

Dated: 05<sup>th</sup> August, 2020

To,  
BSE Ltd.  
Pheroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400001

**SCRIP CODE: 523369**  
**Sub: Annual Report for the Financial Year 2019-20**

Dear Sir(s),

Pursuant to Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we attach herewith Annual Report containing e-AGM Notice for the financial year 2019-20. This has been emailed to the members who have registered their Email-ID with the Company.

The same is also available on the website of the Company i.e., [www.dcmsr.com](http://www.dcmsr.com).

Thanking you,



Yours faithfully,

  
(Y.D.Gupta)

Compliance Officer  
FCS: 3405



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**DCM  
SHRIRAM**

**DCM SHRIRAM INDUSTRIES LTD.**

*Annual Report 2019-20*

# DCM SHRIRAM INDUSTRIES LIMITED

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<b>Board of Directors</b>	Shri S.B. Mathur	Chairman – Non Executive
	Shri Alok B. Shriram	Sr. Managing Director
	Shri Madhav B. Shriram	Managing Director
	Mrs. Uravshi Tilak Dhar	Whole Time Director
	Shri N.K. Jain	Director Finance & CFO
	Shri P.R. Khanna	
	Shri Ravinder Narain	
	Shri S.C. Kumar	
	Shri C. Vikas Rao	LIC Nominee
	Ms. V. Kavitha Dutt	
	Shri Sanjay C. Kirloskar	
Shri Manoj Kumar		
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<b>Principal Executives</b>	Shri Anil Gujral	Chief Executive Officer (Chemicals)
	Shri V.K. Jaitly	Chief Operating Officer (Business Group Rayons)
	Shri Sanjay Rastogi	Vice President (Sugar)
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<b>Company Secretary</b>	Shri Y.D. Gupta	Vice President (Law & Taxation)
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<b>Bankers</b>	State Bank of India	
	Punjab National Bank	
	Oriental Bank of Commerce	
	Axis Bank Ltd.	
	Bijnor Zila Sahkari Bank Ltd.	
	Meerut Zila Sahkari Bank Ltd.	
	Lakhimpur Kheri Zila Sahkari Bank Ltd.	
	Muzaffar Nagar Zila Sahkari Bank Ltd.	
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<b>Auditors</b>	B S R & Co., LLP Gurugram	
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<b>Registered Office</b>	Kanchenjunga Building, 5th Floor, 18, Barakhamba Road, New Delhi - 110 001	CIN : L74899DL1989PLC035140 Tel. No. : (011) 4374 5000 e-mail : dsil@dcmsr.com Website : <a href="https://www.dcmsr.com">https://www.dcmsr.com</a>

# DCM SHRIRAM INDUSTRIES LIMITED

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Registered Office : Kanchenjunga Building, 5th Floor, 18, Barakhamba Road, New Delhi - 110 001.

**CIN: L74899DL1989PLC035140** Telephone :011-43745000 Fax No.011-23350765

Email: dsil@dcmsr.com Website : <https://www.dcmsr.com>

## NOTICE

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The 29th Annual General Meeting of the Company will be held on Wednesday, the 2nd September, 2020 at 11.00 A.M. through Video Conferencing (VC)/ Other Audio Visual Means (OAVM), to transact the following businesses:

### Ordinary Business:

#### 1. To consider and adopt:

- a) The Audited Financial Statement of the Company for the Financial Year ended March 31, 2020 and the Reports of the Board of Directors and Auditors thereon, and
- b) The Audited Consolidated Financial Statement of the Company for the Financial Year ended March 31, 2020 and the Report of the Auditors thereon.

#### 2. To confirm the payment of interim dividend of Rs. 5 per Equity Share of Rs. 10 each (50%) already paid during the financial year 2019-20.

#### 3. Appointment of director liable to retire by rotation

To appoint a director in place of Shri Madhav B. Shriram (DIN 00203521), who retires by rotation and being eligible, offers himself for re-appointment.

### Special Business:

#### 4. Cost Auditors – Ratification of Remuneration

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration of Rs.1.46 lakh plus GST and out of pocket expenses, if any, fixed by the Board of Directors on recommendation of the Audit Committee for audit of the cost records of the Company by M/s Ramanath Iyer & Co., for the year 2020-21, be and is hereby ratified and confirmed.”

#### 5. Approval to the Appointment of Additional Director

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

“RESOLVED THAT Shri Manoj Kumar (DIN 00072634), who was co-opted by the Board as an Additional Director on the Board in its meeting held on 27.06.2020, pursuant to Section 161 and any other applicable provisions of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force and pursuant to Articles of Association of the Company, be and is hereby appointed as a Director liable to retire by rotation as per Section 152(6) of the Companies Act, 2013 on the Board of the Company.

RESOLVED FURTHER THAT the Sr. Managing Director and the Company Secretary be and are hereby severally authorized to sign and file the necessary forms/ returns with the Registrar of Companies, NCT of Delhi and Haryana, regarding the appointment of the Director.”

**6. Approval to the appointment of Shri N.K. Jain in the casual vacancy**

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

“RESOLVED THAT, pursuant to the provisions of Section 161(4) of the Companies Act, 2013 read with the relevant provisions of the Articles of Association of the Company, the appointment of Shri Nalin Kumar Jain (DIN: 00203581) in the casual vacancy caused by the resignation of Shri Narayan Rao Karnam (DIN: 06730043), effective from 01.11.2019, be and is hereby approved.”

**7. Approval to the appointment of Shri N.K. Jain as Director Finance & CFO**

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

“RESOLVED THAT pursuant to Section 196, 197, 198 and Schedule V of the Companies Act, 2013, as amended from time to time and other applicable provisions, if any, of the said Act and/or any other applicable Regulations, and subject to such approvals, if any, required, approval of the Company be and is hereby accorded to the appointment of Shri Nalin Kumar Jain (DIN: 00203581) as Director Finance & Chief Financial Officer effective from 01.11.2019 to hold office till 30.06.2021, on the terms and conditions and remuneration as set out in the Explanatory Statement to this Notice.”

“RESOLVED FURTHER THAT the Board of Directors or a Committee thereof, duly authorized by the Board, be and is hereby authorized to alter, increase, vary or modify, from time to time, the said terms and conditions including as to remuneration and or designation as it may deem fit, subject to the provisions of the above said Sections read with Schedule V and other applicable provisions of the Companies Act, 2013 or any other Regulations as may be applicable.”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year the managerial personnel be paid the remuneration as set out in the Explanatory Statement or such higher amount as may be permitted subject to necessary approval, if any required, and also subject to the overall ceilings laid down in Part II of Section II of Schedule V of the Companies Act, 2013 or any other amendment thereto, or any other Regulations as may be applicable.”

**8. Approval to the appointment of Smt. Urvashi Tilak Dhar in the casual vacancy**

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

“RESOLVED THAT, pursuant to the provisions of Section 161(4), of the Companies Act, 2013 read with the relevant provisions of Articles of Association of the Company, the appointment of Smt. Urvashi Tilak Dhar (DIN: 00294265) in the casual vacancy caused by the demitting of office by Shri Alok B. Shriram as a director liable to retire by rotation, effective from 14.08.2019, be and is hereby approved.”

**9. Approval to the appointment of Smt. Urvashi Tilak Dhar as Whole Time Director**

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

“RESOLVED THAT pursuant to Section 196, 197, 198 and Schedule V of the Companies Act, 2013 as amended from time to time and other applicable provisions, if any, of the said Act and/or any other applicable Regulations including SEBI (LODR) Regulations, 2015, and subject to such approvals, if any, required, approval of the Company be and is hereby accorded to the appointment of Smt. Urvashi Tilak Dhar (DIN: 00294265) as Whole Time Director effective from 14.08.2019 to hold office for two

# DCM SHRIRAM INDUSTRIES LIMITED

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years i.e. up to 13.08.2021 on the terms and conditions and remuneration as set out in the Explanatory Statement to this Notice.”

“RESOLVED FURTHER THAT the Board of Directors or a Committee thereof, duly authorized by the Board, be and is hereby authorized to alter, increase, vary or modify, from time to time, the said terms and conditions including as to remuneration and or designation as it may deem fit, subject to the provisions of the above said Sections read with Schedule V and other applicable provisions of the Companies Act, 2013 or any other Regulation as may be applicable.”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any Financial Year the managerial personnel be paid the remuneration other than commission as set out in the Explanatory Statement or such higher amount as may be permitted subject to necessary approval, if any required, and also subject to the overall ceilings laid down in Part II of Section II of Schedule V of the Companies Act, 2013 or any other amendment thereto, or any other Regulations as may be applicable.”

## 10. Adoption of new Articles of Association

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

“REVOLVED THAT pursuant to the provisions of Sections 14 & 15 and all other applicable provisions of the Companies Act, 2013, read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the new set of Articles of Association submitted to this meeting, be and is hereby approved and adopted in substitution of and to the entire exclusion of the existing Articles of Association of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution .”

By order of the Board  
For DCM SHRIRAM INDUSTRIES LIMITED



(Y.D. Gupta)

Company Secretary & Vice President  
(Law & Taxation)  
**FCS 3405**

New Delhi,  
June 27, 2020

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**NOTES:**

1. Explanatory Statement, as required under Section 102 of the Companies Act, 2013, is annexed.
2. In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred the unclaimed dividends in respect of the Financial Year 2009-10 to the IEPF in October 2017. The details are available on the website of the Company i.e. <https://www.dcmsr.com>.

The shares in respect of which dividend has not been claimed for 7 consecutive years or more are also required to be transferred to the IEPF following the prescribed procedure. The Company had in compliance with the said Rules transferred 406365 equity shares held by 27848 shareholders to IEPF in the month of December 2017. The shares and dividend so transferred can be claimed from the IEPF after complying with the prescribed requirements. As per the Rules the holders of such shares cannot exercise any of the rights attached to the shares unless the shares are reclaimed from the IEPF. The shareholders, who have not encashed their dividend warrant/s for the previous year(s) may contact the Company or Registrar & Transfer Agents for issue of duplicate warrants. The Company will be transferring the unclaimed dividend, declared in the year 2013 and paid in September 2013, to IEPF by November 2020. The shareholders who have not received/encashed the dividend for the year 2012-13 may claim the same from the Registrar & Transfer Agents/Company. The Company will also be transferring 61906 equity shares held by 3865 shareholders on which dividends remain unclaimed for consecutive seven years to IEPF as required under the relevant Rules. Details are been uploaded on company website and individual notices are being sent.
3. Shareholders who hold shares in physical form may notify change of address, if any, and also email ID to KFin. Technologies Pvt. Ltd., Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500032 or New Delhi House, 305, 3rd Floor, Barakhamba Road, New Delhi – 110001, along with self attested copies of address proof and PAN card. **Members may note that SEBI by Circular dated 20.4.2018 has made it mandatory for the persons holding shares in physical form to furnish their PAN and Bank details to the Company/ Registrar & Transfer Agent (KFin Technologies Pvt. Ltd.). Members are requested to comply with the requirement at the earliest.**
4. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN, if not already furnished, to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to KFin Technologies Pvt. Ltd.
5. The information with regard to Shri Madhav B. Shriram, whose reappointment as a Director, liable to retire by rotation, given in Note 24 hereunder, forms an integral part of this Notice.
6. In view of the prevailing restrictions on assembly of people across the Country due to outbreak of the Covid-19 pandemic and restrictions on the movements apart from social distancing and pursuant to Circular No.14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 read with Circular No. 20/2020 dated May 05, 2020, this meeting is convened as e-AGM, to be held through Video Conferencing or Other Audio Visual Means.
7. **e-AGM:** Company has appointed M/s KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting of the e-AGM.
8. Pursuant to the provisions of the circulars of MCA on the VC/OVAM (e-AGM):
  - a) Members can attend the meeting through login credentials provided to them to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required.
  - b) Appointment of proxy to attend and cast vote on behalf of the member is not available.
  - c) Body Corporates are entitled to appoint authorized representatives to attend the e-AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

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9. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
10. Up to 1000 members will be able to join on a FIFO basis to the e-AGM.
11. No restrictions on account of FIFO entry into e-AGM will be there for large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
12. The attendance of the Members (members logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
13. **Remote e-Voting:** Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members through e-Voting agency M/s KFin Technologies Private Limited.
14. **Voting at the e-AGM:** Members who could not vote through remote e-voting may avail the e-voting system provided at the venue by M/s KFin Technologies Pvt. Ltd.
15. In line with the MCA Circular No. 17/2020 dated April 13, 2020, the Notice calling the EGM/AGM has been uploaded on the website of the Company at <https://www.dcmsr.com>. The Notice can also be accessed from the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and is also available on the website of e-voting agency M/s KFin Technologies Private Limited at their website address <https://evoting.karvy.com/>
16. **Procedure for obtaining the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the depositories or with RTA on physical folios:**

On account of threat posed by COVID-19 and in terms of the MCA and SEBI Circulars, the Company has sent the Annual Report, Notice of e-AGM and e-Voting instructions only in electronic form to the registered email addresses of the shareholders. Therefore, those shareholders who have not yet registered their email address are requested to get their email addresses registered by following the procedure given below:

1. Those shareholders who have registered/not registered their mail address and mobile nos. including address and bank details may please contact and validate/update their details with the Depository Participant in case of shares held in electronic form and with the Company's Registrar and Share Transfer Agent, KFin Technologies Pvt. Ltd. in case the shares are held in physical form.
2. Shareholders who have not registered their email address and in consequence the Annual Report, Notice of e-AGM and e-voting notice could not be served, may temporarily get their email address and mobile number registered with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, by clicking the link: [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/) for sending the same. Shareholders are requested to follow the process as guide to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, shareholder may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
3. Shareholders are also requested to visit the website of the Company <https://www.dcmsr.com> or the website of the Registrar and Transfer Agent <https://evoting.karvy.com> for downloading the Annual Report and Notice of the e-AGM.



4. Alternatively, a member may send an e-mail request at the email id [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned copy of the request letter duly signed providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of e-AGM and the e-voting instructions.

#### **17. Instructions for the Members for attending the e-AGM through Video Conference:**

1. Members will be provided with a facility to attend the e-AGM through video conferencing platform provided by M/s KFin Technologies Private Limited. Members may access the same at <https://emeetings.kfintech.com> under shareholders/members login by using the remote e- voting credentials. The link for e-AGM will be available in shareholders/members login where the EVENT and the name of the company can be selected. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.
2. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
3. Further Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may log into <https://evoting.karvy.com> may post their queries/views/questions in the window provided, by mentioning the name, demat account number/ folio number, email id and mobile number. Please note that, members questions will be answered only, if he continues to hold the shares as on cut off date. i.e. 26.08.2020.
6. Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the speaker registration during the e-AGM conference.

#### **18. Instructions for members for e-Voting during the e-AGM session:**

1. Only those Members/ shareholders, who will be present in the e-AGM through Video Conference facility and have not cast their vote through remote e-Voting are eligible to vote through e-Voting in the e-AGM.
2. However, members who have voted through Remote e-Voting will be eligible to attend the e-AGM.

#### **19. Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide all its members' facility to exercise their right to vote at the 29th Annual General Meeting (AGM) by electronic means.

The voting through electronic means will commence on 29.08.2020 at 10.00 AM and will end on 01.09.2020 at 5.00 PM. The procedure and instructions for e-voting are as follows:

- (a) Open your web browser during the voting period and navigate to "<https://evoting.karvy.com>"

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- (b) Enter the login credentials (i.e. user-id & password) mentioned on the e-notice/ covering letter. Your Folio/ DP -Client ID will be your User-ID

User - ID	- <u>For Members holding shares in Demat Form:</u> a) For NSDL- 8 character DPID followed by 8 digit Client ID b) For CDSL- 16 digit beneficiary ID  - <u>For Members holding shares in Physical Form:</u> Electronic Voting Event Number (EVEN) followed by Folio no. registered with the Company
Password	Your Unique password is printed on the e-AGM Notice forwarded through the electronic notice via email.
Captcha	Enter the Verification code i.e. please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- (c) Please contact on toll free no.18003454001 / 040-67161527 for any further clarification/ technical glitches.
- (d) Members whose name appear in the register of members/ beneficial owners as on cut-off date i.e. 26.08.2020, can cast their vote on-line from 10.00 AM on 29.08.2020 and up to 5.00 PM on 01.09.2020.
- (e) After entering the Login credentials indicated above, appropriately, click on “LOGIN”.
- (f) Members holding shares in Demat/ Physical form will now reach Password Change Menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters, consisting of at least one upper case (A-Z), one lower case (a-z) one numeric value (0-9) and a special character (#, \$, &..). Kindly note that this password can be used by the Demat holders for voting for resolution of any other company on which they are eligible to vote, provided that company opts for e-voting through **KFin Technologies Pvt. Limited e-voting platform**. System will prompt you to change your password and update any contact details like mobile number, email ID etc. on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (g) You need to login again with the new credentials.
- (h) On successful login, system will prompt to select ‘Event’ i.e. ‘Company Name’.
- (i) If you are holding shares in Demat form and had logged on to “<https://evoting.karvy.com>” and cast your vote earlier for any company, then your existing login id and password are to be used.
- (j) On the voting page, you will see Resolution Description and against the same the option ‘FOR / AGAINST/ ABSTAIN’ for voting. Enter the number of shares (which represents number of votes) under ‘FOR/ AGAINST/ ABSTAIN’ or alternatively you may partially enter any number in ‘FOR’ and partially in ‘AGAINST’, but the total number in “FOR/ AGAINST” taken together should not exceed your total shareholding. If the shareholder does not want to cast vote, select “ABSTAIN”.
- (k) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (l) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

- (m) Corporate/Institution Members (Corporate/FIs/FILs/Trusts/Mutual Funds/Banks, etc) are required to send scanned (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to [investorservices@dcmshr.com](mailto:investorservices@dcmshr.com) with copy to [evoting@karvy.com](mailto:evoting@karvy.com). The file scanned image of the Board Resolution should be in the naming format “Corporate Name - Event no.”
- (n) Shri Swaran Kumar Jain (C.P.No.4906), Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
20. The Scrutinizer shall immediately after conclusion of the e-AGM, unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses, not in the employment of the Company and make, not later than 2 days of conclusion of the meeting, the Scrutinizer’s Report of the total votes cast in favour or against, if any, and submit the Report to the Chairman or a person authorized by him in writing, who shall counter-sign the report and declare the results forthwith.
21. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website “<https://www.dcmshr.com>” and on the website of KFin Technologies Pvt. Ltd. immediately.
22. The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by companies through electronic mode. We propose to send all future communications in electronic mode to the email address provided by you. Members who have not registered their email IDs are requested to intimate their email ID to the Company’s Registrars, viz. KFin. Technologies Pvt. Ltd. (Email ID:[einward.ris@karvy.com](mailto:einward.ris@karvy.com)) or their depository participants.
23. **KPRISM – Mobile Service application by KFin Technologies Pvt. Ltd:**

Members are requested to note that, Registrar and Share Transfer Agents, M/s. KFin Technologies Pvt. Limited have launched a new mobile application – KPRISM and website <https://kprism.karvy.com> for online service to shareholders.

Members can download the mobile application, register yourself (onetime) for availing host of services viz., consolidated portfolio view serviced by KFin Technologies, Dividends status and send requests for change of address, change/ update Bank Mandate. Through the mobile app, members can download Annual reports, standard forms and keep track of upcoming General Meetings, IPO allotment status and dividend disbursements. The mobile application is available for download from Android Play Store. Alternatively visit the link <https://kprism.karvy.com/app/> to download the mobile application.

