	83.45
- Others	21.82	116.26
Bank Charges	23.76	92.38
	480.78	**1,755.90**

(` Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Schedule 19: Earning Per Share		
Net profit for calculation of basic and diluted EPS (` in Million)	**30.96**	**1,369.87**
Total number of equity shares outstanding at the end of the year	80,939,303	80,939,303
Weighted average number of equity shares in calculating basic and diluted EPS	80,939,303	80,939,303
Basic and Diluted EPS (`)	**0.38**	**16.92**

Schedules to the Accounts

Schedule 20 – Significant Accounting Policies and Notes to Accounts

A. Significant Accounting Policies

1. Basis of preparation

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

2. Use of estimates

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

3. 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.

4. Depreciation/amortisation

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

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

5. 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.

6. 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 Profit and Loss account 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 Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised

Schedules to the Accounts

immediately in the Profit and Loss Account.

7. **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.

8. **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.

9. **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.

10. **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 profit and loss account 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 profit and loss account of the year when the contributions to the fund is due. Shortfall in the funds, if any, is adequately provided for by the Company.

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

d. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

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

11. **Inventories**

a. Finished goods are valued at lower of cost or net realisable value. In case of Dead Burnt Magnesits 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.

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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.

12. 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.

13. 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.

14. 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.

15. 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

Schedules to the Accounts

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 profit and loss account 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.

16. 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.

17. 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.

18. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand.

B. Notes to Accounts

1. Contingent liabilities (not provided for) in respect of:

(` Million)

S. No.	Particulars	2010-11	2009-10
a)	Claims against the Company not acknowledged as debts	**8.22**	386.69
b)	Guarantees/Counter Guarantees given to banks on account of loans given by the banks to Bodies Corporate	**-**	14.70
c)	Demand raised by Income tax authorities in dispute	**207.22**	111.16
d)	Demand raised by custom, excise, entry tax, service tax and sales tax authorities in dispute	**227.51**	729.29
e)	Other money for which the Company is contingently liable	**1.50**	11.93

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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.

2. Capital commitment

(` Million)

Particulars	2010-11	2009-10
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**20.60**	120.78

3. Loans falling due for repayment within one year:

(` Million)

Particulars	2010-11	2009-10
Secured	**284.16**	3,037.83
Unsecured	**-**	126.77

4. Remuneration paid to auditors: (included in Miscellaneous Expenses)

(` Million)

Particulars	2010-11	2009-10
a) Statutory Auditor		
i) Audit Fee	**0.50**	3.00
ii) For Tax Audit and Other services	**0.25**	0.70
iii) For Expenses	**0.03**	0.53
b) Cost Auditor		
i) Audit Fee	**0.06**	0.16
ii) For Expenses	**0.01**	0.02

5. Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for calculation of commission payable to Directors:

a) Executive and non executive directors

(` Million)

Particulars	2010-11	2009-10
Profit before tax as per Profit and Loss Account	**3.62**	2,040.83
Add: Non-Executive Directors' Commission	**-**	3.00
Directors' Sitting Fees	**0.82**	0.95
Provision for Bad and doubtful debts	**0.59**	90.95
Whole-time/ Managing Directors' remuneration	**19.68**	118.29
(Profit)/ Loss on Sale of Investments/ Assets (net)	**(20.87)**	(72.86)
Net profit for calculating Directors' Commission	**3.84**	2,181.16
Maximum Commission payable to:		
Non-Executive Directors @ 1% on ` 3.84 Million (` 2,181.16 Million)	**0.04**	21.81
Executive Directors @ 6% on ` 3.84 Million (` 2,181.16 Million)	**0.23**	130.87
Commission paid to:		
Non-Executive Directors	**-**	3.00
Executive Directors	**-**	80.00

b) Whole time director and Managing directors remuneration

(` Million)

Particulars	2010-11	2009-10
Salaries	**14.57**	30.47
Perquisites	**3.67**	5.80
Contribution to Provident Fund, Superannuation Fund and other Funds	**1.44**	2.02
Commission	**-**	80.00
Total	**19.68**	**118.29**

As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

6. 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.

7. Details of dues to Micro and Small Enterprises as per MSMED Act to the extent of information available with the company:

(` Million)

Particulars	2010-11	2009-10
the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	**-**	-
the amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**-**	-
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	**-**	-
the amount of interest accrued and remaining unpaid at the end of each accounting year; and	**-**	-
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	**-**	-
Total	**-**	**-**

Schedules to the Accounts

8. Operating Lease

Assets taken on lease

Office premises are obtained on operating lease. The lease term is for 3 years. There is no escalation clause in the lease agreement.

(` Million)

Particulars	2010-11	2009-10
Lease payments for the year	**2.59**	33.06
Total	2.59	**33.06**

Assets given on lease

The Company had leased out building, plant and machinery etc on operating lease during the earlier period. The lease term was for 10 years and thereafter not renewable. There was no escalation clause in the lease agreement. There were no restrictions imposed by lease arrangements. Contingent rent recognized in the Profit & Loss Account for the year was ` Nil (`Nil).

(` Million)

Particulars	2010-11	2009-10
There are no uncollectible minimum lease payments receivable at the balance sheet date (previous year Nil)		
Future minimum lease Receipts		
Not later than one year	**-**	22.05
Later than one year and not later than five years	**-**	87.28
Later than five years	**-**	-
Total	**-**	**109.33**

9. Particulars of Forward Contracts and Unhedged foreign Currency Exposure as at the Balance Sheet date:

Forward contract outstanding as at Balance Sheet date:

Particulars	Currency	Amount in Foreign Currency	Amount (` Million)	Purpose
Buy	Euro	- (820,657)	- (57.92)	
Total	**Euro**	**-** (820,657)	**-** (57.92)	
Buy	USD	- (41,313,626)	- (1,932.17)	
Buy	USD	- (3,338,398)	-- (153.99)	
Buy	USD	- (1,234,487)	- (57.70)	
Total	**USD**	**-** (45,886,511)	**-** (2143.86)	
Buy	JPY	- (2,357,380)	- (1.20)	
Total	**JPY**	**-** (2,357,380)	**-** (1.20)	

Particulars of unhedged foreign currency exposure:

Particulars	Amount in Foreign Currency	Amount (` Million)
Foreign currency loans	- (USD14,499,234, Closing rate 1 USD = ` 44.895)	- (650.94)

10. Additional information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956:

A) Sales of goods traded and produced

Class of Product	Unit	Quantity (Unit)		Amount (` Million)	
		2010-11	2009-10	2010-11	2009-10
Cement	('000 Tonnes)	-	4,064.19	-	15,507.25
Refractory products	('000 Tonnes)	**19.77**	22.87	**393.36**	412.35
Sugar	('000 Tonnes)	**193.63**	183.75	**5,320.55**	5,145.32
Multilayer Ceramic Chip Capacitors	(Lakh Nos.)	**55.72**	45.03	**3.06**	2.91
Refractories etc.	('000 Tonnes)	-	48.58	-	922.21
Power	(Million Units)	**246.33**	233.22	**944.90**	1,017.30
Industrial Alcohol	('000 KL)	**1.21**	6.26	**25.34**	168.54
Others				**239.50**	262.92
Total				**6,926.71**	**23,438.80**

B) Consumption of raw materials

Class of Product	Unit	Quantity (Unit)		Amount (` Million)	
		2010-11	2009-10	2010-11	2009-10
Limestone	('000 Tonnes)	-	5,055.04	-	896.73
Gypsum	('000 Tonnes)	-	166.44	-	203.01
Raw Magnesite	('000 Tonnes)	**49.99**	69.17	**109.37**	77.56
Sugar Cane	('000 Tonnes)	**2048.46**	1,515.12	**4,470.40**	3,695.93
Raw Sugar	('000 Tonnes)	**16.82**	66.38	**385.63**	1,672.36
Fly Ash	('000 Tonnes)	-	716.96	-	383.02
Others				**17.34**	632.86
Total				**4,982.74**	**7,561.47**

C) Details of Purchase of Trading Goods

(` Million)

Class of Product	Quantity ('000 tonnes)		Amount (` Million)	
	2010-11	2009-10	2010-11	2009-10
Refractories	**-**	**-**	-	128.89
Sugar	**-**	0.29	-	7.65
Total		**-**		**136.54**

Schedules to the Accounts

D) Details of Finished Goods

Class of Product	Unit	Quantity (Unit)		Amount (` Million)	
		2010-11	2009-10	2010-11	2009-10
Opening stock					
Cement	('000 Tonnes)	**78.17**	68.73	**205.66**	186.43
Refractory products	('000 Tonnes)	**10.72**	9.47	**122.56**	113.01
Sugar	('000 Tonnes)	**142.36**	122.87	**3,875.47**	2,382.48
Multilayer Ceramic Chip Capacitors	(Lakh Nos.)	**6.08**	6.59	**0.14**	0.30
Refractories etc.	('000 Tonnes)	**5.76**	5.63	**86.02**	66.42
Power-Banked	(Million Units)	**3.44**	3.93	**7.47**	6.75
Industrial Alcohol	('000 KL)	**1.23**	1.80	**27.59**	45.04
Others				**162.53**	154.09
Total				**4,487.44**	**2,954.52**
Closing stock					
Cement	('000 Tonnes)	**-**	78.17	**-**	205.66
Refractory products	('000 Tonnes)	**11.99**	10.72	**146.70**	122.56
Sugar	('000 Tonnes)	**153.29**	142.36	**4,224.37**	3,875.47
Multilayer Ceramic Chip Capacitors	(Lakh Nos.)	**5.91**	6.08	**0.13**	0.14
Refractories etc.	('000 Tonnes)		5.76	**-**	86.02
Power-Banked	(Million Units)	**2.00**	3.44	**4.09**	7.47
Industrial Alcohol	('000 KL)	**0.02**	1.23	**0.36**	27.59
Others				**129.65**	162.53
Total				**4,505.30**	**4,487.44**

E) Licensed Capacity, Installed Capacity and Actual Production

Class of products	Unit	Licensed Capacity		Installed capacity*		Actual Production	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Cement	('000 Tonnes)	-	N.A.	-	8,200.00	-	4,074.10
Refractory products	('000 Tonnes)	**N.A.**	N.A.	**79.50**	79.50	**21.12**	24.15
Sugar	('000 Tonnes)	**N.A.**	N.A.	**22.50**	22.50**	**204.56**	202.95
Multilayer Ceramic Chip Capacitors	(Lakh Nos.)	**N.A.**	N.A.	**1200.00**	1,200.00	**55.56**	44.52
Chip Resistors	(Lakh Nos.)	**N.A.**	N.A.	**1000.00**	1,000.00	**0.30**	0.52
Refractories etc.	('000 Tonnes)	**N.A.**	N.A.		N.A	-	48.71
Power	(Million Units)	**N.A.**	N.A.	**79.00**	113.52***	**308.86**	355.77
Industrial Alcohol	('000 KL)		80.00	**80.00**	80.00****	-	5.72

*As certified by the management
**Sugarcane crushed in Tonnes per day
***MW per hour
****Capacity in KL per day

Difference in quantitative tally is on account of captive consumption/ shortage/excess/damages etc.