24. **Profile of the Director retiring by rotation:** Shri Madhav B. Shriram, was reappointed on the Board as a Director liable to retire by rotation at the AGM held on 22.08.2017. Shri Madhav B. Shriram, aged 55 years, has 32 years of experience in various management positions. He has done his graduation from Shriram College of Commerce, and MBA from University of Massachusetts, Amherst, USA. He is presently the Managing Director of the Company and is looking after the Chemicals Division.

Shri Madhav B. Shriram holds 66 equity shares of Rs.10 each in the Company.

Shri Madhav B. Shriram is a past Chairman of CII, Delhi State. He is not a director on the Board of any other listed company.

Shri Madhav B. Shriram, being eligible, offers himself for reappointment as a Director liable to retire by rotation in terms of Section 152(6)(e) of the Companies Act, 2013. He has confirmed that he has not been disqualified u/s 164(2) of the Companies Act, 2013, to be appointed or to hold an office of director in a company. As required under SEBI (LODR) Regulations, 2015, he has further confirmed that he has not been debarred or disqualified from being appointed or from continuing to act as Director of companies by any statutory authorities.

Considering his contribution to the growth of the Company, the Directors recommend the resolution.

He is related to Shri Alok B. Shriram, Sr. Managing Director. No other directors or key managerial personnel of the Company or their relative(s) is interested financially or otherwise in the resolution.

## **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No.4**

The Board of Directors in their meeting held on 27.06.2020 appointed M/s. Ramanath Iyer & Co., Cost Auditors, 808, Pearls Business Park, Netaji Subhash Place, Delhi – 110034 as Cost Auditors of the Company for the year 2020-21 at a remuneration of Rs.1.46 lakh plus GST and out of pocket expense as may be applicable, on the recommendation of the Audit Committee, pursuant to Section 148 of the Companies Act, 2013.

The above remuneration to the Cost Auditors, fixed by the Board for the financial year 2020-21, is for ratification and confirmation by the shareholders as required under Rule 14 of the Companies (Audit & Auditors) Rules, 2014.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.4.

### **Item No.5**

The Board of Directors in its meeting held on 27.06.2020 co-opted Shri Manoj Kumar (DIN: 00072634) as an Additional Director pursuant to Section 161 of the Companies Act, 2013 and Article 81 of the Articles of Association of the Company, on the recommendation of the Nomination & Remuneration Committee. As per the said Section, Shri Manoj Kumar will hold office till the ensuing e-AGM. It is proposed to appoint Shri Manoj Kumar as a Director liable to retire by rotation as per Section 152(6) of the Companies Act, 2013, on the Board. Brief particulars of Shri Manoj Kumar are given below:

#### **ACADEMICS**

- |                                   |                                  |      |
|-----------------------------------|----------------------------------|------|
| • IIM Ahmedabad                   | SMEP Certification (Residential) | 1987 |
| • Hindu College, Delhi University | Bachelors of Commerce (Hons)     | 1987 |
| • Modern School, New Delhi        |                                  | 1984 |

#### **PROFESSIONAL EXPERIENCE**

- Heading the Family Business of Textile Trading of Cotton Fabrics
- Trustee of Hindu College, Delhi University
- Trustee of Lady Shri Ram College, Delhi University
- Member of Rotary Club of Delhi Midtown
- Trustee of Rtn. Naqshband Institute for Physically Challenged.

#### **OTHER DIRECTORSHIPS**

- |  |          |
|--|----------|
| • Spicejet Limited                     | Director |
| • Select World Tours (India) Pvt. Ltd. | Director |
| • M.R. Ramchand & Co. Pvt. Ltd.        | Director |
| • Raghushree Sales Pvt. Ltd.           | Director |
| • B H P C Clothing Pvt. Ltd.           | Director |

Shri Manoj Kumar belongs to a reputed business family of Delhi. He is not holding any shares in the Company. The Board of Directors considers that the Company will benefit from his long and varied business experience and accordingly recommend the resolution for approval.

Shri Manoj Kumar has confirmed to the Board that he has not been disqualified u/s 164(2) of the Companies Act, 2013, to be appointed or to hold an office of director in a company. As required under SEBI (LODR) Regulations, 2015, he has further confirmed that he has not been debarred or disqualified from being appointed or from continuing to act as Director of companies by any statutory authorities.

Except Shri Manoj Kumar, being the appointee, none of the other directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.5.

#### **Item No.6 & 7**

The Board of Directors in its meeting held on 29.10.2019, on the recommendation of the Nomination & Remuneration Committee, appointed Shri Nalin Kumar Jain (Shri N.K. Jain), who was the Chief Financial Officer of the Company, as a director on the Board in the casual vacancy caused by the resignation of Shri Narayan Rao Karnam (Shri K.N. Rao) effective from 01.11.2019 pursuant to Section 152(6) of the Companies Act, 2013. Shri N.K. Jain will hold office for the period Shri K.N. Rao would have held office had he continued as a Director liable to retire by rotation. His appointment in the casual vacancy is subject to approval by the shareholders in the ensuing AGM as required under the said Section.

Shri N.K. Jain has confirmed to the Board that he has not been disqualified u/s 164(2) of the Companies Act, 2013, to be appointed or to hold an office of director in a company. As required under SEBI (LODR) Regulations, 2015, he has further confirmed that he has not been debarred or disqualified from being appointed or from continuing to act as Director of companies by any statutory authorities.

Continuing the practice of elevating a person from senior management position to the Board level as Whole Time Director, the Board in the said meeting appointed Shri N.K. Jain as Director Finance & Chief Financial Officer effective from 01.11.2019 to hold office till 30.06.2021, when he would be attaining the age of 70 years.

Shri N.K. Jain, aged 69 years, is a Chartered Accountant, with 44 years experience in the Group, most part being in the Company, has been carrying out his responsibilities in a highly professional manner. As CFO, he had overseen the implementation of Ind-AS, the new Accounting Standards and also ensured that proper Internal Financial Control Systems are in place and working well.

The terms and conditions of the appointment, which are subject to the approval of the shareholders, are as under:

<b>Particulars</b>	
Salary (Rs./pm)	2,40,000
Annual reward	Not exceeding 50% of his annual salary as may be decided by the Board. For part of the year, the reward will be calculated on proportionate basis.
Housing	Company maintained leased accommodation (maintenance means normal routine upkeep and maintenance but shall not include structural changes)
Gas, Water, Electricity, Furniture, Furnishings and maintenance thereof	Actual
Attendant & servant at Residence	Reimbursement of wages of an attendant and a servant.
Medical expenses	Reimbursement of actual medical expenses incurred for self and family. (Family as defined in Company's Medical Facilities to Officers' Scheme.)

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Particulars	
P.A. Insurance	As per Company Rules.
Leave, Leave Encashment, LTA, PF, Gratuity & Superannuation	As per Company Rules
Club Fees (Admission/ life membership fee not allowed)	Fees of clubs subject to a maximum of 2 Clubs
Other Directorships	Nil
Shareholding in the Company (Equity/Rs.10 each)	One

## Other Terms Applicable to the Appointment

1. Salary, perquisites and reward together to Shri N K Jain shall not exceed 5% of the net profit computed in the manner laid down in Section 198 read with Section 197 of the Companies Act, 2013 and the aggregate remuneration to all managerial personnel shall not exceed 10% of the Net Profit arrived at as per the said Sections.
2. He will also be entitled for Company maintained chauffeur driven car, communication facilities and reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company. These will not be considered as perquisites for the purpose of ceilings on remuneration under the Companies Act.
3. Remuneration for part of the year will be computed on pro-rata basis.
4. The appointment is with continuity of service as an officer for the purpose of computing terminal benefits.
5. In the event of absence or inadequacy of profits in any financial year he will be paid the above remuneration, subject to the ceiling provided in Part II Section II of Schedule V of the Companies Act, 2013. (In such an event contributions to Provident Fund & Superannuation Fund, to the extent these are exempt under the Income-tax Act, 1961 and gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure will not be included for computing the ceiling on remuneration).
6. The appointment may be terminated by either party giving to the other three calendar months' notice in writing or lesser notice as may be agreed to. In the event of termination of appointment by the Company, the managerial personnel shall be entitled to compensation in accordance with the provisions of the Companies Act.

Shri N.K. Jain has confirmed to the Board that he has not been disqualified u/s 164(2) of the Companies Act, 2013, to be appointed or to hold an office of director in a company. As required under SEBI (LODR) Regulations, 2015, he has further confirmed that he has not been debarred or disqualified from being appointed or from continuing to act as Director of companies by any statutory authorities.

Considering the contributions of Shri N.K. Jain to the performance of the Company, the Directors recommend the Resolution for your approval.

Except Shri N.K. Jain, being the appointee, none of the other directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.6 & 7.

## **Item No.8 & 9**

The Board of Directors in its meeting held on 13.08.2019, on the recommendation of the Nomination & Remuneration Committee, appointed Smt. Urvashi Tilak Dhar on the Board in the casual vacancy caused by the demitting of office by Shri Alok B. Shriram, on his elevation as Sr. Managing Director, effective from 14.08.2019 pursuant to Section 152(6) of the Companies Act, 2013. Smt. Urvashi Tilak Dhar will hold office for the period Shri Alok. B. Shriram would have held office had he continued as a Director liable to retire by

rotation. Her appointment in the casual vacancy is subject to approval by the shareholders in the ensuing AGM as required under the said Section.

Smt. Urvashi Tilak Dhar, 64 years of age, had done her Post Graduation in Sociology from Jawaharlal Nehru University. She has been actively involved in the cultural and social activities of the Company as wife of Late Shri Tilak Dhar, who was the Sr. Managing Director. She is familiar with the Company's affairs. Smt. Urvashi Tilak Dhar has long experience in market research. She is also involved in promoting social causes. She has been on the Board of promoter group companies and is fully familiar with the responsibilities and liabilities of a director. She has widely travelled in India and abroad and also visited Company's Plants several times and has good rapport with Senior Executives.

The terms and conditions of the appointment, which are subject to the approval of the shareholders, are as under:

<b>Particulars</b>	
Salary (Rs./pm)	5,50,000
Commission on profits	As may be decided by the Board from year to year, provided that the total remuneration i.e. salary, perquisites and commission, shall not exceed 2.5% of the Net Profit of the Company computed in the manner laid down u/s 198 of the Companies Act, in a particular year, subject to the overall limit of remuneration u/s 197 of the said Act, or any amendments thereto or any other applicable regulations for all managerial personnel.
Housing	Company maintained accommodation or House Rent Allowance @ 50% of the salary as may be opted for.
Gas, Water, Electricity, Furniture, Furnishings and house maintenance.	Actual
Medical expenses	Reimbursement of actual medical expenses incurred for self and family.
P.A. Insurance	As per Company Rules applicable to officers.
Leave and LTA	For self and family as per Company Rules. Privilege leave not availed to be encashed at the time of cessation of service.
Club Fees (Admission/ life membership fee not allowed)	Fees of clubs subject to a maximum of 2 Clubs.
PF, Superannuation, Gratuity	As per Company Rules
Other Directorships	Nil
Shareholding in the Company (Equity/Rs.10 each)	12337

#### Other Terms Applicable to the appointment

- Salary, perquisites and commission together to Smt. Urvashi Tilak Dhar shall not exceed 2.5% of the net profit computed in the manner laid down in Section 198 read with Section 197 of the Companies Act, 2013 and the aggregate remuneration to all managerial personnel shall not exceed 10% of the Net Profit arrived at as per the said Sections.
- The managerial personnel will also be entitled for Company maintained chauffeur driven car, communication facilities, and reimbursement of entertainment expenses actually and properly incurred

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in the course of legitimate business of the Company. These will not be considered as prerequisites for the purpose of ceilings on remuneration under the Companies Act.

3. Remuneration including commission for part of the year will be computed on pro-rata basis.
4. In the event of absence or inadequacy of profits in any financial year the managerial personnel will be paid the above remuneration (excluding commission), subject to the overall ceilings provided in Part II Section II of Schedule V of the Companies Act, 2013 or such higher amount subject to such approvals as may be required as minimum remuneration. (In that event contributions to Provident Fund & Superannuation Fund, to the extent these are exempt under the Income-tax Act, 1961 and gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure will not be included for computing the ceiling on remuneration).
5. The appointment may be terminated by either party, giving to the other, six calendar months' notice in writing or lesser notice as may be agreed to. In the event of termination of appointment by the Company, the managerial personnel shall be entitled to compensation in accordance with the provisions of the Companies Act.

Smt. Urvashi Tilak Dhar has confirmed to the Board that she has not been disqualified u/s 164(2) of the Companies Act, 2013, to be appointed or to hold an office of director in a company. As required under SEBI (LODR) Regulations, 2015, she has further confirmed that she has not been debarred or disqualified from being appointed or from continuing to act as Director of companies by any statutory authorities.

Except Smt. Urvashi Tilak Dhar, being the appointee, none of the other directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Items Nos. 8 & 9.

## **Item No.10**

Since the incorporation of the Company on 21.02.1989, the Company's Articles of Association have not been substantially altered. Many of the provisions contained in the Articles are not in consonance with the current provisions of the Companies Act, 2013 and your directors consider it desirable to replace the existing Articles by adopting a new set of Articles of Association, which would not only be in conformity with the provisions of the Act and also incorporate provisions introduced in the Act since the Articles were framed in 1989 such as nomination of legal heir by members as per Section 72 of the Act, Company meetings through Video Conference, buy back of shares, issue of shares with differential rights, sweat equity, etc.

A gist of the important changes is given below:

<b>S. No.</b>	<b>Proposed Article</b>	<b>Provision</b>	<b>Relevant Section of the Companies Act, 2013</b>	<b>Remarks</b>
1	3(2)	Kinds of Share Capital	Section 43 The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws: i) Equity share capital: a) with voting rights; and /or b) with differential rights as to dividend, voting or otherwise in accordance with the Act and Rules; and ii) Preference share capital	Enabling Provision.



S. No.	Proposed Article	Provision	Relevant Section of the Companies Act, 2013	Remarks
2	3(10)	<b>Nomination by shareholders</b>	Section 72	New Article. It is proposed to make a provision in the Articles to provide for nomination of legal heir/s by shareholder/s as allowed by the Act
3	3(24)	<b>Buy-back of shares:</b> Company may buy-back its shares.	Section 68 of the Companies Act and SEBI (Buy Back of Securities) Regulations, 2018.	New Article. Enabling provision. It is mandatory to have a provision in the Articles in case a Company wants to buy-back its shares.
4	3(25)	Sweat Equity.	Section 54.	Enabling provision. In line with present business trends.
5	3(26)	Employees Stock Option Scheme	Listing Regulation and Rule 12 of Companies (Share Capital Debentures) Rules, 2014.	Enabling provision. In line with present business trends.
6	10(13)	Chairman Emeritus	In line with present Business trend	Enabling provision
7	14(4)	Nominee Director/s	Loan Agreements	Revised the Clause to make it more relevant in line with the present business trends.
8	15	Managing Director.	Section 203 of the Companies Act/ SEBI (LODR) Regulations.	Propose to add a provision enabling the Board to combine the office of Chairman and MD, if permitted under the Act/ Listing Regulations.
9	16(2)	Participation in BoD Meeting through video conferencing	Section 173 of the Companies Act.	Provision in line with the new business trends.
10	18	Management	Section 203 of the Companies Act	Under the Companies Act, 1956 appointment of CS only was mandatory for certain companies. Under the new Companies Act, apart from CS, CEO and CFO are also mandatory for such companies. Therefore, consequential change is proposed.

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S. No.	Proposed Article	Provision	Relevant Section of the Companies Act, 2013	Remarks
		<b>PROCEEDING OF THE BOARD OF DIRECTORS (Existing Provision)</b>	<b>MEETINGS OF DIRECTORS (Proposed Article 16)</b>	
11	16	<p>The Directors may meet together as a Board for the dispatch of business from time to time and shall so meet at least once in every three calendar months, and the Board may adjourn and otherwise regulate its meetings and proceedings as it may think fit. Subject to Section 287 of the act, the quorum for a meeting of the Board shall be one third of its total strength (excluding Directors if any, whose places may be vacant at the time and any fraction contained in the one third being rounded off as one), or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two third of the total strength, the number of Directors who are not interested, and present at the meeting, being not less than two, shall be the quorum for such time.</p> <p>If at a meeting of the Board, a quorum shall not be present then the meeting shall stand adjourned to such day, time and place as the Chairman and in his absence, the Vice Chairman and failing both of them, the Director or Directors present at the meeting may fix.</p> <p>A Director may, and the Manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board</p> <p>Questions arising at any meeting of the Board shall be decided by a majority of votes, provided that such majority shall in any and all cases include affirmative vote of at least one 'A group' director, and in case of an equality of votes, the chairman of the meeting shall have a second or casting vote.</p> <p>Subject to the provisions of the Act and the restrictions contained in Section 292 of the Act and Articles, the Board may from time to time,</p>	<p><b>1. Meeting of Directors</b> The Directors may meet together as a Board for the dispatch of business from time to time, and shall hold at least four such meetings every year in such manner that not more than one hundred twenty days shall intervene between two consecutive meetings. The Directors may adjourn and otherwise regulate their meetings as they think fit. The Chairperson or any one Director may, or the company secretary on the requisition of a Director shall on the direction of Chairperson or the Whole-time Director, at any time, summon a meeting of the Board.</p> <p><b>2. Participation through Electronic Mode</b> The participation of Directors in a meeting of the Board may be either in person or through Video Conferencing or Other Audio Visual Means or any other mode, as may be prescribed by the Act or Rules.</p> <p><b>3. Quorum</b> The quorum for a meeting of the Board shall be as provided in the Act. If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned to such other date and time (if any) as may be fixed by the Chairman not being later than seven days from the date originally fixed for the meeting.</p> <p><b>4. Decisions at Board meetings</b> Save as otherwise expressly provided in the Act, questions arising at meetings of the Board of Directors or a Committee thereof shall be decided by a majority of the votes, provided that such majority shall in any and all cases include affirmative vote of at least one 'A Group'. In case of an equality of votes, the chairperson of the Board shall have a second or casting vote.</p> <p><b>5. Directors may appoint Committees</b> Subject to the compliance of the applicable provisions of the Act, Rules made thereunder and these</p>	Updated/ re-arranged to be in line with the requirements of the provisions in the Companies Act, 2013 provided for holding meetings through video conferencing.

S. No.	Proposed Article	Provision	Relevant Section of the Companies Act, 2013	Remarks
		<p>and at any time delegate any of its powers to a committee(s) consisting of such Director or Directors as it think fit, provided that so long as “A group” is member of the Company, all Committees so appointed shall unless otherwise agreed to by “A group” have at least one Director designated in this behalf by ‘A group’ as their member and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part and either as to persons or purposes but every committee of the Board so formed shall in the exercise of the power conform to any Regulation that may from time to time be imposed on it by the Board. All the matters at any meeting of a Committee(s) shall be decided by a majority of Boards provided that such majority shall in any and all cases include affirmative vote of the Director designated by “A group” on such Committee(s). All acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purpose of their appointment but not otherwise shall have the like force and effect as if done by the Board: The meetings and proceedings of any such committee of the Board shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulations made by the Board under these Articles.</p>	<p>Articles, the Board may, delegate any of their powers to a committee or committees of the Board consisting of such members of its body, as it thinks fit, provided that so long as “A Group” is member of the Company, all Committees so appointed shall unless otherwise agreed to by ‘A Group’ or required by law, have at least one Director designated in this behalf by ‘A Group’ as member. The Board, from time to time, may revoke and discharge any such committee either wholly or in part and either as to person or purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. Subject to the requirements of applicable laws, all acts done by any such committee of the Board in conformity with such regulations shall have the like force and effect as if done by the Board.</p> <p><b>6. Meetings of Committees</b> The meetings and proceedings of any such committee of the Board consisting of two or more Members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto. A committee may meet and adjourn as it thinks fit. Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present and in case of an equality of votes, the chairperson of the Committee shall have a casting vote.</p> <p><b>7. Resolution by circulation</b> Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.</p>	

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S. No.	Proposed Article	Provision	Relevant Section of the Companies Act, 2013	Remarks
			<p><b>8. Acts of Board or Committee valid notwithstanding defect in appointment</b> All acts done by any meeting of the Board or by a committee of the Board, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment or continuance in the office, of such Directors or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed or had duly continued in office, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.</p>	

A copy of the draft Articles of Association can be accessed through the link [http://dcmsr.com/other\\_files/YR6/Annual%20Report/draft\\_Articles.pdf](http://dcmsr.com/other_files/YR6/Annual%20Report/draft_Articles.pdf)

A copy is also available on the Company's website.

The directors consider the substitution of the Articles of Association as proposed is important and unavoidable for the smooth functioning of the Company and accordingly recommend the Resolution.

None of the directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.10

## Interest

Except as indicated under the respective items, none of the directors or Key Managerial Personnel or their relative(s) is concerned or interested financially or otherwise in the Resolutions.

The Directors have pleasure in presenting the Annual Report and the Audited Financial Statements of your Company for the year ended 31st March, 2020 together with the Reports of the Auditors and the Board thereon.

## **Covid-19**

In March 2020 the World Health Organization declared Covid-19 to be a pandemic. It developed rapidly into a global crisis, forcing Governments to enforce lockdowns of all economic activities. Consequent to this, the Government of India declared a national lockdown on March 24, 2020 to prevent the spread of the virus. This unavoidable step has caused a severe blow to the economy. For the Company the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption in our operations and commitments to the customers.

On the economic front, things were not fine even before this crisis. The Indian Economy was in a slippery slope well before March 24, 2020, when the lockdown was enforced. India's Gross Domestic Growth (GDP) crashed to 11 year low of 4.2% in 2019-20 and 3.1% in the January-March, 2020 quarter amid a drop in consumption and investment. In the corresponding quarter of 2018-19 it was 5.7% while during 2018-19 the GDP growth was 6.1%.

Further, the uncertainty created by the disruption in business activities world-over is a cause for concern for every sector and the impacts cannot be estimated at this stage. Even developed countries like US and European countries, which have been severely impacted by Covid-19, are in the grip of recessionary trends. This will adversely affect the global business scenario, particularly import and export. Loss of jobs and spiraling unemployment are going to have cascading effect on every sphere of the economy.

Your Directors are happy to inform that in spite of the adversities posed by the pandemic, the impact on the Company's operations has not been material as the Sugar and Chemical operations continued without disruption. The Rayon and Liquor bottling operations had to be suspended for a few weeks in compliance with the Government guidelines but have since been resumed. The overall economic situation being uncertain due to Covid-19, it may impact the operations of the Company in the current year. The Company would closely monitor such developments in economic conditions and consider their impact on its performance in the coming months.

## **Financial Summary**

The Company achieved a turnover of Rs.1818 cr. against Rs.1707 cr. in the previous year. The gross profit at Rs. 123.83 cr. against Rs.111.19 cr. in the previous year is higher by 11 %. The net profit was Rs. 95.96 cr. compared to Rs.73.58 cr. in the previous year, an increase of 13 %.

## **Appropriation and Dividend**

The Board of Directors had declared an interim dividend of Rs.5.00 (50%) per equity share of Rs.10 for the year 2019-20 in the Board Meeting held on 10.02.2020 and the same has been paid to the shareholders within the stipulated time.

Considering the fluid business prospects and the need to preserve resources for meeting future commitments, the Board did not recommend any final dividend for the year 2019-20.

The closing balance of the retained earnings of the Company, after accounting for the dividend for the year 2018-19 and the interim dividend for the year 2019-20, amounting to Rs. 341.16 Cr. was carried forward in the P & L Account which include the net profit of Rs. 95.96 Cr. of the year under review.

## **Auditors' Report**

There are no qualifications, reservation, or adverse remarks or disclaimer in the Auditors' Reports to the Members on the Annual Financial Statements for the year ended 31.03.2020.

The Auditors have not reported any fraud pursuant to Section 143(12) of the Companies Act, 2013.

## **Secretarial Audit Report**

M/s. Chandrasekaran Associates, Company Secretaries, carried out the Secretarial Audit for the year 2019-20 pursuant to Section 204 of the Companies Act, 2013. A copy of their Report in Form MR-3 as per Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure – 1**. There is no qualification in the Report.

# DIRECTORS' REPORT (continued)

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## THE STATE OF COMPANY'S AFFAIRS

### Sugar

During the year, Daurala Sugar Works (DSW) produced 2.23 Lakh MT of sugar by crushing 20.15 Lakh MT of cane as against 2.25 Lakh MT of sugar by crushing 19.93 Lakh MT in the previous year. The sugar production was lower due to diversion of more sugar towards 'B' heavy molasses to enable higher Anhydrous Alcohol production. The sugar recovery considering 'C' heavy molasses production was better by 0.1% over last year. This was the result of continued efforts made by factory along with farmers to propagate high sucrose varieties in our area.

Supply of power to the grid and Sale of Renewable Energy Certificates (RECs) was as planned. The Unit co-generated 19.23 Crore Kwh of power in the year 2019-20 against 18.80 Crore Kwh of power in the year 2018-19.

Sugar prices during the financial year 2019-20 remained range bound between Rs. 3150 to 3300 per qtl. Government has been supporting the sugar prices using release mechanism. The Domestic sugar production for the Sugar Season 2019-20 is estimated at around 27.0 Million MT. Due to countrywide lockdown announced by the Government the summer demand is lower by 1 - 2 Million MT and is expected to be 25 Million MT or lower.

To provide some relief and liquidity to the sugar industry, the Government has taken following steps:

- Announced export of 6 Million MT of sugar under Maximum Admissible Export Quantity (MAEQ) Scheme for Sugar Season 2019-20. Support of Rs. 10,448 per MT against MAEQ announced.
- Fixed higher prices for Anhydrous Alcohol produced from 'B' Heavy Molasses and Cane Juice.
- Creation of higher buffer stock quantity of 4 Million MT (Last Season 3 Million MT).
- Maintained support price for free sale sugar at Rs. 3100 per qtl.

International white sugar prices remained range bound around US\$350 per MT because production in Brazil as well as expected global deficit to 6-7 Million MT for Sugar Season 2019-20. However, due to countrywide lockdown and labour shortage at ports, 5 Million MT of exports are expected against target of 6 Million MT fixed by the Government for Sugar Season 2019-20.

Alcohol operations continued to show steady growth during the financial year 2019-20. DSW produced 21,547 KL of alcohol which was highest in the last decade. This was achieved because of continued efforts made to improve productivity and optimum operation of new Multi Pressure Distillation Plant installed last year. DSW has augmented its Anhydrous Alcohol Capacity by installing a new 40 KLPD plant. This will enable DSW to produce higher Anhydrous Alcohol from 'B' Heavy Molasses, which will improve its bottom line.

During the year, the Company has installed and commissioned a Concentration & Incineration Plant. This will allow the distillery to operate uninterrupted during monsoon period i.e. from July – September every year. Permission to operate for 350 days in a year has been received. DSW is maximizing Absolute Alcohol production and plans to process higher B Heavy Molasses from next year onwards. Concentration & Incineration Plant has also helped to generate additional power and achieve Zero Liquid Discharge norm while treating distillery effluent more scientifically and environment friendly manner.

The Oil Marketing Companies (OMCs) have announced better prices for Anhydrous Alcohol produced from 'B' heavy molasses and cane juice. DSW has diverted more sugar towards 'B' heavy Molasses and has tied-up to supply 8530 KL from B heavy molasses to OMCs.

Bottling operations have shown marked improvement with contract bottling volumes increasing by 40% over last year.

DSW continued to show improvement in operating parameters and operational efficiency. DSW has successfully tackled high sugar inventory by tying-up its sugar for export under MAEQ Scheme announced by the Government and diverting more sugar towards 'B' heavy Molasses. DSW requested and sold additional sugar under MAEQ.

Daurala Sugar Works is proud to inform the addition of a new product Hand Sanitizer under the brand "DAURALA CARES" in its bouquet of Finished Products. The product has been well accepted by the market and Company

is confident of having a leading presence in the Indian Market in the coming years. To achieve this objective, discussions are being held with big players and the listing of our product on online selling portals is planned.

DSW has been at the forefront in the fight against Global Pandemic Covid-19. In addition to monetary contributions made to the Central and State Governments, DSW has supplied hand sanitizer free of cost to Government Departments and hospitals.

### **Rayon**

Shriram Rayons increased its export sales and turnover, every year, over past three years. However, due to recessionary economic conditions and lower automobile production world over coupled with impact of Covid-19 pandemic in the last quarter of the financial year, export volume was lower during the year. Production was adjusted accordingly.

In spite of lower volumes the Unit was able to maintain operating margins by reducing input costs and various other costs during the year.

The Unit is implementing a capacity expansion project including installation of a state-of-the-art dipping unit to meet additional market requirement of treated fabric in coming years.

The Unit manufactures Nylon Chafer Fabric which is mainly sold to domestic tyre companies. Besides this some volume is also exported. The Unit was able to maintain the sales in spite of difficult market situation.

With completion of Power House upgradation project, consisting of one agro-fuel boiler and an extraction cum condensing turbine, the Unit was able to reduce, both, energy cost and its dependency on grid power.

The Unit already has a One MW Solar Power Plant. Installation of an additional One MW Solar Power Plant is in progress.

The Unit continued receiving appreciation and awards from various agencies for improving production, productivity and quality systems.

The Unit upgraded its occupational health and safety management system from OHSAS 18001-2007 to ISO-45001-2018.

The Unit kept up its efforts for improving effluent and emission controls by upgrading the facilities.

### **Chemicals**

The buoyancy in the Chemicals Businesses continued because of constraints of production in China due to stricter monitoring of environment related matters and other reasons.

The Company's focus has been on optimizing sales realization by aggressive marketing/ dispatch of products with high margin.

Parallely, we have been focusing on cost reduction through process improvements resulting in lower energy consumption, improved process efficiencies etc. This has been achieved through in-house R&D and trials. Some improved technologies have already been put into operation with good results.

The Company is continuously exploring the manufacture of new products as also debottlenecking capacities wherever market opportunities are available.

Being classified as an Essential Industry, there were no restrictions on the Unit's operations during the lockdown period. Though initially some difficulty was faced in obtaining inputs and adequate labour, the situation has rapidly improved.

### **Engineering Projects**

The Company's efforts to venture into defense equipment manufacturing is continuing. The Company has received Industrial Licenses for manufacture of Light Bullet Proof Vehicles, Unmanned Aerial Vehicles, Night Sights / Vision Equipment and Communication Equipment. Company has developed the LBPVs, which are presently undergoing testing. After clearing the tests, the vehicle will be submitted to the user for trials. Because of the spread of Covid-19 and the resultant lockdown, there have been delays in the testing. The user has extended the timeline for submission of the prototype in view of the situation. The Company is hopeful of meeting the timeline. The other projects are in different stages of analysis. The Central Government policies of "Atmanirbhar" and "Make in India" are expected to give a fillip to the domestic defense industry.

# **DIRECTORS' REPORT (continued)**

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## **Material changes and commitments**

No material changes or commitments have occurred between the end of the financial year to which the financial statements relate and the date of this Report, affecting the financial position of the Company.

## **Subsidiary/ Associate Companies**

The Company has a non-material wholly owned subsidiary, Daurala Foods & Beverages Pvt. Ltd., which is not carrying on any operations presently. DCM Hyundai Limited is an associate company. The required information with regard to the performance and financial position of the subsidiary and associate companies are annexed in Form AOC - I as annexure to the Annual Financial Statements for the year ended 31.03.2020. There has been no change in relationship of subsidiary/ associate companies during the year.

## **Annual Return**

A copy of Form MGT-9, which is an extract of Annual Return for the year 2019-20, is available on the Company's web link: [http://dcmsr.com/other\\_files/YR6/Annual%20Report/mgt9.pdf](http://dcmsr.com/other_files/YR6/Annual%20Report/mgt9.pdf)

## **BOARD MEETINGS AND DIRECTORS**

### **Meetings of the Board**

During the year 2019-20 five Board meetings were held. The dates of the meetings, attendance, etc., are given in the Corporate Governance Report annexed hereto.

### **Declaration u/s 149(6) of the Act**

All the Independent Directors (IDs) have given declarations u/s 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that they meet the criteria of independence as laid down under the said Section/ Regulation.

The Directors of the Company have also confirmed that they were not disqualified to be appointed as Directors as per Section 164(2) of the Companies Act, 2013 and that they have not been debarred by SEBI or any other statutory authority to hold an office of director in a company.

### **Familiarization Programme for Independent Directors**

Except Shri Sanjay C. Kirloskar who joined the Board in September, 2018, other Independent Directors of the Company have been on the Board for over 5 years and are fully familiar with its operations. As such no separate familiarization programme was organized during the year for them. Shri Sanjay C. Kirloskar had visited the Company's Units at Daurala, UP to familiarize himself with the operations.

The Directors are also kept updated with information on the Company, the industry and developments in different segments in which the Company operates, at the Board meetings while reviewing the operations, quarterly/annual financial results and considering the budgets.

A familiarization Programme for IDs laid down by the Board has been posted on the Company's weblink – [http://www.dcmsr.com/other\\_files/Familiarization%20Programme%20for%20Independent%20Directors.pdf](http://www.dcmsr.com/other_files/Familiarization%20Programme%20for%20Independent%20Directors.pdf)

### **Policy on Board Diversity**

The Board of Directors in its meeting held on 30.5.2016 had approved a Policy on Board Diversity, laid down by the Nomination & Remuneration Committee (NRC) as required under the SEBI (LODR) Regulations, 2015. A copy of the same has been posted on the Company's weblink - [http://www.dcmsr.com/other\\_files/Policy-BoardDiversity.pdf](http://www.dcmsr.com/other_files/Policy-BoardDiversity.pdf)

### **Directors Appointment and Remuneration**

Appointment of directors on the Board of the Company is based on the recommendations of the Nomination & Remuneration Committee. NRC identifies and recommends to the Board, persons for appointment on the Board, after considering the necessary and desirable competencies. NRC also takes into account positive attributes like integrity, maturity, judgement, leadership position, time and willingness, financial acumen, management experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, etc.

Independent Directors should fulfill the obligations of independence as per the Act and Regulation 25 of the SEBI (LODR) Regulations, 2015 in addition to the general criteria stated above. All the Independent Directors of the Company have got themselves enrolled in the Databank of IDs maintained by Indian Institute of



Corporate Affairs, an entity under the Ministry of Corporate Affairs. It is ensured that a person to be appointed as director has not suffered any disqualification under the Act or any other law to hold such an office.

The directors of the Company are paid remuneration as per the Remuneration Policy of the Company, the gist of which is given under the heading 'Remuneration Policy' as part of this Report. The details of remuneration paid to the directors during the year 2019-20 are given in Form MGT-9 annexed hereto and also in the Corporate Governance Report forming part of this Report.

### **Changes in Directors or KMP**

Shri Tilak Dhar, who was the Sr. Managing Director of the Company passed away on 01.07.2019. Shri Alok B. Shriram, Jt. Managing Director was elevated as Sr. Managing Director & CEO and Shri Madhav B. Shriram, Dy. Managing Director was elevated as Managing Director with effect from 14.08.2019. Upon assuming the office of Sr. Managing Director, Shri Alok B. Shriram has become a director not liable to retire by rotation as per Articles of Association of the Company. Smt. Urvashi Tilak Dhar (DIN 00294265) was inducted to the Board in a casual vacancy and appointed as Whole Time Director w.e.f. 14.08.2019. Shri K.N. Rao had demitted office as Director & CEO (Rayons) on 31.10.2019 on completion of his term. Shri Nalin Kumar Jain (DIN 00203581), who was the Chief Financial Officer of the Company, was appointed in the casual vacancy caused by the demitting of office by Shri K.N. Rao. Shri Nalin Kumar Jain was also designated as Director Finance & Chief Financial Officer with effect from 01.11.2019, as per the Company policy of elevating a senior management personnel to the Whole-time Director level from time to time.

With a view to further broad base and strengthen the composition of the Board, the Board in its meeting held on 27.06.2020 has co-opted Shri Manoj Kumar (DIN: 00072634) as an Additional Director u/s 161 of the Companies Act, 2013. Shri Manoj Kumar will hold office till the ensuing AGM on 2nd September, 2020. A proposal for approval to his appointment as a director liable to retire by rotation under Section 152(6) of the Act is being included in the notice convening the ensuing AGM. The Directors recommend the resolution for approval of the shareholders.

All the above changes in the composition of the Board was made on the recommendation of the Nomination & Remuneration Committee.

The shareholders in the Annual General Meeting held on 13.08.2019 had approved the reappointment of Ms. V. Kavitha Dutt (DIN 00139274), as an Independent Director for another term of 5 years effective from 02.02.2020.

Shri Alok B. Shriram who was appointed Sr. Managing Director & CEO in place of Late Shri Tilak Dhar has become one of the Key Managerial Personnel effective from 14.08.2019. There has been no other change in the Key Managerial Personnel during the year.

### **Annual Evaluation of Board and Directors**

As required under the Act and the SEBI (LODR) Regulations, 2015 evaluation of the performance of the Independent Directors, Board as a whole, Executive Directors, the Chairman and the Committees during the year 2019-20 was carried out by the Board of Directors based on the criteria laid down by the NRC in the year 2017, in the meeting held on 27.6.2020 as the meeting scheduled for the purpose on 27.03.2020 had to be cancelled because of the lockdown. A copy of the 'criteria for evaluation' is annexed as Annexure 2 hereto.

On evaluation, the Board observed that the Board continued to adhere to the highest standards in all areas evaluated and the performance was constructive and met the test of objectivity in achieving the goals of the Company. The Board appreciated the efforts of the Executive Directors in achieving impressive results in the face of adversities. It was also noted that the Committees carried out their functions keeping in view the requirements mandated under the Companies Act/ SEBI (LODR) Regulations pursuant to which these were constituted effectively. The Board appreciated that the Independent Directors, individually and collectively functioned constructively to the best interest of and beneficial to the Company and stakeholders. The IDs adhered to the Code of Independence as per Schedule IV of the Act and to the restriction with regard to pecuniary relationship with the Company during the period under evaluation. The Board also noted that Shri S.B. Mathur carried out his functions during the year as Chairman with utmost responsibility, open mind, decisiveness and transparency.