F) CIF Value of Imports

(` Million)

Particulars	2010-11	2009-10
Raw materials	**88.17**	1,548.19
Components & spare parts,coal etc.	**79.30**	1,576.05
Capital goods	**-**	360.00

Schedules to the Accounts

11. Expenditure in foreign currency (Accrual basis):

(` Million)

Particulars	2010-11	2009-10
Professional Fees, Consultation Fee and Interest	**-**	110.63
Others	**2.83**	15.54
Total	**2.83**	**126.17**

12. Earnings in foreign currency (Accrual basis):

(` Million)

Particulars	2010-11	2009-10
Export of goods at FOB value	**18.77**	124.65
Total	**18.77**	**124.65**

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

	Imported		Indigenous		Value of total consumption (` Million)
	Value (` Million)	Percentage to total consumption	Value (` Million)	Percentage to total consumption	
Raw Materials	**376.33** (1,876.26)	**7.55** (24.81)	**4,606.41** (5,685.21)	**92.45** (75.19)	**4,982.74** (7,561.47)
Stores, Spares Parts and Components	**3.41** (74.16)	**3.27** (15.32)	**100.80** (409.78)	**96.73** (84.68)	**104.21** (483.94)

14. Gratuity and Other Post Employment Benefit Plans

Gratuity

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

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the plan.

Profit and Loss Account

Net employee benefit expense (recognised in Personnel Expenses)

(` Million)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Current Service Cost	**8.60**	20.29
Interest Cost	**7.08**	12.87
Expected return on plan assets	**(10.54)**	(14.11)
Net Actuarial (Gain)/ Loss	**117.33**	(7.05)
Past Service cost	**-**	-
Total Expense	**122.47**	**12.00**
Actual return on planned assets	**10.14**	32.05

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Balance Sheet

(` Million)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Present value of obligation as at year-end	**108.39**	192.81
Fair value of plan assets as at year-end	**123.32**	214.65
Less : Unrecognised past service cost	**-**	-
Funded status {(Surplus/(Deficit)}	**14.93**	21.84
Net Asset/(Liability) as at year end	**14.93**	21.84

Changes in the present value of the defined benefit obligation are as follows:

(` Million)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Opening defined benefit obligation	**192.81**	160.93
Transfer pursuant to Scheme of Arrangement	**(102.49)**	-
Interest cost	**7.08**	12.87
Current service cost	**8.60**	20.29
Benefits paid out of funds	**(10.20)**	(12.17)
Benefits paid by Company	**-**	-
Actuarial (gains)/ losses on obligation	**116.93**	10.89
Closing defined benefit obligation	**108.39**	192.81

Changes in the fair value of plan assets are as follows:

(` Million)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Opening fair value of plan assets	**214.65**	150.18
Transfer pursuant to Scheme of Arrangement	**(102.49)**	-
Expected return	**10.54**	14.11
Contribution by employer	**11.22**	44.59
Benefits paid	**(10.20)**	(12.17)
Actuarial gains/ (losses) on obligation	**(0.40)**	17.94
Closing fair value of plan assets	**123.32**	214.65

The Company expects to contribute `4.54 million to gratuity in 2011-12.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Qualifying Insurance Policy	**100%**	100%

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

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The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Discount Rate	**8.00%**	8.00%
Expected rate of return on assets	**9.40%**	9.40%
Mortality Table	**LIC(1994-96)**	LIC(1994-96)
Salary Escalation	**7.00%**	7.00%

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

Amounts for the current and previous four years in respect of gratuity are as follows:

(` Million)

Particulars	Gratuity (Funded)				
	2010-11	2009-10	2008-09	2007-08	2006-07
Defined benefit obligation	**108.39**	192.81	160.93	149.97	117.87
Plan assets	**123.32**	214.65	150.18	115.36	136.85
Surplus/ (deficit)	**14.93**	21.84	(10.75)	(34.61)	18.98
Experience adjustment on plan assets	**(4.01)**	18.01	0.67	-	-
Experience adjustment on plan liabilities	**(116.93)**	(10.89)	8.29	-	-

Provident and other funds

Contribution to Defined Contribution Plans:

(` Million)

Particulars	2010-11	2009-10
Pension Fund/Superannuation funds	**25.84**	51.96

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. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment), pending the issuance of Guidance Note from the actuarial society of India, the Company's actuary has expressed his inability to reliably measure the same.

15. 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.

Schedules to the Accounts

Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on 31.3.2011.

(` Million)

Segment Particulars	Cement	Sugar	Power	Others	Total
Revenue					
Gross Revenue	-	5,850.02	1,533.46	421.91	**7,805.39**
	(15,823.05)	(5,588.35)	(1,778.81)	(1,506.15)	(24,696.36)
Less: Inter/ Intra Segment Revenue	-	290.12	588.56	-	**878.68**
	(218.88)	(279.32)	(759.36)	(-)	(1,257.56)
Less: Excise Duty	-	247.96		10.69	**258.65**
	(1,606.40)	(221.39)	(-)	(68.44)	(1,896.23)
Total Revenue	-	5,311.94	944.90	411.22	**6,668.06**
	(13,997.77)	(5,087.64)	(1,019.45)	(1,437.71)	(21,542.57)

(` Million)

Segment Particulars	Cement	Sugar	Power	Others	Total
Results					
Segment result	-	(315.53)	733.74	66.19	**484.40**
	(2,588.84)	(112.79)	(800.34)	(151.83)	(3,653.80)
Less: Interest and Financial Charges					**480.78**
					(1,755.90)
Add: Other unallocable income net of					-
unallocable expenditure					(142.93)
Profit before tax					**3.62**
					(2040.83)
Tax expenses					**(27.34)**
					(670.96)
Profit after tax					**30.96**
					1,369.87
Assets	-	8,480.29	2,535.05	1,150.68	**12,166.02**
	(23,849.05)	(9,010.68)	(3,643.90)	(2,464.90)	(38,968.53)
Non Segments Assets					**1,086.45**
					(11,064,.52)
Total Assets					**13,252.47**
					(50,033.05)
Liabilities	-	1,376.22	11.67	114.14	**1,502.03**
	(3,272.01)	(688.55)	(408.82)	(397.62)	(4,767.00)
Non Segments liabilities					**7,355.73**
					(31,489.67)
Total Liabilities					**8,857.76**
					(36,256.67)
Depreciation	-	197.02	160.28	52.10	**409.40**
	(880.74)	(201.41)	(244.56)	(81.89)	(1,408.60)
Capital Expenditure	-	67.77	74.76	1.63	**144.16**
	(7,460.97)	(98.24)	(14.53)	(16.91)	(7,590.65)

Schedules to the Accounts

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

(` Million)

Particulars	2010-11	2009-10
Carried forward as part of Capital Work in Progress	**178.45**	774.14
Expenditure incurred during the year		
Personnel Expenses		
Salaries & Wages	-	92.55
Contribution to Provident Fund and Other Fund	-	0.78
Workmen and Staff Welfare expenses	-	27.08
Operating and Other Expenses		
Power and Fuel	-	17.87
Consumption of Stores and spares	-	31.21
Repairs and maintenance		
Plant and Machinery	-	-
Others	-	-
Rent	-	0.63
Rates and Taxes	-	10.79
Insurance	-	3.83
Travelling	-	1.53
Advertisement and Publicity	-	-
Freight and Forwarding charges	-	-
Charity and donation	-	1.68
Miscellaneous Expenses	-	273.06
Financial Expenses	-	
Interest on borrowing from banks	-	314.73
Bank charges	-	2.86
Trial Run Expenditure	-	
Raw Material Consumed	-	193.02
Depreciation	-	0.86
Total Expenditure during the year	-	972.48
Income earned during the year:	-	
Less: Sales during trial run (net)	-	126.90
Increase/(Decrease) in Stock	-	64.77
Miscellaneous Receipts	-	1.02
Total Expenditure (net of income) during the year	-	779.79
Grand Total	-	1553.93
Capitalised in fixed assets	-	1,375.48
Less: Transfer pursuant to Scheme of Arrangement	**178.45**	-
Carried forward as part of Capital Work in Progress	-	178.45

17. 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 J.H.Dalmia– Vice-Chairman, Shri Y.H.Dalmia – Vice-Chairman, Shri Gautam Dalmia - Managing Director, Shri Puneet Yadu Dalmia – Managing Director and Shri T. Venkatesan - Whole Time Director (upto October 31, 2010).