# **DIRECTORS' REPORT (continued)**

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The IDs in a separate meeting held on 29.05.2020, in place of a meeting for the purpose fixed on 27.03.2020 and cancelled because of the lockdown, reviewed and evaluated the performance of non-Independent Directors, the Board as a whole, the Board Committees and the performance of the Chairman of the Company taking into account the views of Executive Directors, based on the criteria laid down by the NRC during the year 2019-20.

The IDs also reviewed the quality, quantity and timeliness of flow of information between the Company management and the Board, which are necessary for the Board to effectively and reasonably perform its duties.

The performance evaluation by the Board and the Independent Directors did not find any matter requiring follow up action.

## **Directors' Responsibility Statement**

As required under Section 134(3)(c) of the Act, your Directors state that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 or loss 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 this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **Internal Financial Controls**

A comprehensive and effective internal financial control system is followed by the Company at all its establishments. This is further strengthened by an internal audit process under the overall supervision of the Audit Committee of the Board. The services for the internal audit are outsourced. Qualified and experienced professionals are engaged to ensure effective and independent evaluation of, inter alia, the internal financial controls.

The Audit Committee lays down the schedule for internal audit. Internal audit reports are placed before the Committee with management comments. Suggestions are implemented and reported to the Audit Committee.

Apart from the above, an effective budgeting and monitoring system is also in place. Budgets are reviewed by Audit Committee and approved by the Board. The operating results are compared and monitored with the approved budgets periodically. An Executive Committee comprising of senior management team meets every month, reviews all aspects of operations and chalks out remedial measures and strategies, wherever necessary.

An effective communication/ reporting system operates between the Units, Divisions and Corporate Office to keep various establishments abreast of regulatory changes and ensure compliances.

## **Loans, Guarantees and Investments**

The particulars of loans given by the Company are given in Note no.15 of the Standalone Financial Statements for the year ended 31.03.2020.

The Company has not made any investment or provided any guarantee covered u/s 186 of the Companies Act, 2013, during the year except surplus funds placed in liquid funds of Mutual funds on short term basis.

## **Related Party Transactions**

There has been no materially significant related party transaction between the Company and the Directors, Key Management Personnel, the subsidiary or the relatives except for those disclosed in the financial statements – Note No.45 of Notes to Accounts, which are at arm's length basis and not material. Accordingly, Form AOC -2 does not form part of this Report.

The Board had framed a Policy on Related Party Transactions and placed the same on the Company's weblink: [http://www.dcmsr.com/other\\_files/related%20party%20trx%20policy.pdf](http://www.dcmsr.com/other_files/related%20party%20trx%20policy.pdf).

### CSR Activities

Pursuant to Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, a report in the prescribed proforma is annexed – Annexure 3. The Company was required to spend Rs.204.74 lakh being 2% of the average net profits of the preceding 3 years. The Company spent Rs.170.64 lakh till 31.03.2020. The balance of Rs. 34.10 Lakh, most of which was committed before 31.03.2020, was spent in the subsequent months because of the lockdown.

### Risk Management

The Board of Directors in its meeting held on 30.01.2006 undertook a comprehensive review of the risk assessment and minimization procedures/ policies followed by the Company at its various operations. While taking note of the same, the Board laid down that a half yearly status report of the risk assessment and steps taken to minimize the risks be placed before the Board. Such a report in respect of all the operations of the Company is regularly placed before the Board and suggestions, if any, are implemented.

In view of the diversified business, there are no significant elements of risk, which in the opinion of the Board may threaten the existence of the Company.

The Board of Directors while reviewing the existing risk assessment procedures, laid down a Risk Management Policy as required under Regulation 17 of SEBI (LODR) Regulations, 2015.

### Public Deposits

Details relating to deposits covered under Chapter V of the Act.

	<u>(Rs./lakh)</u>
i) Accepted during the year :	105.00
ii) Remained unpaid or unclaimed as at the end of the year :	32.06
iii) Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved :	
a) at the beginning of the year }	
b) maximum during the year }	Nil
c) at the end of the year }	
iv) The details of deposits which are not in compliance with the requirement of Chapter V of the Act. }	Nil

### Significant Material Orders Passed by Regulators or Courts or Tribunals

No significant orders have been passed by any Regulators, Courts or Tribunals during the year impacting the going concern status and Company's operations in future.

### Extract of the Annual Return

Extract of the Annual Return for the year 2019-20 in Form MGT-9 is annexed – **Annexure 4**.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The required information as per Rule 8 (3) A, B & C of Companies (Accounts) Rules, 2014 is annexed – **Annexure 5**.

### REMUNERATION POLICY

The Board of Directors in its meeting held on 14.8.2014 had laid down a Remuneration Policy as recommended by the Nomination & Remuneration Committee relating to remuneration of the Directors, Key Managerial Personnel (KMP), Sr. Management Personnel (SMP) and other employees of the Company.

# DIRECTORS' REPORT (continued)

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The Remuneration Policy is in accordance with Section 178 of the Act and the Rules made there under. The Policy was revised by the Board in its meeting held on 29.10.2019. The Remuneration Policy is posted on the Company's weblink. [http://www.dcmsr.com/other\\_files/remuneration%20policy.pdf](http://www.dcmsr.com/other_files/remuneration%20policy.pdf). The salient features of the Policy are given below:

## i. Guiding principle

The guiding principle of the Policy is that the remuneration and other terms of employment should effectively help in attracting and retaining committed and competent personnel. The remuneration packages are designed keeping in view industry practices and cost of living.

## ii. Directors

Non-executive directors are paid remuneration in the form of sitting fees for attending Board/ Committee meetings as fixed by the Board from time to time subject to statutory provisions. Presently sitting fee is Rs.50,000 per Board meeting and Rs.25,000 per Committee meeting. In addition, Non-executive Directors are to be paid commission on profits of up to 1% of the net profit of the Company, computed in the manner laid down u/s 198 of the Companies Act, 2013, in such amount and proportion as may be decided by the Board of Directors.

Remuneration of Executive Directors (Whole-time Directors) including Managing Director(s) is fixed by the Board of Directors on the recommendation of the NRC, subject to the approval of the shareholders. The NRC, while recommending the remuneration, takes into account pay and employment conditions in the industry, merit and seniority of the person and paying capacity of the Company. The remuneration, which comprises of salary, perquisites, performance based reward/profit based commission and retirement benefits as per Company Rules, is subject to the limits laid down under the Companies Act, 2013.

## iii. Key Managerial Personnel and Sr. Management Personnel

Appointment, remuneration and cessation of service of Key Managerial Personnel are subject to the approval of the NRC and Board of Directors. Appointment and cessation of service of Sr. Management Personnel are approved by the Senior Managing Director on the recommendation of the concerned Executive Director, keeping in view the Remuneration Policy.

## iv. Other employees

The remuneration of other employees is fixed from time to time by the Management as per the guiding principle laid down in the Remuneration Policy and considering industry standards and cost of living. In addition to salary, they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable.

## Managerial Remuneration

The information required as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pertaining to remuneration of Directors, KMP and comparisons are annexed – **Annexure 6**. It is affirmed that the remuneration is as per the Remuneration Policy of the Company.

Statement of particulars of the top ten employees in terms of remuneration including employees who were in receipt of remuneration which was not less than Rs.102 lakh or more per annum in aggregate during the year 2019-20 is annexed – **Annexure 7**.

## Audit Committee

The Audit Committee presently comprises of three IDs and one Executive Director. Shri P.R. Khanna is the Chairman and Shri S.B. Mathur, Shri S.C. Kumar, all IDs and Shri Madhav B. Shriram, Managing Director are Members. There was no instance of the Board not accepting the recommendation of the Audit Committee.

## Vigil Mechanism

Pursuant to Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, 2015, the Board of Directors, on the recommendation of the Audit Committee, adopted a Vigil Mechanism (Whistle Blower Policy). The Policy has been revised by the Board in its meeting held on 27.5.2019 to incorporate the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The revised Policy is being circulated among the employees and also being put on the weblink of the Company: [http://www.dcmsr.com/other\\_files/whistleblower%20policy.pdf](http://www.dcmsr.com/other_files/whistleblower%20policy.pdf).

The Policy provides a channel to the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or policies. The mechanism provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

### **Share Capital**

During the year, the Company has not issued any share capital with differential voting rights, sweat equity or ESOP nor provided any money to the employees or trusts for purchase of its own shares.

The Company has not made any public offer of shares during the year.

### **Statutory Auditors**

Pursuant to Section 139 of the Companies Act, 2013, the shareholders in their meeting held on 22.8.2017 had appointed M/s. B S R & Co., LLP, Chartered Accountants (Firm Registration No.101248W/W100022), Gurugram as statutory auditors for holding office from the conclusion of the said AGM till the conclusion of the AGM to be held in the year 2022 on the recommendation of the Audit Committee and the Board of Directors.

### **Cost Auditors**

M/s Ramanath Iyer & Co., Cost Accountants, (Regn No.13848), 808, Pearls Business Park, Netaji Subhash Place, Pitampura, Delhi – 110034, who were appointed as Cost Auditors of the Company for the year 2018-19, submitted the Cost Audit report, due for filing on or before 09.09.2019, to the Central Government on 26.08.2019. They have been reappointed as Cost Auditors for the year 2020-21. A resolution for ratification of their remuneration for the year 2020-21, as required under the Companies Act, 2013, forms part of the Notice convening the AGM.

The Company maintains Cost records as specified by the Central Govt. under sub- section (1) of section 148 of the Companies Act, 2013.

### **Corporate Governance**

Reports on Corporate Governance and Management Discussion & Analysis are annexed - **Annexure 8**.

### **Anti-Sexual Harassment Policy**

Pursuant to the “Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013”, the Company constituted Internal Complaints Committees at all its workplaces. There has not been any instance of complaint reported in this regard to any of the Committees. The Committees are being reconstituted effective from 01.07.2020 for next 3 years.

The Company periodically review and submit a status report annually to the Competent Authority under Section 22 of the said Act.

### **Acknowledgment**

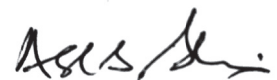
The Directors acknowledge the continued co-operation and support received from the banks and various government agencies, and all our business associates. The banks have been very considerate and cooperative in extending the reliefs offered by the Government / RBI in the wake of the Covid-19 and the resultant lockdown.

The Directors also place on record their appreciation of the contribution made by employees at all levels.

For and on behalf of the Board



(Madhav B. Shirram)  
DIN: 00203521  
**Managing Director**



(Alok B. Shirram)  
DIN: 00203808  
**Sr. Managing Director**

New Delhi,  
June 27, 2020

# DIRECTORS' REPORT (continued)

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## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

Annexure - 1

To,  
The Members,  
**DCM Shriram Industries Limited**  
Kanchenjunga Building,  
18, Barakhamba Road, New Delhi -110001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DCM Shriram Industries Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **DCM Shriram Industries Limited** ("the Company") for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and Not Applicable
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable
- (vi) The other laws, as informed and certified by the management of the Company, there is no sectorial law specifically applicable to the Company based on their Sectors/ Industry. The Other laws, as informed

and certified by the Management of the Company which are specifically applicable to the Company based on their Sectors/ Business are:

1. The Narcotic Drugs and Psychotropic Substances Act, 1985
2. Sugarcane Control Order, 1966
3. Sugar Control Order 1966

We have also examined compliance with the applicable clauses / Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance (and at a Shorter Notice for which necessary approvals were obtained), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no specific events / actions took place having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For Chandrasekaran Associates  
Company Secretaries

Sd/-

**Dr. S. Chandrasekaran**  
**Senior Partner**

Membership No. FCS 1644  
Certificate of Practice No. 715  
UDIN: F001644B000345801

Date: 16.06.2020  
Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

**Disclaimer:**

Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.

This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to Financial Year 2019-2020. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is time line to comply with such compliances.

# DIRECTORS' REPORT (continued)

**Annexure - A**

To  
The Members  
**DCM Shriram Industries Limited**  
Kanchenjunga Building,  
18, Barakhamba Road, New Delhi -110001

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Chandrasekaran Associates  
Company Secretaries

Sd/-

**Dr. S. Chandrasekaran**  
**Senior Partner**

Membership No. FCS 1644  
Certificate of Practice No. 715  
UDIN: F001644B000345801

Date: 16.06.2020  
Place: New Delhi

**Annexure - 2**

## **Criteria for Evaluation of Board as a Whole by all Directors**

<b>Area of Evaluation</b>	<b>Criteria</b>
a) <u>Structure of the Board</u>	i) Competency of Directors
	ii) Experience of Directors
	iii) Mix of qualifications
	iv) Diversity in Board under various parameters
	v) Appointment to the Board
b) <u>Meetings of the Board</u>	i) Regularity of meetings
	ii) Frequency
	iii) Logistics
	iv) Agenda
	v) Discussions and dissents



	vi) Recording of Minutes
	vii) Dissemination of information
c) <u>Functions of the Board</u>	i) Role and responsibilities of the Board
	ii) Strategy and performance evaluation
	iii) Governance and compliance
	iv) Evaluation of risks
	v) Grievance redressal for investors
	vi) Conflict of interest
	vii) Stakeholder value and responsibilities
	viii) Corporate culture and values
	ix) Review of Board evaluation
	x) Facilitation of Independent Directors
d) <u>Board and Management</u>	i) Evaluation of performance of the management and feedback
	ii) Independence of the management from the Board
	iii) Access of the management to the Board and Board access to the management
	iv) Secretarial support
	v) Fund availability
	vi) Succession plan
e) <u>Professional development:</u>	

#### **Criteria for Evaluation of the Committees of the Board by all Directors**

<b>Area of Evaluation</b>	<b>Criteria</b>
a) Mandate and composition	Whether the mandate, composition and working procedures of Committees of the Board of Directors are clearly defined and disclosed.
b) Effectiveness of the Committee	Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable.
c) Structure of the Committee and meetings	i. Whether the Committees have been structured properly and regular meetings are being held.  ii. Whether in terms of discussions, agenda, etc. of the meetings, similar criteria laid down as specified above for the entire Board.
d) Independence of the Committee from the Board	Whether adequate independence of the Committee is ensured from the Board.
e) Contribution to decisions of the Board	Whether the Committees' recommendations contribute effectively to decisions of the Board.

# DIRECTORS' REPORT (continued)

## Criteria for Evaluation of Individual Directors and Chairperson (including IDs and Executive Directors by the Board as a Whole)

Area of Evaluation	Criteria
<u>General</u>	a) Qualifications
	b) Experience
	c) Knowledge and competency
	d) Fulfillment of functions
	e) Ability to function as a team
	f) Initiative
	g) Availability and attendance
	h) Commitment
	i) Contribution
	j) Integrity
<u>Additional criteria for IDs</u>	a) Independence
	b) Independent views and judgement
<u>Additional criteria for Chairperson</u>	a) Effectiveness of leadership and ability to steer the meeting
	b) Impartiality
	c) Commitment
	d) Ability to keep shareholders' interests in mind

## Criteria for Evaluation of Individual Directors and Chairperson (excluding Independent directors) by Independent Directors

Area of Evaluation	Criteria
<u>General</u>	a) Qualifications
	b) Experience
	c) Knowledge and competency
	d) Fulfillment of functions
	e) Ability to function as a team
	f) Initiative
	g) Availability and attendance
	h) Commitment
	i) Contribution
	j) Integrity
<u>Additional criteria for Chairperson</u>	a) Effectiveness of leadership and ability to steer the meeting
	b) Impartiality
	c) Commitment
	d) Ability to keep shareholders' interests in mind
<u>Flow of information</u>	Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board.

**REPORT ON CSR ACTIVITIES**

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.

***Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors on the recommendation of the CSR Committee laid down a CSR Policy.***

***The Policy lays down the manner in which CSR activities covered under Schedule VII of the Companies Act, 2013, will be taken up and implemented by the Company. A copy of the Policy is available on Company's website <https://www.dcmsr.com>***

2. The CSR Committee comprised of Shri Alok B. Shriram, Sr.MD, (Chairman), Shri Madhav B. Shriram, MD (Member), Smt. Urvashi Tilak Dhar, WTD (Member) Shri S.C. Kumar., Independent Director, (Member) and Ms V Kavitha Dutt Independent Director, (Member).
3. Average net profit of the Company for last three financial years – Rs.102.37 Crore.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) – Rs.204.74 lakh.
5. Details of CSR spent during the financial year
  - a) Total amount to be spent for the financial year – Rs.204.74 lakh.
  - b) Amount unspent, if any. - Nil
  - c) Manner in which the amount spent during the financial year is detailed below: (Rs./lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>S. No.</b>	<b>CSR project or activity identified</b>	<b>Sector in which the project is covered (Ref. Sch. VII of the Cos. Act, 2013)</b>	<b>Projects or programs 1) local area or other 2) Specify the State and District where projects or programs were undertaken</b>	<b>Amount outlay (budget) projects or programs wise</b>	<b>Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads</b>	<b>Cumulative expenditure upto the reporting period</b>	<b>Amount spent: Direct or through implementing agency</b>
1	Provision of medicines, medical camps, etc.	Health programme including preventive health (Sch. VII (i))	Daurala, Meerut	27.05	1) 27.05	27.05	Directly and In association with NGOs.
2	Health care	Health Care (Item No.i)	Delhi	28.39	1) 28.39	28.39	Directly and In association with NGOs.
3	Support to education of women/old age/Spl. able children/ library/	Promotion of education [Sch. VII (ii)]	Kota, Rajasthan/ Daurala, UP/ Gurugram	69.18	1) 69.18	69.18	Directly and In association with NGOs.
4	Support to old age persons	Facilities for Sr. citizens [Sch. VII (iii)]	Daurala, Meerut	4.75	1) 4.75	4.75	Direct
5	Environment sustainability	Environment Protection	Daurala, Meerut	9.41	1) 9.41	9.41	Direct
6	National Heritage	Promotion of Art/ culture [Sch. VII (v)]	Delhi / Kota / Bengaluru	27.20*	1) 12.20	12.20	Direct
7	Promotion of sports	Promotion of sports [Sch. VII (vii)]	Noida, UP/ Gurugram, Haryana	8.35	1) 8.35	8.35	Directly and In association with NGOs.

# DIRECTORS' REPORT (continued)

(Rs./lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
8	Disaster Mgmt. & National Calamity	Flood Relief / support to Co-vid-19 affected people [Sch. VII (xii)]	Assam/ Delhi / Daurala	-	4.44	4.44	Direct
9	Salary & capacity building of staff	Overheads (Rule 4(6) of Companies (CSR Policy) Rules, 2014			6.85	6.85	
	<b>TOTAL</b>				<b>170.64</b>	<b>170.64</b>	

\* The annual Mushaira which was to be held on 16.03.2020, involving an estimated expenditure of Rs. 20 Lakh was cancelled because of COVID-19 pandemic.

## CSR Payment for the year 2019-20 made subsequent to 31.03.2020 due to Lockdown

(Rs./lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered (Ref. Sch. VII of the Cos. Act, 2013)	Projects or programs 1) local area or other 2) Specify the State and District where projects or programs were undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Lung Care	Health Care [Sch. VII (i)]	Delhi	3.35	1) 3.35	3.35	In association with NGO
2.	Prime Ministers National Relief Fund	PM National Relief Fund [Sch. VII (viii)]	Delhi	10.00	1)10.00	10.00	Direct
3	Disaster Mgmt. & National Calamity	PM Cares & Support to Covid-19 affected persons. [Sch. VII (xii)]		20.75	20.75	20.75	Directly and In association with NGOs.
	<b>TOTAL</b>			<b>34.10</b>	<b>34.10</b>	<b>34.10</b>	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

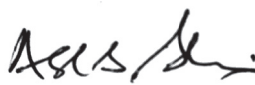
Not applicable.