Schedules to the Accounts

Relatives of Key Management Personnel

Shri V.H. Dalmia (Brother of Vice-Chairman), J.H.Dalmia (HUF), Smt. Kavita Dalmia (Wife of Vice- Chairman), Y.H.Dalmia (HUF), Smt. Bela Dalmia (Wife of Vice-Chairman), Shri Gautam Dalmia (HUF), Smt. Anupama Dalmia (Wife of Managing Director), Smt. Avantika Dalmia (Wife of Managing Director), Kumari Shrutipriya Dalmia (Daughter of Vice-Chairman), Kumari Sukeshi Dalmia (Daughter of Managing Director), Kumari Vaidehi Dalmia (Daughter of Managing Director), Kumari Sumana Dalmia (Daughter of Managing Director), Kumari Avanee Dalmia (Daughter of Managing Director), Mst. Priyang Dalmia (Son of Managing Director) Shri M.H.Dalmia (Brother of Vice-Chairman) and Smt. Abha Dalmia (Wife of Brother of Vice-Chairman) and Smt. Kala Venkatesan (Wife of Whole Time Director (upto October 31, 2010)

Associate of the Company

OCL India Limited (upto March 31, 2010)

Joint Venture of the Company

Khappa Coal Company Private Limited (upto March 31, 2010)

Enterprises controlled by the Key Management Personnel of the Company

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

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

(` Million)

Nature of Transaction	Subsidiary Companies	Step down Subsidiary	Associate	Joint Venture	Key Manage-ment Personnel	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Sale of goods and services	0.09 (-)	- (-)	 (46.89)	- (-)	- (-)	- (-)	69.69 (48.00)	**69.78** (94.89)
Reimbursement of expenses	1.72 (0.32)	- (42.24)	- (0.25)	- (0.31)	- (-)	- (-)	24.97 (7.15)	**26.69** (50.27)
Purchase of goods and services	- (-)	- (-)	- (0.02)	- (-)	- (-)	- (-)	57.47 (629.64)	**57.47** (629.66)
Rent payment	- (0.58)	- (-)	- (-)	- (-)	- (-)	- (-)	1.01 (-)	**1.01** (0.58)
Rent Receipt (including Lease Rent)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (22.11)	**-** (22.11)
Fixed Deposit received	- (-)	- (-)	- (-)	- (-)	- (1.75)	- (244.00)	- (-)	**-** (245.75)
Refund of Security deposit	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (66.60)	**-** (66.60)

Schedules to the Accounts

(` Million)

Nature of Transaction	Subsidiary Companies	Step down Subsidiary	Associate	Joint Venture	Key Manage-ment Personnel	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Loans and Advances given	12.70 (754.21)	- (70.81)	- -	- (40.40)	- (-)	- (-)	- (-)	**12.70** (865.42)
Loan Taken	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1,892.00 (-)	**1,892.00** (-)
Loan Refund	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1,642.00 (-)	**1,642.00** (-)
Loans and advances received back	35.54 (858.80)	- (697.66)	- (3.54)	- (-)	- (-)	- (-)	- (0.78)	**35.54** (1,560.78)
Sale of Assets	- (-)	- (0.01)	- (-)	- (-)	- (-)	- (-)	- (-)	**-** (0.01)
Receipt of fund on their behalf and transfer	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	2,505.57 (-)	**2,505.57** **(-)**
Purchase of Fixed Assets	- (235.47)	- (-)	- (-)	- (-)	- (-)	- (-)	2.40 (-)	**2.40** (235.47)
Purchase of Investments	- (655.30)	- (-)	- (-)	- (18.36)	- (1,772.49)	- (-)	- (-)	**-** (2,446.15)
Interest paid on Loan	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	17.74 (-)	**17.74** (-)
Interest paid on Fixed Deposit	- (-)	- (-)	- (-)	- (-)	- (0.06)	- (3.38)	- (-)	**-** (3.44)
Salary and Perquisites	- (-)	- (-)	- (-)	- (-)	19.53 (118.29)	- (0.39)	- (-)	**19.53** (118.68)

c) Balances outstanding at year end:

(` Million)

Nature of Transaction	Subsidiary Companies	Step down Subsidiary	Associate	Joint Venture	Key Manage-ment Personnel	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Security deposit received	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (333.60)	**-** (333.60)
Loans receivable	18.15 (392.37)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**18.15** (392.37)
Loan Payable	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	250.00 (-)	**250.00** (-)
Amounts receivable	- (-)	- (28.13)	- (1.61)	- (40.40)	- (-)	- (-)	48.55 (1.98)	**48.55** (72.12)
Amounts payable	11.40 (44.97)	- (-)	- (-)	- (-)	- (81.75)	- (244.00)	290.86 (-)	**302.26** (370.72)

18. Figures less than ` Five Thousand which are required to be shown separately have been shown at actual in double brackets.

19. A Scheme of Arrangement between the Company, Dalmia Cement (Bharat) Limited [formerly known as Avnija Properties Limited], Dalmia Bharat Enterprises Limited, DCB Power Ventures Limited and their respective shareholders and creditors under section 391-394 of Companies Act, 1956, has been sanctioned by Hon'ble High Court of Madras on July 29, 2010 and made effective on September 1, 2010. Consequently, in terms of aforesaid Scheme, the Cement business, Thermal Power business and Refractory business (the "Demerged Undertakings") has been transferred to the respective resulting Company effective from 1st April 2010. In view of this, figures for previous year are strictly not comparable.

Schedules to the Accounts

As per the accounting treatment detailed in the scheme, the Company has reduced the undermentioned assets and liabilities of Demergered Undertakings, pursuant to the Scheme, at their respective book values as on the Appointed Date, i.e., April 1, 2010. The Company has debited an amount equal to the difference between book values of assets and liabilities of the Demerged Undertaking from Share Premium Account, General Reserve, Surplus in Profit and Loss Account. The details of the same are as follows:

(` Million)

Particulars	
Fixed Assets (including CWIP ` 2,389.54 million)	**21,901.85**
Investments	**7,895.81**
Current Assets, Loans and Advances	**6,533.30**
Total	**36,330.96**
Less:	
Secured Loans	**19,909.10**
Unsecured Loans	**1,102.13**
Current Liabilities and Provisions	**3,853.74**
Deferred Tax Liabilities	**2,090.88**
Total	**26,955.85**
Difference between Assets and Liabilities	**9,375.11**
Adjustments:	
Share Premium Account	**1,996.77**
General Reserve	**2,393.85**
Debenture Redemption Reserve	**489.59**
Revaluation Reserve	**473.54**
Profit and Loss account	**4,021.36**
Total of adjustments	**9,375.11**

As per the aforesaid Scheme of Arrangement, the shareholders of the Company as on the record date, i.e., 27-9-2010 received one share of Dalmia Bharat Enterprises Limited for every one share held by them in this Company.

20. Previous Year Comparatives

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

As per our report of even date

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

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

per Arun K. Tulsian
Partner
Membership No. 89907

K V Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director
(Group Finance)

Jai H. Dalmia
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : 23rd May, 2011

Balance Sheet Abstract and Company's General Business Profile

Information pursuant to Part IV of Schedule VI to the Companies Act 1956.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No.	00640	State Code:	18
Balance Sheet Date:	31 03 2011		

II. Capital Raised During the Year (Amount in ` Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilization and Deployment of Funds (Amount in ` Thousands)

Total Liabilities:	11750432	Total Assets:	11750432

Sources of Funds

Paid-Up Capital:	161879	Reserves & Surplus:	4232820
Secured Loans:	4537935	Unsecured Loans:	2050000

Application of Funds

Net Fixed Assets:	6035081	Investments:	386507
Net Current Assets:	4561046 (Considering deferred tax liability)	Misc. Expenditure:	NIL
Accumulated Losses:	NIL		

IV. Performance of Company (Amount in ` Thousands)

Turnover:	6668061	Total Expenditure:	6664436
Profit Before Tax:	3625	Profit/Loss After Tax:	30962
Earning Per Share (`):	0.38	Dividend Rate %:	12.50

V. Generic names of Principal Products/Services of Company (as per monetary terms)

Product Description	SUGAR	POWER
Item Code No. (ITC Code)	170111	400.2

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

K V Mohan **Company Secretary**	**Narendra Mantri** **Deputy Executive Director** **(Group Finance)**	**Jai H. Dalmia** **Director**	**Puneet Yadu Dalmia** **Managing Director**

Place : New Delhi
Date : 23rd May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(` Million)

		2010-11	2009-10
A.	**Cash Flow from Operating Activities**		
	Net Profit before tax	**3.62**	2,040.83
	Adjustments		
	Depreciation (Net)	**395.39**	1,322.19
	Unrealised Exchange Gains	**-**	(48.69)
	Provision for doubtful debts/advances	**0.59**	90.95
	Bad Debts written off	**0.47**	-
	Provision for damaged stock	**-**	7.00
	Dividend Income	**-**	(41.44)
	Interest (Net)	**419.83**	1,639.20
	(Profit)/Loss on sale of Investments	**(21.23)**	(71.78)
	(Profit)/Loss on sale of fixed assets	**-**	(1.08)
	Assets written off	**0.36**	-
	Operating Profit before working Capital Changes	**799.03**	4,937.18
	Adjustments for Working Capital Changes :		
	Inventories	**31.99**	(1,764.91)
	Trade and other receivables	**(332.50)**	1,198.07
	Trade Payables	**577.56**	(1,444.82)
	Cash Generated from Operations	**1,076.08**	2,925.52
	Direct Taxes Paid	**(50.78)**	(333.56)
	Net Cash from Operating Activities	**1,025.30**	2,591.96
B.	**Cash Flow from Investing Activities**		
	Purchase of fixed Assets	**(133.79)**	(2,756.96)
	Sale of Fixed Assets	**104.58**	26.48
	(Purchase)/ Sale of investments (Net)	**(251.30)**	1,182.96
	Investment in Subsidiaries	**-**	(655.30)
	Investment in Associates	**-**	(1,772.49)
	Investment in Joint Ventures	**-**	(18.37)
	Interest Received	**37.19**	24.32
	Dividend Received	**-**	41.44
	Net Cash used in Investing Activities	**(243.32)**	(3,927.92)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(` Million)

		2010-11	2009-10
C.	**Cash used from Financing Activities**		
	Proceed from Secured Loans	**(2,954.96)**	6,599.82
	Proceed from Unsecured Loans	**2,049.99**	(1,701.04)
	Fixed Deposits from Public	**-**	271.43
	Proceeds from issue of shares	**-**	-
	Dividend paid	**(80.94)**	(242.82)
	Corporate dividend tax	**(13.44)**	(41.28)
	Interest paid	**(469.33)**	(1,988.88)
	Net cash from/(used in) Financing Activities	**(1,468.68)**	2,897.23
	Net increase in cash and cash equivalents (A+B+C)	**(686.70)**	1,561.27
	Cash and cash equivalents (Opening Balance)	**2,108.49**	547.22
	Cash deductions pursuant to Scheme of Arrangement	**(873.07)**	-
	Cash and cash equivalents (Closing Balance)	**548.72**	2,108.49
	Change in Cash & Cash Equivalents	**(686.70)**	1,561.27

Note:

1) Cash & cash equivalents components are as per Schedule 10 of the Balance Sheet.
2) Previous year figures have been regrouped/ restated wherever necessary.

As per our report of even date

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

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

per Arun K. Tulsian
Partner
Membership No. 89907

K V Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director
(Group Finance)

Jai H. Dalmia
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : 23rd May, 2011

CONSOLIDATED FINANCIAL ACCOUNTS

AUDITORS REPORT

To

The Board of Directors of Dalmia Bharat Sugar and Industries Limited (formerly known as Dalmia Cement (Bharat) Limited)

1. We have audited the attached Consolidated Balance Sheet of Dalmia Bharat Sugar and Industries Limited and its subsidiary Companies as at March 31, 2011, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the Company's subsidiaries, whose financial statements reflect total assets of Rs 101.88 million as at March 31, 2011 and total revenues of `9.12 million and cash flow of (-) `24.56 million for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the Company's subsidiaries, is based solely on the report of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard AS-21, 'Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the subsidiary companies included in the Consolidated Financial Statements.

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

   i. In the case of Consolidated Balance Sheet, of the Consolidated state of affairs of Dalmia Bharat Sugar and Industries Limited and its subsidiaries as at March 31, 2011;

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

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

For **S.S. KOTHARI MEHTA & Co.**
Firm Registration No. 000756N
Chartered Accountants
(ARUN K. TULSIAN)
Partner
Membership No. 89907

Place : New Delhi
Date : May 23, 2011

Consolidated Balance Sheet as at March 31, 2011

(` Million)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	161.88	161.88
Reserves and Surplus	2	4,247.65	14,097.62
		4,409.53	**14,259.50**
Loan Funds			
Secured Loans	3	4,537.93	27,852.01
Unsecured Loans	4	2,070.98	1,102.14
		6,608.91	**28,954.15**
Preference Capital Held by Others		-	7.00
Deferred Tax Liability (Net)	5	767.80	2,891.14
Total		**11,786.24**	**46,111.79**
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross Block		9,326.61	34,586.96
Less: Accumulated depreciation		3,366.01	7,896.07
Net Block		5,960.60	26,690.89
Capital work-in-progress		114.67	3,845.52
		6,075.27	**30,536.41**
Investments	7	389.95	7,247.97
Current Assets, Loans and Advances			
Inventories	8	4,932.36	7,067.00
Sundry Debtors	9	204.77	2,138.20
Cash and Bank balances	10	550.85	2,202.79
Loans and Advances	11	1,126.16	1,988.76
(A)		**6,814.14**	**13,396.75**
Less: Current Liabilities and Provisions			
Current Liabilities	12	1,444.04	4,922.91
Provisions	13	49.08	146.43
(B)		**1,493.12**	**5,069.34**
Net CurrentAssets (A-B)		**5,321.02**	**8,327.41**
Total		**11,786.24**	**46,111.79**
Notes to Accounts	20		

The Schedules referred to above and the Notes to Accounts form an integral part of the Consolidated Balance Sheet.

As per our report of even date

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

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

per Arun K. Tulsian
Partner
Membership No. 89907

K V Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director
(Group Finance)

Jai H Dalmia
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : 23rd May, 2011

Consolidated Profit & Loss Account

for the year ended March 31, 2011

(` Million)

	Schedule	For the year ended March 31, 2011		For the year ended March 31, 2010	
INCOME					
Turnover (Gross)			6,926.71		23,438.80
Less: Excise Duty			258.65		1,896.23
Turnover (Net)			**6,668.06**		**21,542.57**
Other income	**14**		235.36		486.64
Total			**6,903.42**		**22,029.21**
EXPENDITURE					
(Increase)/Decrease in Stocks	**15**		(399.14)		(1,672.62)
Raw Material consumed			4,982.74		7,561.47
Purchase of Trading Goods			-		136.54
Personnel Expenses	**16**		390.33		1,142.51
Operating and other Expenses	**17**		1,042.36		9,778.71
Depreciation / Amortization	**6**	408.15		1,406.25	
Less: Transferred from Revaluation Reserve		14.01		86.41	
Net Depreciation / Amortization			394.14		1,319.84
Financial expenses	**18**		480.98		1,756.59
Total			**6,891.41**		**20,023.04**
Profit before Tax			**12.01**		**2,006.17**
Provision for Tax					
Current tax [(Including of MAT credit entitlement `15.47 Million (availment `319.06 Million)]			2.66		54.54
Deferred tax charge			(32.47)		604.14
Prior year tax charge			4.13		22.41
Total Tax Expenses			**(25.68)**		**681.09**
Profit after Tax before share of profit of associates			**37.69**		**1,325.08**
Add: Share of Profit in Associates			-		447.12
Profit after Tax			**37.69**		**1,772.20**
Balance Brought Forward from Previous Year			8,517.35		7,140.78
Less: Transfer pursuant to Scheme of Arrangement			4,465.10		-
Add: Transfer from Debenture Redemption Reserve			-		125.00
Profit available for appropriation			**4,084.94**		**9,037.98**
Appropriations					
General Reserve			0.80		200.00
Reserve Fund			1.41		2.38
Debenture Redemption Reserve			31.25		129.17
Dividend					
Interim Dividend			-		80.94
Proposed Dividend			20.24		80.94
Dividend Distribution tax thereon			3.28		27.20
Balance carried To Balance Sheet			**4,032.96**		**8,517.35**
Earning per Share	**19**				
Basic and Diluted Earnings Per Share (In `) [Nominal Value of Share `2 (`2) each]			0.47		21.90
Notes to Accounts	**20**				

The Schedules referred to above and the Notes to Accounts form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date

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

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

per Arun K. Tulsian
Partner
Membership No. 89907

K V Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director (Group Finance)

Jai H Dalmia
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : 23rd May, 2011

Schedules to the Accounts

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 1: Share Capital		
Authorised:		
11,47,26,820 (11,47,26,820) Ordinary Shares of `2 each	229.45	229.45
8,52,73,180 (8,52,73,180) Unclassified Shares of `2 each	170.55	170.55
	400.00	**400.00**
Issued, Subscribed and Paid Up:		
8,09,39,303 (8,09,39,303) Ordinary Shares of `2 each fully paid up	161.88	161.88
	161.88	**161.88**

Note:

Of the above:

(i) 66,51,410 (66,51,410) Shares were allotted as fully paid-up pursuant to arrangements/scheme of conversion, without payments being received in cash; and

(ii) 2,76,31,245 (2,76,31,245) Shares were allotted as fully paid-up by way of Bonus Shares by capitalisation of Reserves.

(` Million)

	Opening Balance	Deductions pursuant to Scheme of Arrangement	Additions during the year	Deductions during the year	Closing Balance
Schedule 2: Reserves and Surplus					
Capital Reserve	30.35 (30.35)	26.85 (-)	- (-)	- (-)	3.50 (30.35)
Revaluation Reserve	538.55 (625.53)	473.54 (-)	- (-)	14.01 (86.98)	51.00 (538.55)
Realised Revaluation Reserve	- (0.79)	- (-)	- (0.57)	- (1.36)	- (-)
Share Premium Account	1,996.77 (1,996.77)	1,996.77 (-)	- (-)	- (-)	- (1,996.77)
General Reserve	2,394.05 (2,192.69)	2,394.05 (-)	0.80 (201.36)	- (-)	0.80 (2,394.05)
Reserve Fund as per RBI	5.96 (3.58)	4.23 (-)	1.41 (2.38)	- (-)	3.14 (5.96)
Debenture Redemption Reserve	614.59 (610.42)	489.59 (-)	31.25 (129.17)	- (125.00)	156.25 (614.59)
Surplus in Profit and Loss Account	8,517.35 (7,140.78)	4,465.10 (-)			4,032.96 (8,517.35)
	14,097.62 **(12,600.91)**	9850.13 (-)			**4,247.65** **(14,097.62)**

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 3: Secured Loans {Refer note B (15) on schedule 20}		
A. Redeemable Non-Convertible Debentures	1,000.00	3,933.33
B. Term Loans:		
i. From Banks	2,141.20	19,356.34
ii. From Others	889.92	2,376.43
C. Working Capital Loans	506.81	2,185.91
	4,537.93	**27,852.01**

Schedules to the Accounts

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

i) Series IXB Nil (`133.33 million) are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram, Magnesite unit and Jamnagar property & redeemable on 27th August 2010.

ii) Series XA & XB Nil (`800.00 million) are secured by a first pari-passu charge on whole of the movable and immovable properties (except book debts) of Cement unit at Dalmiapuram, Magnesite unit and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from 17th December 2012.

iii) Series XI Nil (`500.00 million) are secured by a first pari-passu charge on all the movable and immovable properties of Cement unit at Dalmiapuram and Magnesite unit (except stock and book debts) and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from 15th May 2013.

iv) Series XI A Nil (`500.00 million) are secured by a first pari-passu charge on all the movable and immovable properties of Cement Unit at Dalmiapuram and Magnesite unit (except stock and book debts) and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from 15th October 2013.

v) Series XII `1,000.00 million (`1,000.00 million) are secured by mortgage and charge on first pari-passu basis on all the immovable and movable assets excluding current assets both present and future of the Company's Sugar unit at Jawaharpur and Nigohi & redeemable in three yearly equal instalments commencing from 30th September 2014.

vi) Series XIII Nil (`1,000.00 million) are secured by a first pari/passu charge on the Immovable properties of Cement unit at Dalmiapuram and Jamnagar property & redeemable in three yearly equal instalments commencing from 8th May 2014.

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

i) Nil (`10,410.00 million) are secured by exclusive first charge on land and building and hypothecation of all the fixed assets of Cement units at Cuddapah and Ariyalur excluding assets charged to working capital lenders and Vertical roller mills & other machineries and equipments for projects at Cuddapah&Ariyalur acquired under foreign currency loan.

ii) Nil (`2,000.00 million) are secured by first paripassu charge on land and building and hypothecation of plant and machinery of sugar and co-generation units at Jawaharpur and Nigohi, distillery at Jawaharpur and co-generation unit at Ramgarh.

iii) Nil (`700.98 million) are secured by way of exclusive charge on Vertical roller mills & other machineries and equipments for projects at Cuddapah&Ariyalur acquired through this loan. The Loan has been availed in foreign currency.

iv) `141.20 million (`295.26 million) is secured by residual charge on the movable and immovable fixed assets of the Sugar units.

v) Nil (`0.10 million) is secured by hypothecation of vehicles.

vi) Nil (`2,000 million) is secured by subsequent and subservient charge on movable fixed assets of all cement units of the company.

vii) Nil (`1,500 million) is secured by a subservient charge on the assets of Cement division.

viii) `2,000.00 million (`2,000.00 million) is secured by subservient charge on entire fixed assets excluding vehicles of Sugar units at Jawaharpur and Nigohi and subservient charge on Plant & Machinery at Ramgarh Sugar Unit.

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

i) Rs 889.92 million (`883.81 million) are secured by second exclusive charge on movable and immovable properties of the sugar unit at Ramgarh, Jawaharpur and Nigohi.

ii) Nil (`1,492.62 million) are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram.

4) Working capital loans:

i) Includes external commercial borrowing amounting Nil (`1,893.50 million) which is secured by SBLC issued by working capital lenders.

ii) Balance loans amounting `506.81 million (`292.41 million) are secured by hypothecation of inventories and other assets in favour of the participating Banks ranking pari-passu on inter-se-basis.