7. It is confirmed that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company.

8. Rs.34.10 lakhs was spent after close of the Financial Year because of the Lockdown.



**Madhav B. Shiram**  
Member, CSR Committee  
(DIN 00203521)



**Alok B. Shiram**  
Chairman, CSR Committee  
(DIN 00203808)

**EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2020**
**Annexure - 4**
**Form No. MGT-9**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN:- L74899DL1989PLC035140
- ii) Registration Date: 21.02.1989
- iii) Name of the Company: DCM SHRIRAM INDUSTRIES LTD.
- iv) Category/ Sub-Category of the Company: Manufacturing
- v) Address of the Registered Office and contact details:  
Kanchenjunga Building, 5th Floor, 18 Barakhamba Road,  
New Delhi – 110 001.  
Tel.No. 011-23759300 Fax No. 011-23350765  
Email- dsil@dcmsr.com Website: https://www.dcmsr.com
- vi) Whether listed Company: Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:  
KFIN Technologies Pvt. Ltd.
  - 1) Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad–500032  
Tel.no. 040 - 67161500 Toll free no.18003454001  
email - einward.ris@kfintech.com
  - 2) New Delhi House, 305, 3rd Floor, Barakhamba Road,  
New Delhi – 110001  
Tel.no. 011 - 43681700

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Sugar*	1072	62.65
2	Industrial Fibers and related products	1399 /13999	18.33
3	Chemicals	2011/ 20119	19.02

\* Comprising of sugar, power, alcohol and sanitizer.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and address of the Company	CIN/ GLN	Holding / Subsidiary/ Associate	% of shares held (equity)	Applicable Section
1	Daurala Foods & Beverages Pvt. Ltd. 6th Floor, Kanchenjunga Bldg., 18 Barakhamba Road, New Delhi -110001	U74899DL1994PTC062686	Subsidiary	100	2(87) and 129(3)
2	DCM Hyundai Ltd. 5th Floor, 'Akash Deep', 26-A, Barakhamba Road, New Delhi - 110001	U93090DL1995PLC273604	Associate	49.28	2(6) and 129(3)

# DIRECTORS' REPORT (continued)

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share holding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				%age change during the year
	Demat	Physical	Total	%age of Total shares	Demat	Physical	Total	%age of total shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF	140900	0	140900	0.81	140900	0	140900	0.81	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt.	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	7944549	0	7944549	45.66	8016182	0	8016182	46.07	0.41
e) Banks/ FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
<b>SubTotal (A)(1)</b>	<b>8085449</b>	<b>0</b>	<b>8085449</b>	<b>46.47</b>	<b>8157082</b>	<b>0</b>	<b>8157082</b>	<b>46.88</b>	<b>0.41</b>
<b>2) Foreign</b>									
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Other – individuals	0	0	0	0	0	0	0	0	0
c) Bodies corp..	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of promoter (A)=(A)(1)+(A)(2)</b>	<b>8085449</b>	<b>0</b>	<b>8085449</b>	<b>46.47</b>	<b>8157082</b>	<b>0</b>	<b>8157082</b>	<b>46.88</b>	<b>0.41</b>
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds	101	50	151	0	101	50	151	0	0
b) Banks/FI	1867	1615	3482	0.02	1867	1108	2975	0.02	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt	0	0	0	0	0	0	0	0	0
e) Venture capital funds	0	0	0	0	0	0	0	0	0
f) Insurance companies	1240679	0	1240679	7.13	1161352	0	1161352	6.68	-0.46
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign venture capital funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1)</b>	<b>1242647</b>	<b>1665</b>	<b>1244312</b>	<b>7.15</b>	<b>1163320</b>	<b>1158</b>	<b>1164478</b>	<b>6.69</b>	<b>-0.46</b>
<b>2) Non-institutions</b>									
a) Bodies corp.									
i) Indian	4009184	7814	4016998	23.09	3597084	7782	3604866	20.72	-2.37
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	1925474	512334	2437808	14.01	2027101	480982	2508083	14.42	0.40
ii) Individual shareholders holding nominal share capital excess of Rs.1 lakh	1105011	0	1105011	6.35	1436759	0	1436759	8.26	1.91
c) Others									
- Clearing members	2752	0	2752	0.02	10261	0	10261	0.06	0.04
- IEPF	406365	0	406365	2.34	405353	0	405353	2.33	-0.01
- NRIs	82876	15163	98039	0.56	94819	15033	109852	0.63	0.07
- Trusts	1703	0	1703	0.01	1703	0	1703	0.01	0
<b>Sub-total(B)(2)</b>	<b>7533365</b>	<b>535311</b>	<b>8068676</b>	<b>46.38</b>	<b>7573080</b>	<b>503797</b>	<b>8076877</b>	<b>46.42</b>	<b>0.04</b>
<b>Total Public shareholding (B)=(B)(1)+(B)(2)</b>	<b>8776012</b>	<b>536976</b>	<b>9312988</b>	<b>53.53</b>	<b>8736400</b>	<b>504955</b>	<b>9241355</b>	<b>53.12</b>	<b>-0.41</b>
C. Shares held by custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>16861461</b>	<b>536976</b>	<b>17398437</b>	<b>100</b>	<b>16893482</b>	<b>504955</b>	<b>17398437</b>	<b>100</b>	<b>0</b>

**Annexure - 4 (contd.)**
**(ii) Shareholding of Promoters**

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		Number of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	Number of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Versa Trading Ltd.	2224725	12.79	0	2224725	12.79	0	0
2	Bantam Enterprises Pvt. Ltd	1356968	7.80	0	1356968	7.80	0	0
3	Lily Commercial Pvt. Ltd.	1150323	6.61	0	2994479	17.21	0	10.60
4	H.R. Travels P.Ltd.	642580	3.69	0	642580	3.69	0	0
5	HI-VAC Wares Pvt. Ltd.	793257	4.56	0	793257	4.56	0	0
6	Divine Investments P. Ltd	682493	3.92	0	0	0	0	-3.92
7	Quick Lithographers P.Ltd	450434	2.59	0	0	0	0	-2.59
8	Peekay Alkalies P. Ltd.	258419	1.49	0	0	0	0	-1.49
9	Super Wares P. Ltd.	181473	1.04	0	0	0	0	-1.04
10	Gentech Chemicals P. Ltd	166367	0.96	0	0	0	0	-0.96
11	Meridian Marketing P. Ltd.	33337	0.19	0	0	0	0	-0.19
12	Tilak Dhar-Karta (L.Bansi Dhar & Sons- HUF)	53916	0.31	0	53916	0.31	0	0
13	Suman Bansi Dhar	56812	0.33	0	56812	0.33	0	0
14	Tilak Dhar	11816	0.07	0	0	0	0	-0.07
15	Alok B. Shriram	8536	0.05	0	8536	0.05	0	0
16	Divya Shriram	87	0	0	87	0	0	0
17	Urvashi Tilak Dhar	521	0	0	12337	0	0	0.07
18	Karuna Shriram	4346	0.02	0	4346	0.02	0	0
19	Madhav B. Shriram	66	0	0	66	0	0	0
20	DCM Hyundai Ltd.	4173	0.02	0	4173	0.02	0	0
21	Aditi Dhar	100	0	0	100	0	0	0
22	Akshay Dhar	100	0	0	100	0	0	0
23	Kanika Shriram	4500	0.03	0	4500	0.03	0	0
24	Rudra Shriram	100	0	0	100	0	0	0
	<b>TOTAL</b>	<b>8085449</b>	<b>46.47</b>	<b>0</b>	<b>8157082</b>	<b>46.88</b>	<b>0</b>	<b>0.41</b>

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change)**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	8085449	46.47		
<b>Date-wise increase / decrease in promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / Transfer/ Bonus / Sweat equity, etc)</b>				
Lily Commercial Pvt. Ltd.	1150323	6.61		
Transfer (merger) – 07.06.2019	1772523		2922846	16.80
Purchase – 28.06.2019	27233		2950079	16.96
Purchase – 05.07.2019	21123		2971202	17.08
Purchase – 31.12.2019	19911		2991113	17.19
Purchase – 03.01.2020	3366		2994479	17.21
Divine Investments Pvt. Ltd.	682493	3.92		
Transferred through merger – 07.06.2019			0	0
Quick Lithographers Pvt. Ltd.	450434	2.59		
Transferred through merger – 07.06.2019			0	0
Peekay Alkalies Pvt. Ltd.	258419	1.49		
Transferred through merger – 07.06.2019			0	0
Super Wares Pvt. Ltd.	181473	1.04		
Transferred through merger – 07.06.2019			0	0
Gentech Chemicals Pvt. Ltd	166367	0.96		
Transferred through merger – 07.06.2019			0	0
Meridian Marketing Pvt. Ltd.	33337	0.19		
Transferred through merger – 07.06.2019			0	0
Tilak Dhar	11816	0.07		
Transmission to Urvashi Tilak Dhar 23.08.2019			0	0
Urvashi Tilak Dhar	521	0		
Transmission from Tilak Dhar -23.08.2019			12337	0.07
At the end of the year (31.03.2020)			8157082	46.88

# DIRECTORS' REPORT (continued)

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	%age of total shares of the company	No. of shares	%age of total shares of the company
	<b>At the beginning of the year</b>				
1	HB Portfolio Ltd.	2988173	17.17		
2	LIC	1240679	7.13		
3	Minal Bharat Patel	519118	2.98		
4	Pearey Lall & Sons (EP)Ltd.	400000	2.30		
5	Finquest Financial Solutions Pvt. Ltd.	212118	1.22		
6	Puran Associates Pvt. Ltd.	210851	1.21		
7	Seetha Kumari	119536	0.69		
8	Rangappa N.	85500	0.49		
9	Ruchit Bharat Patel	80865	0.46		
10	Hardik B. Patel	39742	0.23		
	<b>Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer / bonus / sweat equity etc)</b>				
06.09.19	HB Portfolio Ltd. (transfer)	-777		2987396	
13.09.19		-20379		2967017	
20.09.19		-30000		2937017	
27.09.19		-17912		2919105	
22.11.19		-9481		2909624	
29.11.19		-59807		2849817	
06.12.19		-61097		2788720	
13.12.19		-60161		2728559	
20.12.19		-18092		2710467	
27.12.19		-44430		2666037	
31.12.19		-6250		2659787	
03.01.20		-7706		2652081	
10.01.20		-22065		2630016	
17.01.20		-33742		2596274	
24.01.20		-9058		2587216	
31.01.20		-5223		2581993	
07.02.20		-40651		2541342	
21.02.20		-18558		2522784	
28.02.20		-11049		2511735	
27.12.19	LIC (transfer)	-5000		1235679	
31.12.19		-15000		1220679	
03.01.20		-15549		1205130	
10.01.20		-18205		1186925	
17.01.20		-18573		1168352	
24.01.20		-7000		1161352	
27.03.20	Minal Bharat Patel (transfer)	500		519618	
04.10.19	Pearey Lall & Sons (EP) Ltd. (transfer)	200000		600000	
04.10.19		-200000		400000	
29.11.19		200000		600000	
29.11.19		-200000		400000	
27.03.20		-22500		377500	
05.04.19	Finquest Financial Solutions Pvt. Ltd. (Transfer)	5296		217414	
12.04.19		5968		223382	
19.04.19		5055		228437	
26.04.19		1250		229687	
10.05.19		10000		239687	
17.05.19		643		240330	
24.05.19		8392		248722	
31.05.19		10108		258830	
07.06.19		2001		260831	
28.06.19	Puran Associates Pvt. Ltd. (Transfer)	-24600		185981	
05.07.19		-18300		167681	
06.12.19		167681		335362	
06.12.19		-167681		167681	
28.02.20		-5000		162681	
06.03.20		-10326		152355	
13.03.20		-1000		151355	
20.03.20		-7756		143599	
31.05.19	Seetha Kumari (Transfer)	2980		122561	
07.06.19		556		123072	
12.07.19		2390		125462	
09.08.19		603		126065	
16.18.19		1988		128053	
21.02.20		-128053		0	
27.03.20		128053		128053	
01.04.19	Venkattu Srinivasan	4307			
26.04.19	(Transfer)	4162		8469	
03.05.19		11465		19934	
10.05.19		6565		26499	



**Annexure - 4 (contd.)**

	For Each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	%age of total shares of the company	No. of shares	%age of total shares of the company
17.05.19		3890		30389	
24.05.19		830		31219	
28.06.19		4000		35219	
08.11.19		-4000		31219	
06.12.19		6000		37219	
31.12.19		63000		100219	
10.01.20		-6081		94138	
17.01.20		-1266		92872	
24.01.20		-1000		91872	
28.02.20		3000		94872	
06.03.20		6024		100896	
27.03.20		100		100996	
05.04.19	Rangappa N (Transfer)	200		85700	
26.04.19		300		86000	
10.05.19		300		86300	
17.05.19		400		86700	
31.05.19		600		87300	
07.06.19		600		87900	
14.06.19		300		88200	
21.06.19		100		88300	
28.06.19		400		88700	
05.07.19		400		89100	
12.07.19		700		89800	
19.07.19		200		90000	
30.08.19		300		90300	
13.09.19		-1000		89300	
27.09.19		700		90000	
11.10.19		210		90210	
18.10.19		290		90500	
01.11.19		-1900		88600	
08.11.19		200		88800	
15.11.19		700		89500	
22.11.19		900		90400	
29.11.19		400		90800	
06.12.19		200		91000	
13.12.19		600		91600	
20.12.19		161		91761	
27.12.19		39		91800	
03.01.20		-2500		89300	
10.01.20		700		90000	
17.01.20		-4500		85500	
24.01.20		-3000		82500	
31.01.20		-3900		78600	
07.02.20		10400		89000	
14.02.20		3800		92800	
21.02.20		800		93600	
05.07.19	Ruchit Bharat Patel (transfer)	280		81145	
02.08.19		5692		86837	
06.09.19		2900		89737	
13.09.19		5027		94764	
20.09.19		1698		96462	
27.09.19		2390		98852	
11.10.19		140		98992	
18.10.19		1182		100174	
25.10.19		1633		101807	
01.11.19		354		102161	
27.11.19		3851		106012	
13.12.19		27655		133667	
07.02.20		1155		134822	
14.02.20		5000		139822	
06.03.20		3000		142822	
13.03.20		1786		144608	
	<b>At the end of the year (or on the date of separation, if separated during the year).</b>				
31.03.20	HB Portfolio Ltd.			2511735	14.44
31.03.20	LIC			1161352	6.68
31.03.20	Minal Bharat Patel			519618	2.99
31.03.20	Pearey Lall & Sons (EP)Ltd.			377500	2.17
31.03.20	Finquest Financial Solutions Pvt. Ltd.			260831	1.50
31.03.20	Ruchit Bharat Patel			144608	0.83
31.03.20	Puran Associates Pvt. Ltd.			143599	0.83
31.03.20	Seetha Kumari			128053	0.74
31.03.20	Venkattu Srinivasan			100996	0.58
31.03.20	Rangappa N.			93600	0.54

# DIRECTORS' REPORT (continued)

## (v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	%age of total shares of the company	No. of shares	%age of total shares of the company
	<b>At the beginning of the year</b>				
1	Sh. Tilak Dhar	11816	0.07	0	0
2	Sh. Alok B. Shriram	8536	0.050	8536	0.050
3	Sh. Madhav B. Shriram	66	0	66	0
4	Smt. Urvashi Tilak Dhar	521	0	12337	0.07
5	Sh. N.K. Jain	1	0	1	0
6	Sh. P.R. Khanna	960	0.006	960	0.006
7	Sh. Ravinder Narain	570	0.003	570	0.003
8	Ms. V. Kavitha Dutt	500	0.003	500	0.003
9	Sh. S.B. Mathur	0	0	0	0
10	Sh. C. Vikas Rao	0	0	0	0
11	Sh. S.C. Kumar	0	0	0	0
12	Sh. Sanjay C. Kirloskar	0	0	0	0
13	Sh. Y.D. Gupta (KMP)	0	0	0	0
	<b>Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc)</b>				
23.08.19	Sh. Tilak Dhar (transmission)	-11816		0	
23.08.19	Smt. Urvashi Tilak Dhar (transmission from Sh. Tilak Dhar)	11816		12337	0.07

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs./lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	46030.92	-	557.63	46588.55
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	23.27	-	62.52	85.79
<b>Total (i+ii+iii)</b>	<b>46054.19</b>	<b>-</b>	<b>620.15</b>	<b>46674.34</b>
<b>Change in Indebtedness during the financial year (net)</b>				
• Addition	12210.91	-	51.39	12262.30
• Reduction	-	-	-	-
<b>Net change</b>	<b>12210.91</b>	<b>-</b>	<b>51.39</b>	<b>12262.30</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal amount	58154.38	-	618.31	58772.69
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	110.72	-	53.23	163.95
<b>Total (i + ii + iii)</b>	<b>58265.10</b>	<b>-</b>	<b>671.54</b>	<b>58936.64</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs./lakh)

S. no.	Particulars of Remuneration	Name of MD/WTD/ Manager						Total Amount
1	Gross salary	Tilak Dhar Sr.MD (Upto 30.06.19)	Alok B. Shriram Sr.MD	Madhav B. Shriram MD	Urvashi Tilak Dhar, WTD (w.e.f. 14.08.19)	N.K. Jain Dir.Fin. & CFO (w.e.f 1.11.2019)	K.N. Rao Dir.& CEO (Rayons) (till 31.10.19)	
	(a) Salary as per provisions contained in Sec. 17(1) of the Income-tax Act,1961	18.00	70.80	69.60	41.69	14.40	15.54	230.03
	(b) Value of perquisites u/s 17(2) of Income-tax Act.	5.49	16.43	17.43	6.66	8.17	3.19	57.37
	(c) Profits in lieu of salary u/s 17(3) of Income-tax Act.	9.00	35.40	34.80	20.84	-	9.32	109.36
2	Stock Option	-	-	-	-	-	-	-
3	Sweat equity	-	-	-	-	-	-	-
4	Commission: - As % of profit - others, specify (Reward)	38.93	172.21	173.08	85.77	-	12.50	469.99
5	Others, please specify	-	-	-	-	-	-	12.50
	Total (A)	71.42	294.84	294.91	154.96	22.57	40.55	879.25
	Ceiling as per the Act	Rs. 1020 lakh (being 10% of the Net profit of the Company calculated as per Section 198 of the Companies Act, 2013)						

**Annexure - 4 (contd.)**
**B. Remuneration to other directors:**

(Rs./lakh)

S.No.	Particulars of Remuneration	Name of Directors							Total Amount
		S.B. Mathur	P.R. Khanna	Ravinder Narain	S.C. Kumar	C. Vikas Rao	V. Kavitha Dutt	Sanjay C. Kirloskar	
1	Independent Directors								
	• Fee for attending Board & Committee meetings	6.50	6.75	4.00	5.25	–	3.00	2.25	27.75
	• Commission	17.29	16.29	14.29	16.29	–	11.29	13.30	88.75
	• Others, Please specify	–	–	–	–	–	–	–	–
	Total (1)	23.79	23.04	18.29	21.54	–	14.29	15.55	116.50
2	Other Non-Executive Directors	–	–	–	–	–	–	–	–
	• Fee for attending Board Committee meetings	–	–	–	–	2.50	–	–	2.50
	• Commission	–	–	–	–	13.29	–	–	13.29
	• Others, Please specify	–	–	–	–	–	–	–	–
	Total (2)	–	–	–	–	15.79	–	–	15.79
Total (B)-(1+2)		23.79	23.04	18.29	21.54	15.79	14.29	15.55	132.29
Total Managerial remuneration									1011.54
Overall Ceiling as per the Act		Rs.1122 lakh (being 11% of Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013, sitting fee not to be included for the limit.)							

**C. Remuneration to Key Managerial Personnel other than MD/ WTD/ Manager**

(Rs./lakh)

S.No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO (upto 31.10.2019)	Total
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	18.12	13.14	31.26
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	4.77	5.90	10.67
	(c) Profits in lieu of salary u/s 17(3) of Income-tax Act, 1961	–	1.26	1.26
2	Stock Option	–	–	–
3	Sweat equity	–	–	–
4	Commission: - As % of profit - Others, specify	–	–	–
5	Others, please specify	–	–	–
<b>Total</b>		22.89	20.30	43.19

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties/ punishments / compounding of offences for breach of any Section of the Companies Act, against the Company or its Directors or other officers in default during the year.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014

### A. CONSERVATION OF ENERGY

#### i) Steps taken and impact on conservation of energy:

- Installation of C&I (Concentration and Incineration) Plant for treating distillery effluent and generating Green Power.
- Reduction in steam consumption by installation of a new Multi Pressure Distillation Plant.
- Installation of VFDs (Variable Frequency Drives) on cane carriers, preparatory rack elevators and fans in place of dyno drives and slip ring starters.
- Installation of Condensate heaters for Raw Juice first heating.
- Installation of Condensate flash tank at evaporators.
- In-house up gradation of PLC (Programmable Logic Controller) systems.
- Installation of high efficiency air screw compressors in new slop fired boiler.
- Reduction in raw water consumption by recycling of DM water for feed pump cooling.
- Installation of a Centralized Softening Plant for all cooling towers of sugar factory and distillery.
- Replacement of old pumps and motors with energy efficient pumps and motors.
- Installation of efficient Vapor Absorption Machine (VAM), 430 TR.
- Installation of energy efficient Exhaust & Fresh Air Fans.
- Installation of PHE for heat recovery from Hot Stretch Solution.
- Installation of Hot Stretch Solution Heaters to replace inefficient heating arrangement.
- Cooling water circulation system rearranged to reduce power consumption.
- Installation of Capacitors to improve Power Factor.
- Water consumption reduction / recycling / re-use projects.
- New column system installed with 3 column instead of 17 column for chlorinated mixture distillation.
- Installation of High Efficiency water screw chiller.
- Started replacement of streetlight with LED light.
- Installation of efficient Air Screw compressor to replace old reciprocating compressor.
- Process optimization.

#### ii) Steps taken by the Company for utilising alternate sources of energy:

- Utilisation of agro waste as boiler fuel.
- Concentration & Incineration Plant for distillery effluent installed. This also generates green power.
- Commissioned 100 KW Rooftop Solar Power Plant (BOOT Basis).

#### iii) Capital investment on energy conservation equipments: Rs. 37.73 cr.

### B. TECHNOLOGY ABSORPTION :

#### i) Efforts made towards technology absorption:

- Optimization of process parameters from time to time to streamline the process.
- Process control to minimize the waste generation at source.
- Installation of Plate type heat exchanger (PHE) for molasses cooling.
- Replacing tubular heaters with PHE for clear juice heating.
- Installation of state of art DCS (Distributed Control System) at Concentration and Incineration Plant.
- Installation of latest technology MEPA (maximum efficiency particulate abatement system) as pollution control device in new slop fired Boiler.
- Variable frequency drive installed in place of Star Delta Starter for Cabling machine.
- Installed MCCB (Moulded Case Circuit Breaker) in power supply to Ply Cabling Machines.
- Automatic Changeover facility to alternate power sources provided in electrical control room.
- Installed CCTV High-definition cameras with night vision at various locations.
- Polypropylene filter press installed to handle the waste viscose regeneration process.
- Replaced lead with the engineering plastic (FRVE) for corrosive liquid services.
- Pneumatic Temperature Recorders & Controllers replaced with Electronic Temperature Recorders & Controllers at various locations in the Plant.
- Digital Timer Controlled Agitator Switch provided on all Dissolvers.
- Audio-Visual High-Level alarms provided at the all the Spinbath Solution Return Boxes on Spinning machines.
- Trapped by interlock installed on CS2 Measuring Vessels Filling valve and Draining valve of Baratte.
- Improvement in the process to reduce waste and energy saving.
- Replacement of hazardous Raw Material to reduce risk, improve quality and cost reduction in one of the products.
- An Agreement was signed with M/S GAIA Automotives, Israel to design and manufacture Two Prototype Bullet Proof Vehicles at Israel and manufacturing of Four Prototype Vehicles at DSIL R&D facility at Faridabad, India.  
DSIL had sent One Ford Endeavour 2.2 Ltr MT and One 3.2 Ltr AT Vehicle to the M/S GAIA Automotives to manufacture two prototype vehicles. Payment as per contract was also made to the overseas Partner. The work was completed on the Two Prototype vehicles and both the Bullet Proof Vehicles have been received by DSIL at R&D Facilities at Faridabad. Team of M/s GAIA Automotives, Israel had also visited our R&D facility and manufactured four prototype vehicles in India. The Bullet Proof Vehicle manufactured are presently undergoing testing for Type Approval Certification at ARAI, Pune.  
Road mileage accumulation is being done of the vehicles. The design, drawings and bill of material have been obtained under the transfer of technology clause of our agreement.
- DSIL has signed a MOU with an overseas party for designing, development and manufacturing of Unmanned Aerial Vehicles (UAV). There are a few Tenders which have been floated by CRPF and one

is likely from the Army. Our partner is developing prototypes as per the specifications given in the CRPF Tenders. We are likely to purchase and supply them as NCNC samples.

- We are also seeking technology for making Night Vision Devices from an Israeli partner. An Agreement has been signed between us. There are a few RFIs floated by the Army for sights. The specifications have been shared and work on prototype is presently at hand.

**ii) Benefits derived like product improvement, cost reduction, product development or import substitution:**

- Through installation of new Plants viz., the MPD plant and the Concentration & Incineration Plant we have been able to reduce the steam consumption per litre of the product considerably, besides generation of green energy and also achieving zero liquid discharge from the Unit.
- Improvement in quality of products, de-bottlenecking to improve overall realisation, optimization of steam & power consumption, reduction in carbon foot print, lower costs and downtime, reduction in consumption in water & coal, reduction in liquid effluent, a cleaner and safer environment, lower waste generation at source, better realisation due to waste recovery, safe working, increased boiler throughput, time saving, and power factor improvement.
- We have obtained a world class design for Light Bullet Proof Vehicles. We will use this basic knowledge to design a whole range of Bullet Proof Vehicles including Light, Medium and Mine Protected Vehicles in the future.
- We are developing prototypes with our foreign partners for hand launched Mini UAVs and Night Vision Devices. These will be fielded for NCNC trials with our security forces.

**iii) Particulars of technologies imported during last three years:**

- Basic Design methodology for manufacture of Bullet Proof Vehicles to meet the protection upto STANAG 1 Level.
- Setting up of a workshop equipped with all the infrastructure to fabricate upto four vehicles in a month.
- Development of Tools, Jigs and Fixtures for mass production.
- Training of Welders in Bullet Proof Steel and Aluminium sheets.

**iv) Expenditure incurred on Research and Development: Rs. 5.96 cr.**

**C. FOREIGN EXCHANGE EARNINGS & OUTGO 2019-2020:**

- Total Foreign exchange earned Rs. 435.92 cr. and used Rs. 392.00 cr.

**Annexure - 6**

**Information as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. Ratio of the remuneration of each director to the median of the employees of the Company for the financial year 2019-20 :
 

- Shri Tilak Dhar, Sr.MD (till 30.06.2019)	- 28 :1
- Shri Alok B. Shriram, Sr.MD	- 113 :1
- Shri Madhav B. Shriram, MD	- 113 :1
- Smt. Urvashi Tilak Dhar, WTD (w.e.f. 14.08.2019)	- 60 :1
- Shri N.K. Jain, Director Finance & CFO (w.e.f. 01.11.2019)	- 9 :1
- Shri K.N. Rao, Director & CEO (Rayons) (till 31.10.2019)	- 16 :1
- Shri P.R. Khanna, Ind. Director	- 8 :1
- Shri S.B. Mathur, Ind. Director	- 9 :1
- Shri Ravinder Narain, Ind. Director	- 7 :1
- Shri S.C. Kumar, Ind. Director	- 8 :1
- Shri C. Vikas Rao, Ind. Director	- 6 :1
- Ms. V. Kavitha Dutt, Ind. Director	- 5 :1
- Shri Sanjay C. Kirloskar, Ind Director	- 6 :1
2. The percentage increase in remuneration of each Director, CFO and Company Secretary in the financial year 2019-20:
 

- Shri Tilak Dhar, Sr.MD	: -
- Shri Alok B. Shriram, Sr.MD	: 3.23
- Shri Madhav B. Shriram, MD	: 3.23
- Smt. Urvashi Tilak Dhar, WTD	: NA
- Shri N.K. Jain, Director Finance & CFO	: 34.76 *
- Shri P.R. Khanna, Ind. Director	: (-)3.33
- Shri S.B. Mathur, Ind. Director	: 1.01
- Shri Ravinder Narain, Ind. Director	: (-)2.24
- Shri S.C. Kumar, Ind. Director	: (-)3.52
- Shri C. Vikas Rao, Ind. Director	: 1.20
- Ms. V. Kavitha Dutt, Ind. Director	: (-)5.66
- Shri Sanjay C. Kirloskar, Ind. Director	: 44.05**
- Shri Y.D. Gupta, Company Secretary	: 9.42
3. Percentage increase in the median Remuneration of employees in the financial year : 7.11
4. Number of permanent employees on the rolls of the Company : 2474
5. Average increase in remuneration of employees other than managerial personnel during the year 2019-20 was 8.06%, whereas the average managerial remuneration was increased by 5.38%. Three of the managerial personnel are entitled to commission on profits, as may be decided by the Board within the limit laid down by the shareholders, apart from salary and perquisites. The Company's profit for the year was substantially higher than the previous year and as such the remuneration of the managerial personnel was also increased comparing to last year.

\* There has been increase in remuneration from 01.11.2019 upon elevation as Director Finance & CFO.

\*\* The remuneration for 2018-19 was for seven months only and hence the higher increase in percentage over previous year.

# DIRECTORS' REPORT (continued)

## Annexure - 7

### Statement of Particulars under Section 197(2) of the Companies Act, 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 forming part of the Report of Directors for the year ended March 31, 2020.

(A) Name of top ten employees and the name of every employee who if employed throughout the year under review and were in receipt of remuneration for the year in aggregate of not less than Rs. 1,02,00,000/-.

Name	Designation and Nature of Duties	Remuneration Received (Rs.)	Qualification	Experience (Years)	Date of Commencement	Age (Years)	Particulars of Last Employment
Alok B. Shriram	Sr. Managing Director & CEO	30610855	B.Com (Hons)	40	01.01.1990	59	Dy. General Manager, Shriram Honda Power Equipment Ltd.
Madhav B. Shriram	Managing Director	30611012	B.Com.(Hons.) MBA	32	22.05.1990	55	Executive Trainee, Nissho Iwai
Narayan Rao Karanam	President (Business Strategy)	6770003	B.Sc Engg. (Mech.)	46	29.07.1991	70	Shriram Refrigeration Industries Ltd.
Anil Gujral	CEO (Chemicals)	6466214	B.E(Hons.)	53	01.04.1992	74	Daurala Organics
Gyanendra Kumar	Advisor to Sr. MD	5474518	Post Graduate Engineer from IIT	55	12.11.1965	78	DCM Limited
N.K. Jain	Director Finance & CFO	5033372	CA	43	12.03.1991	69	Indo Rama Synthetics (India) Ltd.
Abraham Thomas	COO (SUD)	4720376	B.Com	52	02.04.1990	73	ALSA Group. Chennai
Vinod Kumar Jaitly	COO (BG Rayons)	4632260	LLB, Diploma in Business Admn.	45	01.02.1993	65	UPTRON Ltd.
B.P. Khandelwal	Executive President	4146279	FCS, LLB	58	21.05.1990	79	Madan Mohan Lal Shriram Pvt. Ltd.
Girish Yajnik	Sr. Vice President, DO	4093376	M.Sc, Organic Chemistry	35	16.03.1991	57	Indian Maize & Chemicals Ltd.

Mr. Madhav B. Shriram is related to Mr. Alok B. Shriram.

(B) Employed for part of the year under review and were in receipt of remuneration for part of the year in aggregate of not less than Rs.8,50,000/- per month.

Name	Designation and Nature of Duties	Remuneration Received (Rs.)	Qualification	Experience (Years)	Date of Commencement	Age (Years)	Particulars of Last Employment
Tilak Dhar	Sr. Managing Director (Up to 30.06.2019)	7610939	B.Com., CA (Inter), MBA.	40	08.09.1980	64	Manager, DCM Ltd.
Urvashi Tilak Dhar	Director (w.e.f. 14.08.2019)	16170386	Post Graduate (Sociology)	--	14.08.2019	64	--

Mr. Tilak Dhar and Mrs. Urvashi Tilak Dhar are related to Mr. Alok B. Shriram.

## Annexure - 8

### CORPORATE GOVERNANCE REPORT

#### Corporate Governance Philosophy

Adhering to effective Corporate Governance practices ensure transparency and strengthen confidence of stakeholders in a company. Corporate Governance practices constitute the strong foundation on which successful enterprises are built to last. Corporate Governance and compliance are complimentary to each other. Good Corporate Governance ensures compliance of rules and regulations. This in turn ensures transparency. Governance is the management approach used to control and direct a company's operations. Compliance is the process of conforming to specific requirements of laws, regulations, contracts, strategies and policies, in achieving an organization's objectives in a transparent manner. The Company's Corporate Governance (CG) Policy is based on the above principles. The Company firmly believes and adheres to the need for those in control of the Company to distinguish between personal and corporate interests while managing the affairs of the Company. For the Company, adherence to Corporate Governance stems not merely from the letter of law but also from the inherent belief in doing fair business the right way.

The Company's CG philosophy in a nutshell encompasses five areas viz. Rights and equitable treatment of shareholders, Interests of other stakeholders, Role and responsibility of the Board, Integrity & ethical behavior and disclosure & transparency. The Company ensures full compliance with the requirements of Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations).

The CG Report in respect of the year ended 31.03.2020 is given below:

#### Board of Directors

The Company's Board comprises of an ideal combination of executive and non-executive directors, headed by a non-executive independent Chairman. Of the 11 directors, 4 are executive directors. Three executive directors represent the promoters. Six non-executive directors are independent directors, one is nominee director, representing Life Insurance Corporation of India. They are all persons of eminence with experience in the fields of finance, law, trade or industry. The Board's composition is in consonance with the CG requirements under Regulation 17 of the LODR Regulations and Section 149(4) of the Companies Act, 2013.

#### Board Meetings, attendance and other directorships

During the year five Board meetings were held on 27.05.2019, 17.07.2019, 13.08.2019, 29.10.2019 and 10.02.2020. Attendance and other details are given below:

S. No	Name of Director	DIN	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM	Other Director-ships*	No. of Committee Memberships ** (other companies)	
							Member	Chairman
1	Shri S.B. Mathur	00013239	Chairman (Non-executive Independent)	5	Yes	3	5	4
2	Shri Tilak Dhar (expired on 01.07.2019)	00204912	Sr. MD (Promoter)	0	N.A.			
3	Shri Alok B. Shriram	00203808	Sr. MD (Promoter)	5	Yes	Nil	Nil	Nil
4	Shri Madhav B Shriram	00203521	MD (Promoter)	4	Yes	Nil	Nil	Nil
5	Smt. Urvashi Tilak Dhar (w.e.f 14.08.2019)	00294265	WTD (Promoter)	2	N.A.	Nil	Nil	Nil
6	Shri K N Rao (term ended on 31.10.2019)	06730043	WTD	4	Yes			
7	Shri Nalin Kumar Jain (w.e.f 01.11.2019)	00203581	Director Finance & CFO	1	N.A.	NIL	Nil	Nil
8	Shri P.R. Khanna	00048800	Non-executive/Independent	5	Yes	1	2	Nil
9	Shri Ravinder Narain	00059197	"	5	Yes	Nil	Nil	Nil
10	Shri Samir Chandra Kumar	00064453	"	5	Yes	Nil	Nil	Nil
11	Shri Collu Vikas Rao	06900458	Nominee Director	5	Yes	Nil	Nil	Nil
12	Ms. V. Kavitha Dutt	00139274	Non-executive/Independent	5	Yes	2	3	1
13	Shri Sanjay Chandrakant Kirloskar	00007885	"	3	Yes	2	1	Nil

\* Exclude directorships in private limited companies/foreign companies/ companies registered u/s 8 of the Companies Act, 2013.

\*\* Audit and Stakeholders' Relationship Committees.

Shri Madhav B. Shriram is related to Shri Alok B. Shriram, Sr. MD.

# DIRECTORS' REPORT (continued)

## Details of Directorships in other listed entities:

S. No.	Name of Directors	Name of Listed Entities where the person is a Director	Category of Directorship
1.	Shri S B Mathur	ITC Limited	Independent Director
		Ultratech Cement Limited	Independent Director
		Thomas Cook (India) Ltd.	Independent Director
2	Shri Tilak Dhar (expired on 01.07.2019)	Kirloskar Brother Ltd.	Additional Director
3	Shri Alok B. Shriram	Nil	Nil
4	Shri Madhav B Shriram	Nil	Nil
5	Smt. Urvashi Tilak Dhar	Nil	Nil
6	Shri Nalin Kumar Jain	Nil	Nil
7	Shri Prithvi Raj Khanna	Indag Rubber Limited	Independent Director
8	Shri Ravinder Narain	Nil	Nil
9.	Shri Samir Chandra Kumar	Nil	Nil
10	Shri Collu Vikas Rao	Nil	Nil
11	Ms. V. Kavitha Dutt	The KCP Limited	Managing Director
		Centum Electronics Limited	Independent Director
		Apollo Hospitals Enterprise Limited	Independent Director
12	Shri Sanjay Chandrakant Kirloskar	Kirloskar Brothers Limited	Managing Director
		KPT Industries Limited	Independent Director

The Independent Directors had scheduled a separate meeting pursuant to Schedule IV of the Companies Act, 2013 on 27.03.2020. The meeting was cancelled due to the lock down. However, such a meeting was held on 29.05.2020 through video conferencing. In the said meeting the Independent Directors, inter alia, evaluated the performance of Executive Directors (non-independent directors), Chairman, the Board as a whole and the Committees.