Schedules to the Accounts

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 4: Unsecured Loans {Refer note B (15) on schedule 20}		
A. Fixed Deposits*	-	302.06
Add: Interest accrued and due	-	2.84
	-	304.90
B. Short term Loans raised from Banks	1,800.00	-
C. Other Loans		
From others	270.98	797.24
*Includes from Directors Nil (`1.75 Million)	**2,070.98**	**1,102.14**

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 5: Deferred Tax		
Deferred Tax assets/liabilities are attributable to the following items		
Liabilities		
Depreciation	897.28	3,074.14
Assets		
Voluntary retirement expenses	1.96	4.74
Expenses allowable for tax purpose when paid	57.96	89.16
Unabsorbed depreciation	69.56	89.10
	129.48	**183.00**
Net	***767.80**	**2,891.14**

* Refer note B (15) on schedule 20

Schedule 6: Fixed Assets

(` Million)

Description	GROSS BLOCK					DEPRECIATION		NET BLOCK	
	As at 31.03.2010	Deduction pursuant to Scheme of Arrangement	Additions	Deductions	As at 31.03.2011	For the year @	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets:									
Owned Assets									
Land	2,106.04	1,891.17	0.46	4.57	210.76	-	-	210.76	2,106.04
Land (Leasehold)	23.29	17.41	-	-	5.88	0.06	0.97	4.91	11.29
Buildings	2,573.98	1,439.78	23.65	3.36	1,154.49	27.07	241.13	913.36	1,857.54
Plant and Machinery	28,797.90	20,931.55	112.84	104.41	7,874.78	379.33	3,070.04	4,804.74	22,012.65
Railway Sidings	49.84	49.33	-	-	0.51	-	0.51	-	35.38
Vehicles	69.37	56.62	5.32	1.76	16.31	0.96	7.51	8.80	35.83
Furniture and Fixtures	103.18	66.00	1.87	-	39.05	1.65	22.42	16.63	53.05
Other Assets	136.41	111.45	0.04	0.17	24.83	0.33	23.43	1.40	56.58
Owned assets leased out									
Building	27.68	27.68	-	-	-	-	-	-	17.00
Plant & Machinery	601.53	601.53	-	-	-	-	-	-	418.71
Intangible Assets:									
Software Licenses	42.52	42.52	-	-	-	-	-	-	31.60
Goodwill	55.22	55.22							55.22
	34,586.96	**25,290.26**	**144.18**	**114.27**	**9,326.61**	**409.40**	**3,366.01**	**5,960.60**	**26,690.89**
Previous year	27,248.16	-	7,377.46	38.66	34,586.96	1,409.00	7,896.07	26,690.89	
Capital work-in-progress²		3,755.27						114.67	3,845.52

Notes:

1 @ includes depreciation charged to other heads `1.25 Million (`2.75 Million).

2 Including capital advances and Pre–operative expenditure pending allocation.

*Refer note B (15) of Schedule 20

Schedules to the Accounts

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 7: Investments {Refer note B (15) on schedule 20}		
Long Term		
Govt and other Trust Securities		
Unquoted		
National Saving Certificate	-	0.02
Shares		
Trade Investments		
Equity Shares		
Quoted	-	0.03
Unquoted	-	0.01
Preference Shares		
Unquoted	-	-
Non Trade Investments		
Equity Shares		
Quoted	-	6.83
Unquoted	-	89.07
In Associates		
Equity Shares		
OCL India Limited (Quoted)	-	4624.49
Fully paid up Shares of Co-operative Societies	-	0.01
Units of Mutual Funds (Quoted)		
Debt based schemes	382.76	636.91
Equity based schemes	-	0.59
Balanced schemes	-	14.44
Venture Capital Fund (Unquoted)		
Nil (1,188) Units of `1,00,000/- each fully paid up in Urban Infrastructure Opportunities Fund	-	120.56
Other Investments		
Equity Shares		
Quoted	7.19	805.01
Unquoted	-	950.00
	389.95	**7,247.97**
Quoted (including Mutual Funds):		
Book Value	389.95	6,088.30
Market Value	450.38	4,090.04
Book Value of Unquoted Investments	-	1,159.67

Notes:

'# includes purchases during the year - Face value `5,585.24 Million, Cost `8,904.47 Million; net of sales during the year - Face Value `5,381.39 Million, Cost `8,631.84 Million. Investment costing `7,130.65 transferred as per the Scheme of Arrangement.

Schedules to the Accounts

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 8: Inventories		
Stores, Spares etc		
On hand	197.08	1,061.74
In transit	1.14	314.67
	0.20	0.58
Loose Tools		
Raw Materials		
On hand	95.95	451.84
In Transit	-	188.29
Work in Progress	132.69	569.44
Finished Goods	4,505.30	4,487.44
	4,932.36	7,074.00
Less: Provision for Damaged Stock	-	7.00
	4,932.36	**7,067.00**

(` Million)

		As at March 31, 2011		As at March 31, 2010	
Schedule 9: Sundry Debtors					
a)	**Debts over six months**				
	Considered good				
	Secured		-		105.15
	Unsecured		9.99		68.25
	Considered doubtful	2.19		87.76	
	Less: Provision for Bad and Doubtful Debts	2.19	-	87.76	-
b)	**Others**				
	Considered good				
	Secured		-		788.50
	Unsecured		194.78		1,176.30
			204.77		**2,138.20**

Schedules to the Accounts

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 10: Cash and Bank Balances		
Cash on hand	11.32	14.14
Cheques in hand	81.08	46.89
Balances with Scheduled Banks:		
- On current accounts	221.77	1,104.75
- On cash credit accounts	50.65	750.79
- On unpaid dividend accounts	24.13	24.75
- On deposit accounts	129.10	260.04
Balance with other Banks:		
On current accounts*	32.80	1.43
	550.85	**2,202.79**
*Balances with		
Avadh Gramin Bank	0.60	0.06
Zila Sahakari Bank Limited	0.43	0.81
Lucknow Kshetriya Gramin Bank	0.02	0.51
Baroda Paschimi Uttar Pradesh Gramin Bank	31.75	0.05
Maximum balance during the year with		
Avadh Gramin Bank	2.74	1.63
Zila Sahakari Bank Limited	25.62	7.36
Bhagirath Gramin Bank	70.75	-
Lucknow Kshetriya Gramin Bank	88.28	1.59
Baroda Paschimi Uttar Pradesh Gramin Bank	73.39	34.10

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 11: Loans and Advances **(Considered good unless otherwise stated)**		
Loans		
Secured		
Employees*	-	0.01
Unsecured		
Employees*	6.99	9.15
Others	13.41	75.82
Advances recoverable in cash or in kind or for value to be received (Unsecured)		
Considered good		
Others	438.98	767.03
Others (Considered doubtful)	11.60	20.84
Advance income tax {net of provisions `679.24 Million (`1164.11 Million)	170.24	127.04
MAT Credit entitlement	452.68	457.58
Deposit and Balances with Government Departments and Other Authorities	43.86	552.13
	1,137.76	**2,009.60**
Less: Provision for Doubtful loan and advances	11.60	20.84
	1,126.16	**1,988.76**

Schedules to the Accounts

(` Million)

	As at March 31, 2011	As at March 31, 2010	2010 - 2011	2009 - 2010
	Outstanding Balance		Maximum Balance	
* includes				
Due from Officers of the Company	1.28	7.62	1.47	8.30

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 12: Current Liabilities		
Sundry Creditors		
- Micro and Small Enterprises	-	-
- Others	1,080.96	4,116.09
Advances from customers	25.14	289.53
Directors' Commission payable	-	83.00
Unclaimed Dividend*	24.13	24.75
Other Liabilities	282.61	303.19
Interest accrued but not due on Loans	31.20	106.35
	1,444.04	**4,922.91**

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

(` Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 13: Provisions		
Proposed dividend on equity shares	20.24	80.94
Pension and other Staff benefits	25.56	51.99
Dividend Distribution Tax	3.28	13.44
Others	-	0.06
	49.08	**146.43**

(` Million)

	For the Year Ended March 31, 2011		For the Year Ended March 31, 2010	
Schedule 14: Other Income				
Income from Travel Agency business				
[Tax deducted at source `0.81 million (`0.94 million)]		16.29		14.55
Interest				
-Bank deposits {Tax deducted at source `1.57 million (`1.36 million)}	15.80		19.04	
-Others {Tax deducted at source `0.02 million (`0.99 million)}	21.66		6.74	
		37.46		25.78
Export benefits received		-		1.93
Income from Carbon Credit		-		12.37
Profit on sale of fixed assets (net)		8.85		1.08
Dividend		-		
-Investments Non-trade		-		8.42
-Investments trade		-		2.30
Profit on sale of Investments	24.78		187.42	
Less: Loss on sale of Investments	3.55		109.86	
		21.23		77.56
Miscellaneous Receipts		151.53		342.65
		235.36		**486.64**

Schedules to the Accounts

(` Million)

	For the Year Ended March 31, 2011		For the Year Ended March 31, 2010	
Schedule 15: (Increase) / Decrease in Stocks				
Finished Goods				
- Closing stock		4,505.30		4,487.44
- Opening stock	4,487.44		2,954.52	
- Less Deduction pursuant to Scheme of Arrangement	296.19		-	
		4,191.25		2,954.52
		(314.05)		(1,532.92)
Work-in-Process				
- Closing stock		132.69		569.44
- Opening stock	569.44		429.74	
- Less Deduction pursuant to Scheme of Arrangement	521.84		-	
		47.60		429.74
		(85.09)		(139.70)
		(399.14)		**(1,672.62)**

(` Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Schedule 16: Personnel Expenses		
Salaries and Wages	335.20	973.75
{after allocating `39.07 Million (`240.18 million) to other accounts}		
Payment under Voluntary Retirement Scheme	1.38	0.46
Contribution to Provident Fund and Other Funds	34.03	70.24
Bonus	1.63	2.03
Workmen and Staff Welfare expenses	18.09	96.03
	390.33	**1,142.51**