Number of shares and Convertible Instruments held by Non-executive Directors in the Company are as under:

	Name of Non-executive Director	Number of shares held (equity shares of Rs.10 each)
1	Shri P.R. Khanna	960
2	Shri Ravinder Narain	570
3	Ms. V. Kavitha Dutt	500
4	Shri S.B. Mathur	--
5	Shri S.C. Kumar	--
6	Shri C. Vikas Rao	--
7	Shri Sanjay C. Kirloskar	--

### Familiarization programme for independent directors

As, except Shri Sanjay C. Kirloskar all other independent directors have been on the Board of the Company for over 5 years and they are fully familiar with the operations of the Company. Shri Sanjay C. Kirloskar visited the Units of the Company located at Daurala, Meerut District and familiarize with their operations. He may visit Shriram Rayons Unit at Kota at an opportune time. The Board of Directors had laid down a Familiarization Programme for independent directors, copy of which is placed on the Company's website -

[http://www.dcmsr.com/other\\_files/Familiarization%20Programme%20for%20Independent%20Directors.pdf](http://www.dcmsr.com/other_files/Familiarization%20Programme%20for%20Independent%20Directors.pdf).



### Core Skills, expertise and competence of Board of Directors

The Board comprises of highly qualified and experienced members who possesses required skills, expertise and competence which allow them to make effective contributions to the functioning of the Board and its committees. The core skills/expertise/competencies required in the Board in the context of the Company's business functioning effectively as identified by the Nomination and Remuneration Committee and the Board of Directors of the Company are tabulated below:

Name of Directors	Core Skills / Expertise /Competencies				
	Leadership/Operational Experience	Strategic Planning	Sector/Industry Knowledge & Experience, R&D Innovation	Technology	Financial, Regulatory/ Legal & risk Mgmt.
S B Mathur	•	•	•	•	•
Alok B Shriram	•	•	•	•	•
Madhav B Shriram	•	•	•	•	•
Urvashi Tilak Dhar	•	•	•	•	•
N K Jain	•	•	•	•	•
P R Khanna	•	•	•	•	•
Ravinder Narain	•	•	•	•	•
S C Kumar	•	•	•	•	•
C Vikas Rao	•	•	•	•	•
V Kavitha Dutt	•	•	•	•	•
S C Kirloskar	•	•	•	•	•

### Independent Directors

The Board confirm that in its opinion the Independent Directors fulfil the conditions specified in Section 149 and Schedule IV of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 and they are independent of the management.

None of the Independent Directors resigned before their tenure in the Company during the year under report.

### Audit Committee

#### Terms of reference

The composition, terms of reference and role of the Audit Committee are as per requirements of Regulation 18 of LODR Regulations and Section 177 of the Companies Act, 2013, besides other terms as may be laid down by the Board of Directors, from time to time.

The Audit Committee, inter alia, ensures that an effective internal financial control system is in place. During the year 4 meetings of the Audit Committee were held on 27.05.2019, 13.08.2019, 29.10.2019 and 10.02.2020.

The Audit Committee comprised of three non-executive independent directors and one executive director. The Company Secretary is the Secretary of this Committee. The attendance at these meetings was as follows:

Name of the Member	Status	No. of Meetings attended
Shri P.R. Khanna	Chairman	4
Shri S.B. Mathur	Member	4
Shri S.C. Kumar	Member	4
Shri K.N. Rao (ceased w.e.f. 31.10.2019)	Member	3
Shri Madhav B. Shriram (joined w.e.f 01.11.2019)	Member	1

All the Members have extensive financial and accounting knowledge/ background and the Chairman is an expert in accounting and financial management being a Fellow member of ICAI. Apart from the members, all the Executive Directors, Executive President, CFO, Head of Internal Audit, and representative(s) of the Statutory Auditors attend the meetings of the Committee.

The Minutes of the meetings of the Committee are placed before the Board.

### Nomination and Remuneration Committee

The Nomination & Remuneration Committee (NRC) carries out the functions as per Section 178 of the Companies Act 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015. The composition of the Committee is given below.

# DIRECTORS' REPORT (continued)

Name of the Member	Status	No. of Meetings attended
Shri S.C. Kumar	Chairman	5
Shri S.B. Mathur	Member	5
Shri P.R. Khanna	Member	5
Shri Ravinder Narain	Member	5
Shri Sanjay C. Kirloskar	Member	3

During the year five meetings of the Committee was held on 27.05.2019, 17.07.2019, 13.08.2019, 29.10.2019 & 10.02.2020. All the members of the NRC were present at the AGM.

The NRC, inter alia, laid down the criteria for evaluation of the Board, its Committees, Directors and the Chairperson based on Guidance note issued by SEBI on 05.01.2017. The criteria are followed by the Board and the Independent Directors in the evaluation process. A gist of the criteria is given in Annexure 2 of the Directors' Report.

## Remuneration Policy

The Board on the recommendation of the NRC had laid down a Remuneration Policy for the Company in line with the requirements of Section 178 of the Companies Act, 2013. A gist of the policy has been given in the Directors' Report. A copy of the Policy has been put on the web-site of the Company - [http://www.dcmsr.com/other\\_files/remuneration%20policy.pdf](http://www.dcmsr.com/other_files/remuneration%20policy.pdf).

The details of remuneration of executive directors for the year ended 31.03.2020 are given below:

(Rs./lakh)

Whole-time Directors	Salary	Commission/ Reward	Perquisites	Retirement benefits
Shri Tilak Dhar (Sr. MD) (till 30.06.2019)	18.00	38.93	14.31	4.86
Shri Alok B. Shriram (Sr. MD)	70.80	172.21	43.98	19.11
Shri Madhav B. Shriram (MD)	69.60	173.08	44.63	18.79
Smt. Urvashi Tilak Dhar (WTD) (w.e.f 14.08.2019)	41.69	85.77	22.98	11.25
Shri K N Rao (till 31.10.2019)	15.54	12.50	11.04	4.19
Shri N K Jain [Director Finance & CFO] w.e.f 01.11.2019	14.40		9.58	3.24

The appointments are contractual in nature and can be determined by either party by giving notice as per their terms of appointment or lesser notice as may be agreed to. In the event of termination of appointment by the Company, the managerial personnel shall be entitled to compensation in accordance with the provisions of the Companies Act. No stock options were issued by the Company to its directors/ employees.

Non-executive directors are paid sitting fees for attending the Board and Committee meetings. Presently the sitting fees is Rs.50,000 per Board meeting and Rs.25,000 per Committee meeting. The shareholders in their meeting held on 10.08.2016 accorded their approval for payment of commission on profits of up to 1% of the net profit of the Company, computed in the manner laid down u/s 198 of the Companies Act, 2013, in such amount and proportion as may be decided by the Board of Directors to non-executive directors. The details of the sitting fee and commission paid for the year 2019-20 to non-executive directors are given below. Their shareholdings in the Company are also as under:

Non-Executive Directors	Sitting fees (Rs./lakhs)	Commission (Rs./lakhs)	No. of Shares held (equity/ Rs.10 each)
Shri S.B. Mathur*	6.50	17.29	--
Shri P.R. Khanna*	6.75	16.29	960
Shri Ravinder Narain	4.00	14.29	570
Shri S.C. Kumar	5.25	16.29	--
Shri C. Vikas Rao	2.50	11.29	--
Ms. V. Kavitha Dutt	3.00	13.29	500
Mr. Sanjay C. Kirloskar	2.25	13.30	--

\* The sitting fees of Rs.25,000 each to Shri S.B.Mathur & P.R.Khanna for the meeting of the Approving Borrowings Committee held on 21.03.2020 were paid subsequent to financial year 2019-20 and hence not included above

Except a fixed deposit of Rs.10 lakh in the name of Shri P.R. Khanna, ID, another fixed deposit of Rs.10 lakh in the name of P.R. Khanna (HUF) and a deposit of Rs.17.50 lakh in the name of Mrs. Kiran Khanna, wife of Shri P.R. Khanna, there have been no other pecuniary relationships with the non-executive directors vis-a-vis the Company during the year. The terms of the deposits are as applicable to other depositors.

### Stakeholders' Relationship Committee

The Committee monitors shareholders' complaints, if any, and also approves transfer/ transmission of shares. The Committee meets on need basis.

During the year one meeting of the Committee was held on 10.02.2020, which was attended by all members. The composition of the Committee is as under:

Name of the Members	Status
Shri P.R. Khanna	Chairman
Shri Tilak Dhar (expired on 01.07.2019)	Member
Shri Alok B. Shriram	Member
Shri Ravinder Narain	Member
Shri Madhav B. Shriram (w.e.f. 01.04.2019)	Member

All the members of the Committee attended the AGM on 13.08.2019. Shri Y.D. Gupta, Company Secretary is the Compliance Officer.

During the year 2019-2020, the Company received seven shareholders' complaints all of which were resolved to the satisfaction of the shareholders.

### General Body Meetings

The last three Annual General Meetings (AGM) were held at New Delhi, as under:

Financial Year	Date	Time	Venue
2016-2017	22/08/2017	10:00 A.M.	Kamani Auditorium, Copernicus Marg, New Delhi – 110 001
2017-2018	11/08/2018	10:00 A.M.	- Do –
2018-2019	13/08/2019	11:00 A M	- Do –

No Special resolution was proposed in the AGMs held in the years 2016- 2017 & 2017-18. In the year 2018-19, a special resolution was passed for the re-appointment of Ms. V Kavitha Dutt (w.e.f 02.02.2020), an Independent Director on the Board.

### Postal Ballot

No special resolution was passed last year through postal ballot and no special resolution is proposed to be passed by postal ballot presently.

### Means of communication

The Company publishes quarterly, half-yearly and annual results as required under the SEBI (LODR) Regulations, 2015 in the prescribed format. The results are published in one English and one Hindi daily. During the year under review the results were published in the Financial Express and the Jansatta. The unabridged version of the results is uploaded on the Bombay Stock Exchange Listing portal, which is available on its web-site, [www.bseindia.com](http://www.bseindia.com). The results are also put on the Company's website [http://www.dcmsr.com/inv\\_rel\\_1.html#tab4](http://www.dcmsr.com/inv_rel_1.html#tab4). The Company has not released any official news release and has not made any presentation to the institutional investors or to the analysts during the year.

The notice of the AGM along with Annual Report is sent to the shareholders well in advance of the AGM. In cases where the email IDs are notified the same is sent by email. The gist of the notice is also published in newspapers. In addition, the Stock Exchange is notified of any material developments or price sensitive information as required under Regulation 30 of the LODR Regulations. Disclosures with regard to shareholding pattern, change in major shareholding, quarterly secretarial capital audit report, CG compliance report, etc. are also sent to the Stock Exchange as required under various Regulations. The Company has a website – <https://www.dcmsr.com> – in which general information about the Company, Code of Business Conduct and Ethics, Remuneration Policy, Shareholding Pattern, Related Party Transaction Policy, Quarterly/ Annual results, Code of Conduct framed under SEBI (Prohibition of Insider Trading) Regulations, 2015, etc. have been posted. Particulars of unclaimed dividend/ deposits, etc. are also posted on the website for information of investors.

### Investor Education and Protection Fund (IEPF)

Ministry of Corporate Affairs had notified Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 effective from 7.9.2016. As per the Rules, unclaimed/ unpaid dividends are to be transferred to IEPF at the end of 7 years. The shares in respect of which dividend have not been claimed for 7 consecutive years or more shall also be transferred to the IEPF following the prescribed procedure. The Company had in compliance with the Rules transferred 406365 equity shares held by 27848 shareholders to IEPF in the month of December, 2017. No unpaid dividend/ unclaimed shares were due for transfer to IEPF by the Company, during the year 2019-20. The shares and dividend transferred in the previous year(s) can be claimed from the IEPF after complying with the prescribed requirements. As per the Rules the holders of such shares cannot exercise any of the rights attached to the shares unless the shares are reclaimed from the IEPF.

# DIRECTORS' REPORT (continued)

## General Shareholder Information

The ensuing AGM will be held on Wednesday, the 02nd September, 2020 at 11:00 A.M. through video conferencing/ other audio video means as permitted by the Ministry of Corporate Affairs in view of the COVID-19 pandemic. The detailed procedures in this regard are given in the Notice for the eAGM and also will be notified in newspapers.

**Financial Year** – April to March

### Cut-off Date

The cut-off date for deciding the entitlement for casting e-vote etc is 26th August, 2020.

### Dividend

Considering the economic slowdown and the uncertainties being faced by business in every Sector and the need to preserve resources to meet future liabilities and commitments during the year 2020-21, the Board decided that the interim dividend of Rs.5 per equity share (50%) paid in March, 2020, be taken as the final dividend for the year 2019-20.

### Listing on Stock Exchange

The shares in the Company are listed on Bombay Stock Exchange Limited, P.J. Towers, Dalal Street, Mumbai - 400 001. It is confirmed that the Company has paid Annual Listing Fee to the above Stock Exchange. The Company's stock code on BSE is 523369.

### Market price of DSIL's Share (BSE)

(Rs.)

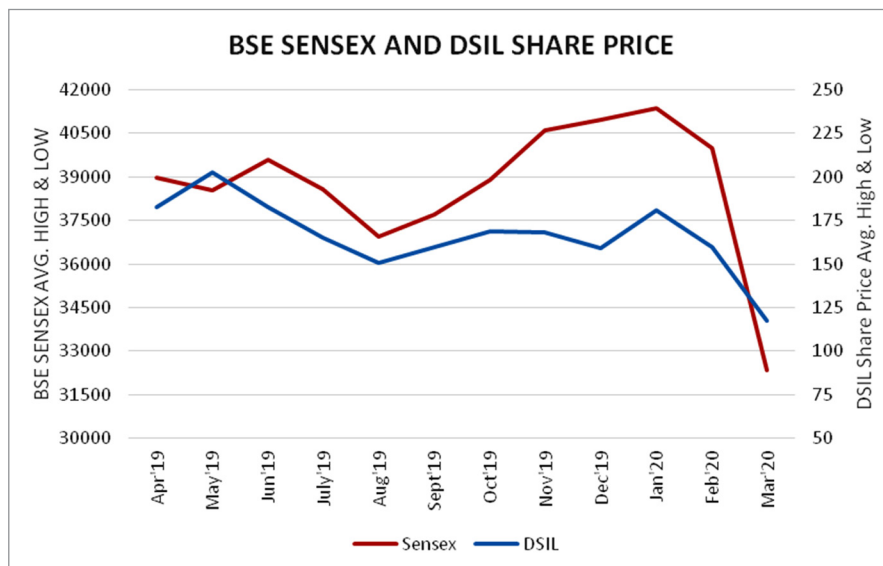
Month	April 2019	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2020	Feb.	Mar.
High	190	230	198	189	163	174	187	186	172	196	180	151
Low	175	175	167	141	138	145	150	150	146	166	139	84

### BSE Sensex Data

(in points)

Month	April 2019	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 2020	Feb.	Mar.
High	39487	40125	40312	40032	37808	39441	40392	41164	41810	42274	41709	39083
Low	38460	36956	38871	37128	36102	35988	37416	40014	40135	40477	38220	25639

### DCM Shriram Industries Ltd.'s Share Price Vs. BSE Sensex



### Registrar and Share Transfer Agents and Share Transfer System

KFIN Technologies Pvt. Ltd. is the share transfer agent of the Company, having the following addresses:

Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District.  
Nanakramguda, Hyderabad – 500 032  
Phone 040-67161500/ 18003454001  
Email ID: einward.ris@kfintech.com

New Delhi House, 305, 3rd Floor,  
Barakhamba Road,  
New Delhi - 110001  
Phone 011-43681700

The shareholders/ investors may also write to the Company at its Registered Office for any grievance/ share transfer related matters to enable the Company to get the matter sorted out expeditiously.

In order to expedite transmission of shares in physical form, the Board had delegated authority to the Company Secretary to approve transmission of up to 2000 shares in any one case at a time. Such shares are registered and the certificates are returned, duly endorsed, within a fortnight's time of completion of documents by the Registrars. Beyond 2000 shares, in any one case, transmission is approved by Stakeholders' Relationship Committee.

#### Distribution of Shareholding

Nominal value of Shareholding			Shareholders		Face Value	
(Rs.)			Number	%age	(Rs.)	%age
Up to	5000		50095	98.28	1,35,46,380	7.78
5001	To	10000	427	0.83	32,66,450	1.87
10001	To	20000	218	0.42	32,80,030	1.88
20001	To	30000	79	0.15	19,87,710	1.14
30001	To	40000	26	0.05	9,10,740	0.52
40001	To	50000	28	0.05	12,89,200	0.74
50001	To	100000	45	0.08	33,19,760	1.90
100001	&	Above	49	0.09	14,63,84,100	
<b>TOTAL</b>			<b>50967</b>	<b>100%</b>	<b>17,39,84,370</b>	<b>100%</b>

#### Shareholding pattern

Category	No. of shares held (in lakhs)	Percentage
Promoters	81.57	46.88
FIs, Banks & Mutual funds	11.64	6.70
Others (public)	80.76	46.52
<b>TOTAL</b>	<b>173.98</b>	<b>100.00</b>

#### Dematerialization of shares

The shares in the Company are under compulsory dematerialized trading. Up to 31.03.2020, 168.93 Lakh out of 173.98 Lakh (97.09%) equity shares in the Company have been dematerialized. The Company's ISIN No. is **INE843D01019**.

#### Outstanding instruments

The Company has not issued any GDRs/ADRs and no convertible instrument is outstanding.

#### Plant locations

Daurala Sugar Works  
Daurala, Meerut (U.P.)

Shriram Rayons  
Shriram Nagar, Kota (Raj.)

Daurala Organics  
Daurala, Meerut (U.P.)

#### Address for correspondence with the Company:

'Investor Service Section'  
5th Floor, Kanchenjunga Building,  
18, Barakhamba Road, New Delhi – 110001.

**e-mail ID** – investorservices@dcmsr.com

**CIN** - L74899DL1989PLC035140

#### Credit Ratings

Credit ratings obtained by the Company are as under:

Instrument	Rating	Remarks
Fixed Deposit	CARE A + (FD)	Reaffirmed on 16.09.2019 Valid till 15.09.2020
Short term bank facilities	CARE A1 +	Reaffirmed on 16.09.2019 Valid till 15.09.2020
Long term facilities	CARE A +	Reaffirmed on 16.09.2019 Valid till 15.09.2020

#### Other Disclosures

- a) There have been no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

# DIRECTORS' REPORT (continued)

- b) There has been no instance of non-compliance by the Company of any requirements related to capital markets during the last 3 years.
- c) The Board of Directors have established a Vigil Mechanism (Whistle Blower Policy) for the Company and no personnel has been denied access to the Audit Committee.
- d) The Company has complied with all mandatory requirements. Regarding non-mandatory requirements, the Company has endeavored to move towards a regime of financial statements with unmodified audit opinion. The Internal auditors' reports are submitted to the Audit Committee, which interacts with them directly.
- e) The policies regarding determination of material subsidiary and related party transactions are available on the Company's website [http://www.dcmsr.com/other\\_files/mspolicy.pdf](http://www.dcmsr.com/other_files/mspolicy.pdf)
- f) The policy on dealing with related party transactions is available on the Company's website [http://www.dcmsr.com/other\\_files/related%20party%20trx%20policy.pdf](http://www.dcmsr.com/other_files/related%20party%20trx%20policy.pdf)
- g) The Company is not engaged in commodity trading on the Commodity Exchange/s.
- h) The Company has not raised any funds through preferential allotment / qualified institutions placement as specified under Regulation 32(7A) of the SEBI (LODR) Regulations, during the year 2019-20.
- i) A certificate from M/s. Chandrasekaran & Associates, Practicing Company Secretaries, confirms that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI / Ministry of Corporate Affairs, or any such statutory authorities.
- j) There has been no case where the Board did not accept any recommendation of any of the Committees of the Board.
- k) The total fees paid by the Company and its subsidiary to the Statutory Auditors of the Companies during the year 2019-20 are given below:

Auditors		Amount (Rs./ lakh)
Company – BSR & Co. LLP	- Statutory Audit	25.00
	- Others	34.21
Subsidiary – SR Dinodia & Co.	- Statutory Audit	0.59
	- Others	0.71

No other payment has been made to any entity, which is linked to the above statutory auditors.