Schedules to the Accounts

(` Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Schedule 17: Operating and Other Expenses		
Power and Fuel	354.47	4,371.55
Processing Charges	-	194.86
Packing Materials	117.83	748.37
Consumption of Stores and Spare Parts		
{after allocating `33.86 Million (`401.88 Million) to other accounts}	70.35	82.06
Excise duty variation on opening/ closing stock	25.71	122.78
Repairs and Maintenance:		
- Plant & Machinery	113.28	612.19
- Buildings	19.74	85.89
- Others	4.94	11.13
Rent	2.59	32.48
Rates and Taxes	7.02	41.39
Insurance	5.78	20.41
Travelling	10.94	72.56
Advertisement and Publicity	1.72	75.36
Freight and Forwarding Charges	6.39	2,099.61
Commission paid to Other Selling Agents	6.98	58.38
Rebate, Discount and Allowances	17.93	23.75
Director’s Sitting Fees	0.76	1.05
Non-executive Directors Commission	-	3.00
Charity and Donation	2.03	24.73
Assets written off	0.36	-
Provision for doubtful debts / advances	0.59	90.95
Bad Debts written off	0.47	0.16
Miscellaneous expenses	272.48	1,006.05
	1,042.36	**9,778.71**

(` Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Schedule 18: Financial Expenses		
Interest		
- On term loans and debentures	433.01	1,463.81
- On borrowing from banks	2.19	83.45
- Others	21.82	116.26
Bank Charges	23.96	93.07
	480.98	**1,756.59**

(` Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Schedule 19: Earning Per Share		
Net profit for calculation of basic and diluted EPS (` Million)	**37.69**	**1,772.20**
Total number of equity shares outstanding at the end of the year	80,939,303	80,939,303
Weighted average number of equity shares in calculating basic and diluted EPS	80,939,303	80,939,303
Basic and Diluted EPS (`)	**0.47**	**21.90**

Schedules to the Accounts

Schedule 20 – Significant Accounting Policies and Notes to Accounts

A. Significant Accounting Policies

1. Basis of preparation

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

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

2. Principle of Consolidation

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

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

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

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

d) The difference of the cost to the Company of its investment in subsidiaries and joint venture over its proportionate share in the equity of the Investee Company as at the date of acquisition of stake is recognized in the 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 profit and loss account 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 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 Profit and Loss Account as the profit or loss on disposal of investment in subsidiary.

i) The accounts of all the Group Companies are drawn

SCHEDULES TO THE ACCOUNTS

up to the same reporting date as the parent entity (i.e. financial year ended March 31, 2011)

3. **Use of Estimate**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the 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.

4. **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.

5. **Depreciation/Amortisation**

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

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

6. **Impairment of assets**

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

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

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

7. **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 financial statements of the respective companies available as on the date of acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of acquisition.

8. **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 Profit and Loss account 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 Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

9. **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

SCHEDULES TO THE ACCOUNTS

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.

10. 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.

11. Segment reporting

Identification of segments

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

Inter segment Transfers

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

Allocation of common costs

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

Unallocated items

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

Segment Policies

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

12. Employee Benefits

a. Employee benefits in the form of the Group's contribution to provident fund, pension fund, superannuation fund and ESI are considered as defined contribution plan and charged to the profit and loss account 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 profit and loss account of the year when the contributions to the fund is due. Shortfall in the funds, if any, is adequately provided for by the Group.

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

d. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

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

13. 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

SCHEDULES TO THE ACCOUNTS

costs of completion and estimated costs necessary to make the sale.

14. 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.

15. Revenue Recognition

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

Sale of goods

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

Dividends

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

Insurance Claim

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

16. Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Group at rates different from those at which they were initially recorded during the year, or reported in previous 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 Profit and Loss Account 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.

17. Income Taxes

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

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

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deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

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

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

18. 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.

19. 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.

20. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand.

The Group comprises of the following entities:

The subsidiaries, associates and joint ventures considered in the consolidated financial statements are:

Name of the Company	Country of incorporation	Percentage of Ownership held as at March 31, 2011	Percentage of Owner Ship held as at March 31, 2010
Subsidiaries			
Kanika Investment Limited (KIL)	India	-	100%
Ishita Properties Limited (IPL)	India	-	100%
Hemshila Properties Limited (HPL)	India	-	100%
Avnija Properties Limited (APL)	India	-	100%
Geetee Estates Limited (GEL)	India	-	100%
D.I. Properties Limited (DIPL)	India	-	100%
ShriRangam Properties Limited (SRPL)	India	-	100%
Himshikhar Investment Limited (HIL)	India	100%	100%
Dalmia Power Limited (DPL)	India	-	100%
Dalmia Solar Power Limited (DSPL)	India	100%	100%
ShriRadha Krishna Brokers & Holdings Limited (SRKBHL)	India	-	100%
Dalmia Minerals & Properties Limited (DMPL)	India	-	100%
Arjuna Brokers & Minerals Limited (ABML)	India	-	100%

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Name of the Company	Country of incor-poration	Percent-age of Ownership held as at March 31, 2011	Percent-age of Owner Ship held as at March 31, 2010
Dalmia Bharat Enterprises Limited (DBEL)	India	-	100%
DCB Power Ventures Limited (DCBPVL)	India	-	100%
Sri Shanmugha Mines & Minerals Limited (SHMML)	India	-	100%
Sri Swaminatha Mines & Minerals Limited (SWMML)	India	-	100%
Sri Subramanya Mines & Minerals Limited (SUMML)	India	-	100%
Sri Trivikrama Mines & Properties Limited (STMPL)	India	-	100%
Sri Dhandauthapani Mines & Minerals Limited (SDMML)	India	-	100%
Sri Madhusudana Mines & Properties Limited (MMPL)	India	-	100%
Dalmia Sugar Ventures Limited (DSVL)	India	100%	100%
Subsidiaries and step down subsidiaries of Avnija Properties Limited			
Dalmia Cement Ventures Limited (DCVL) (subsidiary of Avnija Properties Limited)	India	-	100%
Golden Hills Resorts Private Limited (GHRPL) (subsidiary of Dalmia Cement Ventures Limited)	India	-	100%
Rajputana Properties Private Limited (RPPL) (subsidiary of Dalmia Cement Ventures Limited)	India	-	100%
Step subsidiaries of Dalmia Minerals & Properties Limited			
Cosmos Cements Limited (CCL)	India	-	100%
Sutnga Mines Private Limited (SMPL)	India	-	100%
Associates			
OCL India Limited (OCL)	India	-	45.37%
Joint Ventures			
Khappa Coal Company Private Limited (KCCPL)	India	-	36.73%

B. Notes to Accounts

1. Contingent liabilities (not provided for) in respect of:

Parent Company

(` Million)

S. No.	Particulars	2010-11	2009-10
a)	Claims against the Group not acknowledged as debts	**8.22**	386.69
b)	Guarantees/Counter Guarantees given to banks on account of loans given by the banks to Bodies Corporate	**-**	14.70
c)	Demand raised by Income tax authorities in dispute	**207.22**	111.16
d)	Demand raised by custom, excise, entry tax, service tax and sales tax authorities in dispute	**227.51**	729.29
e)	Other money for which the Company is contingently liable	**1.50**	11.93

Subsidiaries

(` Million)

S. No.	Particulars	2010-11	2009-10
a)	Bank Guarantee issued (DSPL)	**50.00**	-
a)	Bank Guarantee issued (SMPL)	**-**	0.94

Joint Venture

(` Million)

S. No.	Particulars	2010-11	2009-10
a)	Bank Guarantee issued to Ministry of Coal	**-**	14.32

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

2. Capital commitment

(` Million)

Particulars	2010-11	2009-10
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
In respect of Parent	**20.60**	120.78
In respect of Subsidiaries	**1.51**	69.61

3. Loans falling due for repayment within one year:

(` Million)

Particulars	2010-11	2009-10
Secured	**284.16**	3,037.83
Unsecured	**-**	126.77

4. Remuneration paid to auditors: (included in Miscellaneous Expenses)

(` Million)

Particulars	2010-11	2009-10
a) Statutory Auditor		
i) Audit Fee	**0.56**	3.39
ii) For Tax Audit and Other services	**0.25**	0.71
iii) For Expenses	**0.04**	0.53
b) Cost Auditor		
i) Audit Fee	**0.06**	0.16
ii) For Expenses	**0.01**	0.02

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5. 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.

6. Details of Goodwill in the Balance Sheet is given below:

(` Million)

Particulars	2010-11	2009-10
Subsidiaries		
Golden Hills Resorts Private Limited	-	39.57
Rajputana Properties Private Limited	-	2.42
Ishita Properties Limited	-	7.23
Avnija Properties Limited	-	6.00
Total	-	55.22

7. Operating Lease

Assets taken on lease

Office premises are obtained on operating lease. The lease term is for 3 years. There is no escalation clause in the lease agreement.

(` Million)

Particulars	2010-11	2009-10
Lease payments for the year	**2.59**	32.48
Total	**2.59**	32.48

Assets given on lease

The Group had leased out building, plant and machinery etc. on operating lease. The lease term was for 10 years and thereafter not renewable. There was no escalation clause in the lease agreement. There were no restrictions imposed by lease arrangements. Contingent rent recognized in the Profit & Loss Account for the year was ` Nil (` Nil).

(` Million)

Particulars	2010-11	2009-10
There are no uncollectible minimum lease payments receivable at the balance sheet date (Previous year Nil)		
Future minimum lease Receipts		
Not later than one year	-	22.05
Later than one year and not later than five years	-	87.28
Later than five years	-	-
Total	-	109.33

8. Particulars of Forward contracts and Unhedged Foreign Currency Exposure as at the Balance Sheet date:

Forward contract outstanding as at Balance Sheet date:

(` Million)

Particulars	Currency	Amount in Foreign Currency	Amount
Buy	Euro	- (820,657)	- (57.92)
Total	Euro	- (820,657)	- (57.92)
Buy	USD	- (41,313,626)	- (1,932.17)
Buy	USD	- (3,338,398)	- (153.99)
Buy	USD	- (1,234,487)	- (57.70)
Total	USD	- (45,886,511)	- (2,143.86)
Buy	JPY	- (2,357,380)	- (1.20)
Total	JPY	- (2,357,380)	- (1.20)

Particulars of unhedged foreign currency exposure:

Particulars	Amount in Foreign Currency	Amount (` Million)
Foreign currency loans	- (USD 14,499,234, Closing rate 1 USD = `44.895)	- (650.94)

9. Gratuity and Other Post Employment Benefit Plans

Gratuity

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

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the plan.

SCHEDULES TO THE ACCOUNTS

Profit and Loss Account

Net employee benefit expense (recognised in Personnel expenses)

(` Million)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Current Service Cost	**8.60**	20.29
Interest Cost	**7.08**	12.87
Expected return on plan assets	**(10.54)**	(14.11)
Net Actuarial (Gain)/ Loss	**(117.33)**	(7.05)
Past Service cost	**-**	-
Total Expense	**122.47**	12.00
Actual return on planned assets	**10.14**	32.05

Balance Sheet

(` Million)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Present value of obligation as at year-end	**108.39**	192.81
Fair value of plan assets as at year-end	**123.32**	214.65
Less : Unrecognised past service cost	**-**	
Funded status {(Surplus/(Deficit)}	**14.93**	21.84
Net Asset/(Liability) as at year end	**14.93**	21.84

Changes in the present value of the defined benefit obligation are as follows:

(` Million)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Opening defined benefit obligation	**192.81**	160.93
Transfer pursuant to Scheme of Arrangement	**(102.49)**	-
Interest cost	**7.08**	12.87
Current service cost	**8.60**	20.29
Benefits paid out of funds	**(10.20)**	(12.17)
Benefits paid by Group	**-**	-
Actuarial (gains)/ losses on obligation	**116.63**	10.89
Closing defined benefit obligation	**108.39**	192.81

Changes in the fair value of plan assets are as follows:

(` Million)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Opening fair value of plan assets	**214.65**	150.18
Transfer pursuant to Scheme of Arrangement	**(102.49)**	-
Expected return	**10.54**	14.11
Contribution by employer	**11.22**	44.59
Benefits paid	**(10.20)**	(12.17)
Actuarial gains/ (losses) on obligation	**(0.40)**	17.94
Closing fair value of plan assets	**123.32**	214.65

The Group expects to contribute `4.54 million to gratuity in 2011-12.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Qualifying Insurance Policy	**100%**	100%

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

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Discount Rate	**8.00%**	8.00%
Expected rate of return on assets	**9.40%**	9.40%
Mortality Table	**LIC (1994-96)**	LIC (1994-96)
Salary Escalation	**7.00%**	7.00%

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

Amounts for the current and previous four years in respect of gratuity are as follows:

(` Million)

Particulars	Gratuity				
	2010-11	2009-10	2008-09	2007-08	2006-07
Defined benefit obligation	**108.39**	192.81	160.93	149.97	117.87
Plan assets	**123.32**	214.65	150.18	115.36	136.85
Surplus/ (deficit)	**14.93**	21.84	(10.75)	(34.61)	18.98
Experience adjustment on plan assets	**(4.01)**	18.01	0.67	-	-
Experience adjustment on plan liabilities	**(116.93)**	(10.89)	8.29	-	-

Provident and other funds

Contribution to Defined Contribution Plans:

(` Million)

Particulars	2010-11	2009-10
Pension Fund/Superannuation funds	**25.84**	51.96

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

SCHEDULES TO THE ACCOUNTS

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. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment), pending the issuance of Guidance Note from the actuarial society of India, the Group's actuary has expressed his inability to reliably measure the same.

10. Segment Information

Primary Segment: Business Segment

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

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

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

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

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

Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on 31.03.2011.

(` Million)

Segment Particulars	Cement	Sugar	Power	Others	Total
Revenue					
Gross Revenue	- (15,823.05)	5,850.02 (5,588.35)	1,533.46 (1,778.81)	421.91 (1,506.15)	**7,805.39** (24,696.36)
Less: Inter/ Intra Segment Revenue	- (218.88)	290.12 (279.32)	588.56 (759.36)	- (-)	**878.68** (1,257.56)
Less: Excise Duty	- (1,606.40)	247.96 (221.39)	- (-)	10.69 (68.44)	**258.65** (1,896.23)
Total Revenue	- (13,997.77)	5,311.94 (5,087.64)	944.90 (1,019.45)	411.22 (1,437.71)	**6,668.06** (21,542.57)
Results					
Segment result	- (2,588.84)	(315.53) (112.79)	733.74 (800.34)	74.78 (148.74)	**492.99** (3,650.71)
Less: Interest and Financial charges					**480.98** (1,756.59)
Add: Other unallocable income net of unallocable expenditure					**-** (112.05)
Profit before tax					**12.01** (2,006.17)
Tax expense					**(25.68)** (681.09)
Share of profit in Associate					**-** (447.12)
Profit after tax					**37.69** (1,772.20)
Assets	- (23,849.05)	8,480.29 (9,010.68)	2,535.05 (3,643.90)	1,150.68 (2,999.39)	**12,166.02** (39,503.02)

SCHEDULES TO THE ACCOUNTS

(` Million)

Segment Particulars	Cement	Sugar	Power	Others	Total
Non Segments assets					**1,113.34** (11,678.11)
Total Assets					**13,279.36** (51,181.13)
Liabilities	- (3,272.01)	1,376.22 (688.55)	11.67 (408.82)	114.14 (605.58)	**1,502.03** (4,974.96)
Non Segments liabilities					**7,367.80** (31,946.67)
Total Liabilities					**8,869.83** (36,921.63)
Depreciation	- (880.74)	197.02 (201.41)	160.28 (244.56)	52.10 (82.29)	**409.40** (1,409.00)
Capital Expenditure	- (7,225.50)	67.77 (98.24)	74.76 (14.53)	1.65 (39.19)	**144.18** (7,377.46)

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.

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

Parent Group

(` Million)

Particulars	2010-11	2009-10
Carried forward as part of Capital Work in Progress	**178.45**	774.14
Expenditure incurred during the year		
Personnel Expenses		
Salaries & Wages	-	92.55
Contribution to Provident Fund and Other Fund	-	0.78
Workmen and Staff Welfare expenses	-	27.08
Operating and Other Expenses		
Power and Fuel	-	17.87
Consumption of Stores and spares	-	31.21
Repairs and maintenance		
Plant and Machinery	-	-
Others	-	-
Rent	-	0.63
Rates and Taxes	-	10.79
Insurance	-	3.83
Travelling	-	1.53
Advertisement and Publicity	-	-
Freight and Forwarding charges	-	-
Charity and donation	-	1.68
Miscellaneous Expenses	-	273.06
Financial Expenses		
Interest on borrowing from banks	-	314.73
Bank charges	-	2.86
Trial Run Expenditure		
Raw Material Consumed	-	193.02

SCHEDULES TO THE ACCOUNTS

(` Million)

Particulars	2010-11	2009-10
Depreciation	-	0.86
Total Expenditure during the year	-	972.48
Income earned during the year:		
Less: Sales during trial run (net)	-	126.90
Increase/(Decrease) in Stock	-	64.77
Miscellaneous Receipts	-	1.02
Total Expenditure (net of income) during the year	-	779.79
Grand Total	**178.45**	**1,553.93**
Capitalised in fixed assets	-	1,375.48
Less: Transfer pursuant to Scheme of Arrangement	178.45	-
Carried forward as part of Capital Work in Progress	-	178.45

Subsidiaries

(` Million)

Particulars	2010-11	2009-10
Carried forward as part of Capital Work in Progress	516.52	265.19
Expenditure incurred during the year		
Personnel Expenses		
Salaries and Wages	17.11	0.20
Contribution to Provident and Other Funds	-	-
Operating and other Expenses		
Repair and Maintenance		
Others	-	0.22
Rent	0.32	0.15
Rates and Taxes	-	24.57
Insurance	-	0.01
Travelling	4.90	3.98
Advertisement and Publicity	-	-
Miscellaneous Expenses	8.33	58.83
Financial Expenses		
Interest		
On Borrowing from Banks	-	11.59
Bank Charges	1.36	163.80
Depreciation /Amortization	-	0.23
Total Expenditure during the year	-	263.58
Income earned during the year:		
Profit on sale of Investments	-	1.13
Interest on Fixed Deposits	-	11.12
Total Expenditure (net of income) during the year	-	251.33
Grand Total	**548.54**	**516.52**
Capitalised in fixed assets	-	-
Less: Transfer pursuant to Scheme of Arrangement	512.51	-
Carried forward as part of Capital Work in Progress	36.03	516.52

SCHEDULES TO THE ACCOUNTS

Joint Venture

(` Million)

Particulars	2010-11	2009-10
Carried forward as part of Capital Work in Progress	46.96	-
Personnel Expenses		
Salaries and Wages	-	0.10
Workmen and Staff Welfare expenses	-	0.02
Operating and other Expenses		
Travelling	-	0.02
Miscellaneous Expenses	-	46.36
Financial Expenses		
Bank Charges	-	0.45
Depreciation /Amortization	-	0.01
Total Expenditure during the year	-	46.96
Grand Total	**46.96**	**46.96**
Less: Transfer pursuant to Scheme of Arrangement	46.96	**-**
Carried forward as part of Capital Work in Progress	-	46.96

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

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

Associate of the Group

OCL India Limited (upto March 31, 2010)

Key Management Personnel of the Group

Shri J.H.Dalmia– Vice-Chairman, Shri Y.H.Dalmia – Vice-Chairman, Shri Gautam Dalmia – Managing Director, Shri Puneet Yadu Dalmia – Managing Director and Shri T. Venkatesan – Whole Time Director (upto October 31, 2010).

Relatives of Key Management Personnel

Shri V.H. Dalmia (Brother of Vice-Chairman), J.H. Dalmia (HUF), Smt. Kavita Dalmia (Wife of Vice- Chairman), Y.H. Dalmia (HUF), Smt. Bela Dalmia (Wife of Vice-Chairman), Shri Gautam Dalmia (HUF), Smt. Anupama Dalmia (Wife of Managing Director), Smt. Avantika Dalmia (Wife of Managing Director), Kumari Shrutipriya Dalmia (Daughter of Vice-Chairman), Kumari Sukeshi Dalmia (Daughter of Managing Director), Kumari Vaidehi Dalmia (Daughter of Managing Director), Kumari Sumana Dalmia (Daughter of Managing Director), Kumari Avanee Dalmia (Daughter of Managing Director), Mst. Priyang Dalmia (Son of Managing Director), Shri M.H. Dalmia, (Brother of Vice-Chairman), Smt. Abha Dalmia (Wife of Brother of Vice-Chairman) and Smt. Kala Venkatesan (Wife of Whole Time Director) (upto October 31, 2010).

Enterprises controlled by the Key Management Personnel of the Group

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

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

SCHEDULES TO THE ACCOUNTS

(` Million)

Nature of Transaction	Associate	Key Management Personnel	Relatives of Key Management Personnel	Key Management Personnel controlled enterprise	Total
Sale of goods and services	- (46.89)	- (-)	- (-)	69.69 (48.00)	**69.69** (94.89)
Reimbursement of expenses	- (0.25)	- (-)	- (-)	24.97 (7.15)	**24.97** (7.40)
Purchase of goods and services	- (0.02)	- (-)	- (-)	80.79 (629.64)	**80.79** (629.66)
Rent Payment	- (-)	- (-)	- (-)	1.01 (-)	**1.01** (-)
Rent Receipt (including Lease Rent)	- (-)	- (-)	- (-)	- (22.11)	- (22.11)
Fixed Deposit received	- (-)	- (1.75)	- (244.00)	- (-)	- (245.75)
Refund of Security deposit	- (-)	- (-)	- (-)	- (66.60)	- (66.60)
Loan Taken	- (-)	- (-)	- (-)	1,892.00 (-)	**1,892.00** (-)
Loan Refund	- (-)	- (-)	- (-)	1,642.00 (-)	**1,642.00** (-)
Loans and advances received back	- (3.54)	- (-)	- (-)	- (0.78)	- (4.32)
Purchase of Fixed Assets	- (-)	- (-)	- (-)	2.40 (-)	**2.40** (-)
Purchase of Investments	- (-)	- (1,772.49)	- (-)	- (-)	- (1,772.49)
Sale of Assets	- (-)	- (-)	- (-)	13.41 (-)	**13.41** (-)
Receipt of funds on their behalf and transfer	- (-)	- (-)	- (-)	2,505.57 (-)	**2,505.57** (-)
Interest paid on Fixed Deposit	- (-)	- (0.06)	- (3.38)	- (-)	- (3.44)
Salary and Perquisites	- (-)	19.53 (118.29)	- (0.39)	- (-)	**19.53** (118.68)

b) Balances outstanding at year end:

(` Million)

Nature of Transaction	Associate	Key Management Personnel	Relatives of Key Management Personnel	Key Management Personnel controlled enterprise	Total
Security deposit received	- (-)	- (-)	- (-)	- (333.60)	- (333.60)
Loan Payable	- (-)	- (-)	- (-)	250.00 (-)	**250.00** (-)
Amounts receivable	- (1.61)	- (-)	- (-)	48.55 (1.98)	**48.55** (3.59)
Amounts payable	- (-)	- (81.75)	- (244.00)	311.84 (-)	**311.84** (325.75)

SCHEDULES TO THE ACCOUNTS

13. Details of the Group's share in Joint Ventures included in the Consolidated Financial Statement are as follows:

(` Million)

Particulars	2010-11	2009-10
SOURCES OF FUNDS		
Shareholders Fund	-	-
Reserves & Surplus (Post Acquisition)	-	-
Loan Funds		
Secured Loans	-	-
Unsecured Loans	-	-
Total	-	-
APPLICATION OF ASSETS		
Fixed Assets		
Gross Block	-	0.14
Less: Accumulated Depreciation	-	0.01
Net block	-	0.13
Capital Work in Progress (including capital advance)	-	46.96
Current Assets, Loans & Advances		
Inventories	-	-
Sundry Debtors	-	-
Cash & Bank Balances	-	11.15
Other Current Assets	-	0.22
Loans & Advances	-	-
Less: Current liabilities & Provisions		
Current Liabilities	-	0.05
Net Current Assets	-	11.32
Profit and Loss account	-	0.37
Total	**-**	**58.78**

14. Details of loans and advances to associates, parties in which Directors are interested and Investments by the Loanee in the shares of the Group (as required by clause 32 of listing agreement)

(` Million)

Particulars	Outstanding amount as at		Maximum amount outstanding during financial year	
	2010-11	2009-10	2010-11	2009-10
Loans and Advances to Associates - OCL India Limted	-	1.61	-	8.60

15. A scheme of arrangement between the Company, Dalmia Cement (Bharat) Limited [formerly known as Avnija Properties Limited], Dalmia Bharat Enterprises Limited, DCB Power Ventures Limited and their respective shareholders and creditors under section 391-394 of Companies Act, 1956, has been sanctioned by Hon'ble High Court of Madras on July 29, 2010 and made effective on September 1, 2010. Consequently, in terms of aforesaid scheme, the Cement Business, Thermal Power business and Refractory business has been transferred to the respective resulting Company effective from 1st April 2010. In view of this, figures for previous year are strictly not comparable.

As per the accounting treatment detailed in the scheme, the Company has reduced the under mentioned assets and liabilities of Demergered Undertaking vested in it, pursuant to the Scheme, at their respective book values as on the Appointed Date, i.e., April 1, 2010. The Company has debited an amount equal to the difference between book values of assets and liabilities of the Demerged Undertaking from Share Premium Account, General Reserve, Surplus in Profit and Loss Account. The details of the same are as follows:

SCHEDULES TO THE ACCOUNTS

(` Million)

Particulars	
Fixed Assets (including CWIP `3,755.27 million)	24,111.10
Investments	7,130.65
Current Assets, Loans and Advances	6,229.12
Total	37,470.87
Less:	
Secured Loans	20,359.10
Unsecured Loans	1,102.13
Current Liabilities and Provisions	4,061.63
Preference Capital Held by Others	7.00
Deferred Tax Liabilities	2,090.88
Total	27,620.74
Difference between Assets and Liabilities	9,850.13
Adjustments:	
Capital Reserve	26.85
Share Premium Account	1,996.77
General Reserve	2,394.05
Reserve Fund as per RBI	4.23
Debenture Redemption Reserve	489.59
Revaluation Reserve	473.54
Profit and Loss Account	4,465.10
Total of adjustments	9,850.13

As per the aforesaid Scheme of Arrangement, the shareholders of the Company as on the record date, i.e., September 27, 2010 received one share of Dalmia Bharat Enterprises Limited for every one share held by them in this Company.

16. Figures less than ` Five thousand which are required to be shown separately have been shown at actual in double brackets.

17. Previous Year Comparatives

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

As per our report of even date

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

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

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

K V Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director
(Group Finance)

Jai H Dalmia
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : 23rd May, 2011

Consolidated Cash Flow Statement
for the year ended March 31, 2011

(` Million)

		2010-11	2009-10
A.	**Cash Flow from Operating Activities**		
	Net Profit before tax	**12.01**	**2,006.17**
	Adjustments		
	Depreciation (Net)	395.39	1,322.59
	Unrealised Exchange Gains	-	(48.69)
	Provision for doubtful debts/advances	0.59	90.95
	Bad Debts written off	0.47	-
	Provision for damaged stock	-	7.00
	Dividend Income	-	(10.72)
	Interest (Net)	419.56	1,637.74
	Share of Profit in Associates	-	447.12
	(Profit)/Loss on sale of Investments	(21.23)	(77.56)
	(Profit)/Loss on sale of fixed assets	(8.85)	(1.08)
	Assets written off	0.36	-
	Operating Profit before working Capital Changes	**798.30**	**5,373.52**
	Adjustments for Working Capital Changes :		
	Inventories	31.99	(1,764.91)
	Trade and other receivables	(346.83)	527.05
	Trade Payables	568.57	(1,550.18)
	Cash Generated from Operations	**1,052.03**	**2,585.48**
	Direct Taxes Paid	(50.77)	(339.19)
	Net Cash from Operating Activities	**1,001.26**	**2,246.29**
B	**Cash Flow from Investing Activities**		
	Purchase of fixed Assets	(168.60)	(2,833.06)
	Sale of Fixed Assets	117.70	26.47
	(Purchase)/ Sale of investments (Net)	(251.39)	(1,533.98)
	Interest Received	37.46	25.78
	Dividend Received	-	10.72
	Net Cash used in Investing Activities	**(264.83)**	**(4,304.07)**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2011

(` Million)

		2010-11	2009-10
C	**Cash used from Financing Activities**		
	Proceed from Secured Loans (Net)	(2,954.97)	7,049.82
	Proceed from Unsecured Loans (Net)	2,070.98	(1,701.04)
	Fixed Deposits from Public (Net)	-	271.43
	Dividend paid	(80.94)	(242.82)
	Corporate dividend tax	(13.44)	(41.28)
	Interest paid	(469.32)	(2,000.47)
	Net cash from/(used in) Financing Activities	**(1,447.69)**	**3,335.64**
	Net increase in cash and cash equivalents (A+B+C)	**(711.26)**	**1,277.86**
	Cash and cash equivalents (Opening Balance)	**2,202.79**	**924.93**
	Cash additions pursuant to scheme of arrangement	**(940.68)**	**-**
	Cash and cash equivalents (Closing Balance)	**550.85**	**2,202.79**
	Change in Cash & Cash Equivalents	**(711.26)**	**1,277.86**

Note:
1) Cash & cash equivalents components are as per Schedule 10 of the Balance Sheet.
2) Previous year figures have been regrouped/ restated wherever necessary.

As per our report of even date

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

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

per Arun K. Tulsian
Partner
Membership No. 89907

K V Mohan
Company Secretary

Narendra Mantri
Deputy Executive Director
(Group Finance)

Jai H Dalmia
Director

Puneet Yadu Dalmia
Managing Director

Place : New Delhi
Date : 23rd May, 2011

Statement attached to Balance Sheet as at 31st March, 2011 pursuant to section 212 of the Companies act, 1956

Subsidiary Companies			Himshikhar Investment Ltd	Dalmia Solar Power Ltd	Dalmia Sugar Ventures Ltd
1.	Financial year ending		31-03-2011	31-03-2011	31-03-2011
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 31-03-2011 (`)	70,42,427	(-) 2,15,787	(-) 99,850
	(b)	For the previous financial years since it became Company's Subsidiary (`)	68,23,986	(-) 1,85,835	(-) 2,62,704
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 31-03-2011 (`)	Nil	Nil	Nil
	(b)	For the previous financial years since it became Company's Subsidiary (`)	Nil	Nil	Nil

Place : New Delhi
Dated : May 23rd, 2011

Jai H Dalmia
Director

Puneet Yadu Dalmia
Managing Director

Statement attached to Balance Sheet as at 31st March, 2011 pursuant to section 212 of the Companies act, 1956

Details of Subsidiary Companies

(` in Lakhs)

Name of Subsidiary Company	Dalmia Sugar Ventures Ltd	Himshikhar Investment Ltd	Dalmia Solar Power Ltd
Capital	5.00	45.00	5.00
Reserves	(3.63)	555.94	(4.02)
Total Assets	1.76	630.64	416.01
Total Liabilities	0.39	29.70	415.03
Investments	-	489.39	-
Turnover/ Total Income	0.00	87.25	3.98
Profit/ (Loss) Before Taxation	(1.00)	87.02	(2.16)
Provision for Taxation	-	16.60	-
Profit/ (Loss) After Taxation	(1.00)	70.42	(2.16)
Proposed Dividend	-	-	

NOTES

Dalmia Bharat Sugar and Industries Limited

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