- l) No complaint was received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and redressal) Act, 2013.

The Company has complied with all the requirements of Corporate Governance and CG Report as per Regulations 17 to 27, 46 and Schedule V(C) of LODR Regulations so far as they apply to the Company.

## Demat Suspense Account / Unclaimed Suspense Account

The position with regard to the unclaimed equity shares, transferred to the Demat Suspense Account as required under SEBI (LODR) Regulations, is as under:

Particulars	No. of Folios	No. of Shares
Outstanding shares in the suspense Account as on 1 <sup>st</sup> April, 2019.	513	8126
Number of shareholders approached listed entity for transfer of shares from suspense account during the year 2019-20.	0	0
Number of shareholders to whom shares were transferred from suspense account during the year 2019-20.	0	0
Shares transferred to IEPF as per IEPF Rules 2016 (for the year 2019-20)	0	0
Outstanding shares in the suspense account lying at the end of 31.3.2020	513	8126

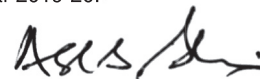
The voting rights on the above shares remain frozen till the shares are released to the rightful owners.

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**Confirmation of compliance of Code of Business Conduct and Ethics**

I declare that all Board members, Key Managerial and Senior Management personnel have individually affirmed compliance with the Code of Business Conduct and Ethics adopted by the Company during the year 2019-20.



(Alok B. Shriram)

Senior Managing Director & CEO  
(DIN 00203808)

June 27, 2020

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**COMPLIANCE CERTIFICATE****To the Members of DCM Shriram Industries Limited**

We have examined the compliance of conditions of Corporate Governance by DCM Shriram Industries Limited for the year April 1, 2019 to March 31, 2020 as required under Schedule V(E) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (LODR) Regulations.

We state during the year April 1, 2019 to March 31, 2020, seven investor grievances were received and no investor grievances were pending against the Company as per the records maintained by the Company as on 31.3.2020.

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 Upender Jajoo & Associates,  
Company Secretaries in Whole-time Practice**

**SD/-**

(Upender Jajoo)

M No. 10155

CP No. 14336

UDIN:F010155B000404725

New Delhi

Date: June 28, 2020

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**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

***(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)***

**To  
The Members,  
DCM Shriram Industries Limited  
Kanchenjunga Building 18,  
Barakhamba Road  
New Delhi-110001**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of DCM Shriram Industries Limited and having CIN L74899DL1989PLC035140 and having registered office at Kanchenjunga Building 18, Barakhamba Road New Delhi -110 001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial

# DIRECTORS' REPORT (continued)

Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of director	DIN	Date of appointment in Company
1	Sanjay Chandrakant Kirloskar	00007885	01/09/2018
2	Sunil Behari Mathur	00013239	14/01/2008
3	Prithvi Raj Khanna	00048800	05/10/2005
4	Ravinder Narain	00059197	29/01/2008
5	Samir Chandra Kumar	00064453	10/02/2013
6	Velagapudi Kavitha Dutt	00139274	02/02/2015
7	Madhav Bansidhar Shriram	00203521	05/10/2005
8	Alok Bansidhar Shriram	00203808	01/04/1992
9	Urvashi Tilak Dhar	00294265	14/08/2019
10	Nalin Kumar Jain	00203581	01/11/2019
11	Collu Vikas Rao	06900458	14/08/2014

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Chandrasekaran Associates  
Company Secretaries

Sd/-

**Dr. S. Chandrasekaran**

Senior Partner

Membership No. FCS 1644

Certificate of Practice No. 715

UDIN: F001644B000345834

New Delhi

Date: June 16, 2020

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company's business comprises of Sugar, Alcohol, Co-generation of Power, Hand Sanitizer, Fine Chemicals and Rayon, with manufacturing facilities at Daurala (U.P.) and Kota (Rajasthan). The Directors' Report gives segment-wise/product-wise performance and future outlook of these operations. The Directors' Report also deals with internal financial control systems, their adequacy, risk and concerns.

The industry situation and competitive scenarios for the various products are given below:-

### Sugar

India is a major international sugar player being the largest consumer and second largest producer of sugar in the world. In India, the Sugar Industry plays an important role in the rural economy especially in Uttar Pradesh, Maharashtra and Karnataka. Sugar Industry impacts a large number of stakeholders comprising of farmers, consumers, workers, traders and transporters.

Traditionally, Indian sugar industry had a cyclical nature with high production during three years and followed by low production in two years. This helped in maintaining sugar stocks at reasonable levels. However, with propagation of better cane varieties having higher yield and sucrose content, the domestic sugar production has been on the rise and during last few years, the Industry is straddled with high sugar stocks resulting in storage and liquidity problems. Additionally, the returns on cane crop are assured and higher compared to other crops resulting in farmers continuing to grow cane despite mounting cane dues.

The Government has taken some positive steps to address the high sugar stocks and for last few years, support is being extended for export against quota declared by the Government. Additionally, from last year, Government has relaxed sugar norms to allow production of Anhydrous Alcohol from 'B' heavy molasses and cane juice. To augment distillery capacities, soft loans have been advanced by the Government. Though, these steps have helped in managing sugar stocks continued support of Government is necessary to keep the Industry afloat.

The demand for sugar has been rising at a nominal 1 – 2 percent but during the current year the same has been hit due to nationwide lock-down on account of global pandemic Covid-19. Government has announced package to provide liquidity but more needs to be done. Further, the impact of Covid-19 is expected to last for at least one year with consumption expected



to remain low as curbs on social gatherings, celebrations, weddings and hospitality sector continue. Further, people are also avoiding cold drinks and ice creams to avoid falling sick. FMCGs and beverages companies are working on reduced capacities. Overall, demand is expected to be lower by 2 - 3 Million MT, if the situation persists beyond one year.

In the current year, the International prices of white sugar were stable at around US\$ 350 per MT due to expected global shortage of 6 -7 Million MT. However, considering wide fall in crude prices, Brazil is expected to divert more cane towards sugar in the next season. This is expected to dampen the International sugar prices and Government's higher support would be required in the next season.

The alcohol business is steady with alcohol prices remaining stable, but the Uttar Pradesh Government has been increasing reservation of molasses for producing country liquor. This is affecting the profitability of the Industry. Overall, the alcohol business is growing at a decent rate. Many players have started producing Anhydrous Alcohol from 'B' heavy molasses and some have also quoted to supply to OMCs from cane juice.

The crude prices have fallen sharply to below US\$50 per barrel because of global slow down due to Covid-19 and price competition between Russia & Saudi Arabia. The domestic petroleum requirement has been hit because of country wide lock-down resulting in lower pick-up of Anhydrous Alcohol by Oil Marketing Companies. The situation is expected to normalize as Government relaxes the lock-down. The Alcohol Industry, including DSW, has started producing alcohol based hand sanitizers.

Going forward, the sugar stocks are expected to be high because of higher sugar production projected in next season. This will create liquidity and storage problems. The Government needs to keep supporting sugar exports and take other measures like keeping cane prices unchanged, increase buffer stock quantity, advance soft loans, etc. Additionally, to encourage lower production of sugar, prices of anhydrous alcohol produced from 'B' heavy and cane juice need to be kept remunerative. The sugar industry is expected to perform satisfactorily despite above challenges.

## Rayon

Shriram Rayons manufactures Rayon tyre yarn, greige and treated fabric. The products are predominantly used as reinforcement material in high performance tyres. The Unit is exporting the products to major international tyre manufacturers in various countries.

Initially the tyre companies had indicated good volumes for the Unit to achieve full capacity utilisation. However, the actual lifting during the year was lower due to recessionary economic conditions, which were further aggravated by worldwide lockdown, due to Covid-19 pandemic, started in the last quarter of the financial year.

The Unit adjusted its production according to reduced market requirement during the year. Various cost reduction measures were also taken. These along with reduced prices of inputs, helped the Unit in maintaining the operating margins even with lower volumes.

The Unit has built up capability to supply treated fabric which is a readily usable product and is preferred by the tyre companies. The treated fabric share in export has been growing and constituted 80% of the exported volume during the year.

The Unit has been working continuously to increase its market share by seeking approvals from other plants of the customers and also becoming a major supplier in China and other new markets outside Europe. Based on market assessment, the Unit initiated implementation of a capacity expansion project. The project was partly operationalised. The project for installation of a new dipping unit with state-of-the-art technology is in an advance stage of implementation. However, lockdown due to Covid-19 pandemic has resulted in delay in the completion of the project.

The Unit has been implementing energy related projects in previous years to reduce energy cost and increase use of agro-fuel. Operationalisation of project for installation of one agro-fuel boiler and an extraction cum condensing turbine to increase captive generation helped in reducing the energy cost. During the year agrofuel consumption increased to 92% and the fossil fuel consumptions reduced to 8%. In addition, captive power generation was also increased to improve reliability and reduce drawl of costly grid power.

The Unit is already operating a One MW Solar Power Plant. The same is working satisfactorily, supplementing the grid/ captive power. Installation of one more One MW Solar Power Plant is in progress and is expected to be operationalized in next year.

The Unit continued its efforts to reduce, recycle and reuse water and achieved reduction in water consumption.

The Unit is continuously upgrading the monitoring and control system for effluent and gas emissions. The effluent monitoring data is being transmitted online to pollution monitoring agencies of the State and Central Government on real time basis.

## Chemicals

The Chinese competitors for our main products continued to face stricter inspections from their environment authorities on waste disposal. As a result, international prices of our main products continued at reasonable levels.

The Company strengthened its financial performance in the Chemicals Business by increased production and sales of high value, high margin products, and reducing costs through energy savings, and improved efficiencies in some processes, through intensive R&D / technology upgradation.

# DIRECTORS' REPORT (continued)

The Company continued its efforts towards debottlenecking of capacities based on market opportunities.

Also, the Company is evaluating several new Projects with interesting prospects, and propose to rapidly conclude on the way ahead for some of these.

## Financial Ratios

Following are ratios for the current financial year and their comparison with preceding financial year. The changes have been less than 25% and as such no explanations are required.

Sl. No.	Ratio description	Unit	2018-19	2019-20	Change %
1	Debtors turnover	No. of times	9.50	9.57	0.07
2	Inventory turnover	No. of times	1.87	1.79	-0.08
3	Interest coverage ratio	No. of times	5.63	3.78	-1.85
4	Current ratio	No. of times	1.21	1.30	0.09
5	Debt equity ratio	No. of times	0.18	0.33	0.15
6	Operating profit margin	%	8.00	9.38	1.38
7	Net profit margin	%	4.36	4.76	0.40
8	Return on Net worth	%	15.41	15.39	-0.02

## Material Development in human resources/ industrial relations front

The Company's HR philosophy continues to be that a dedicated, enlightened and contented work force is the lifeline for any business to achieve its goals. Strength of any organization is its employees. The Company's focus on HR always is on development of a work force to meet the present and future challenges with adequate skills. A concerted effort has been initiated to induct fresh and youthful talents at various disciplines with a long term perceptive. The Company believes that a contented work force is the pillar of the organization.

Industrial relations remained cordial in all operations during the year. As on 31.03.2020 the total number of employees on the Company's pay roll was 2474.

Corporate Social Responsibility has always been integral to the business policy of the Company. The Company undertakes/ supports several activities in and around the areas where its operations are located to ensure that the expenditure being incurred by the Company on CSR activities benefits the maximum people in those areas. The activities cover promotion of education and cultural activities, health including preventive health care, rural development, environment protection and infrastructure development.

## Environment protection

The Company gives utmost importance to environment protection in and around the areas, where its operations are located. Tree plantation is an on-going activity both at Daurala and Kota. This activity not only improves the quality of air in the area, but also mitigates greenhouse emissions, which are the major cause of global warming. The emphasis continues to be on using environment friendly agrofuels for power generation in place of fossil fuels. Effluent treatment plants are maintained for utmost efficiency with technology.

The Company's Units have progressively shifted to environment friendly fuels from fossil fuels for power generation. DSW has fully eliminated use of coal and Shriram Rayons continue to use agrowaste fuels in place of fossil fuels to a large extent. Research and innovation are ongoing activities in the Company to develop systems and measures to minimize emissions from its operations and remained environment friendly.

## Covid-19 – Concerns & preventive measures

The health and wellbeing of the employees at all levels is of prime concern to the management. As soon as the spread of Covid-19 has become known the Company initiated measures to ensure social distancing and observance of hygiene in all its offices and factories. This was even before it was declared a pandemic by WHO and the lockdown announced by the Central Government from 25.03.2020. The Delhi offices of the Company made arrangements to work from home and closed down the work places for over 2 months. There being no treatment in sight and the dangers posed by the virus and the fast pace at which it is spreading, the Company made special efforts to make the workers and other employees at all levels aware the need to prevent rather than seek cure, by adhering to the measures announced by the Government agencies from time to time.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
DCM SHRIRAM INDUSTRIES LIMITED

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of DCM Shriram Industries Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income and expense), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Description of Key Audit Matters

#### (a) Determination of net realizable value of inventory of sugar

See note 2A(d) and 10 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
As at 31 March 2020, the Company has inventory of sugar with the carrying value of Rs. 48,768.12 lakhs. The inventory of sugar is valued at the lower of cost and net realizable value. We believe that the determination of net realizable value of inventory of sugar is a key audit matter considering the size of inventory in the financial statements and judgement involved in the consideration of factors including minimum sale price, regulatory intervention in determining periodical restrictions on quantity of sales, frequent fluctuations in selling prices and the related notifications and policies of the Government in this business segment.	We understood and tested control as established by the management in determination of net realizable value of inventory of sugar.  We have considered factors of actual selling prices prevailing around and subsequent to the year end, management estimation of scenarios of overall production and consumption of sugar, minimum selling price, notification of the Government of India, and other measures taken by the Government with respect to sugar industry as a whole.  Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year end is considered to be reasonable.

#### (b) Impact of Government policies/ notifications

See note 2A(h) and 50 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
The Government authorities have issued various notifications impacting sugar mills. These include export of sugar along with compliances with several conditions to be eligible to get certain Government grants for offsetting the cost of cane crushed and to facilitate timely payment of farmers' dues.  During the year, the Company has recognised grants/ assistance aggregating to Rs. 10,026.53 Lakhs for maintaining buffer stock and to fulfil the maximum admissible export quantity (MAEQ) as notified by the Government. These have been considered significant to the financial statements.  These areas involved significant management judgement in recognition, considering stringent compliances. The areas of judgement include assessment of fulfilment of regulatory conditions, reliability of amounts recognised and timing of accruals.	We evaluated the management's assessment regarding reasonable certainty for complying with the relevant conditions as specified in the notifications/ policies and collections and tested control around it.  We obtained understanding of the relevant notifications/ policies issued by various authorities to assess the appropriateness of claims and related adjustments pursuant to any changes and basis for determination of claims.  We tested the ageing analysis and assessed the information used by the management to determine the realisability of claims and its corresponding accrual in the financial statements.  Based on the above procedures performed, the management's estimates related to recognition of grants/ assistance are considered reasonable.

# INDEPENDENT AUDITOR'S REPORT (continued)

**(c) Recoverability of MAT credit entitlement and impact of adopting the new income tax regime**  
**See note 2A(f) and 38 to the standalone financial statements**

The key audit matter	How the matter was addressed in our audit
<p>The Company has recognised Minimum Alternate Tax (MAT) credit entitlement amounting to Rs. 4,328.99 Lakhs as at 31 March 2020. The utilisation of this asset will be by way of adjustment from taxes when the Company pays taxes under the provisions of the Income Tax Act, 1961. Therefore, the recoverability of MAT credit entitlement is dependent upon generation of sufficient future taxable profits within the stipulated period prescribed under the Income Tax Act, 1961.</p> <p>Further, with effect from financial year 2019-20, the Income Tax Act provides an option of paying income taxes at a lower rate subject to complying with certain prescribed conditions ('new tax regime'). The Company has opted to shift to the new tax regime from a financial year in the future.</p> <p>Accordingly, the deferred tax balances which are expected to reverse subsequent to the Company shifting to the new tax regime in the specified future year were remeasured and the consequential amount has been recognised in the Standalone Statement of Profit and Loss of the current year.</p> <p>Assessment of recoverability of MAT credit entitlement and determination of the point in time at which the Company would shift to the new tax regime involves judgement and estimation (including consideration of uncertainties associated with COVID 19 pandemic) regarding forecasting future taxable profits.</p> <p>Since the impact of remeasurement of deferred tax balances as stated above is sensitive to these judgements and estimates, it affects the amount of deferred tax balances (including MAT credit).</p> <p>Given the volume and level of judgement involved, we have determined this to be a key audit matter.</p>	<p>We have examined the implications of the new provisions on the tax position of the Company to assess the impact of adopting the new tax regime from the specified future financial year.</p> <p>We have obtained the budgets and business projections (including profit forecast) prepared by the Company and assessed these by comparing with the historical trends, current year performance and approved future business plans.</p> <p>We have assessed the appropriateness of the management's estimation, including key assumptions, of recoverability of MAT credit entitlement against the forecasted taxable profits and timing of shift to new tax regime which impacts the measurement of deferred tax balances. We also performed sensitivity analysis of the taxable profits for such assessment.</p> <p>We have assessed the adequacy of related disclosures in the standalone financial statements.</p>

**Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's and Board of Directors' Responsibility for the Standalone Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors;
- conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  - (A) As required by Section 143(3) of the Act, we report that:
    - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    - c) the standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows, dealt with by this Report, are in agreement with the books of account;
    - d) in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act;
    - e) on the basis of the written representations received from the directors as on 31 March 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act; and
    - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 41 and 52 to the standalone financial statements;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended 31 March 2020;
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
    - iv. the disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
  - (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limits laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 1012482W/W-100022

**Kaushal Kishore**  
Partner  
Membership No. 090075  
UDIN: 20090075AAAAQ9356

Place: New Delhi  
Date: 27.06.2020

# INDEPENDENT AUDITOR'S REPORT (continued)

## Annexure A referred to in our Independent Auditor's Report to the members of DCM Shriram Industries Limited on the Standalone Financial Statements for the year ended 31 March 2020.

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment, by which all property, plant and equipment are verified, in a phased manner, over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain assets have been physically verified by the management during the current year. As informed to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company and based on the confirmation obtained by the Company from the custodian of the title deeds, with whom the title deeds are deposited as security for loans and the examination of the registered sale deed/ transfer deed/ conveyance deed, provided to us, we report that the title deeds of the immovable property are held in the name of the Company, except for:

Situated at	Whether leasehold / freehold	Gross block as at 31 March 2020 (Rs. in lakhs)	Net block as at 31 March 2020 (Rs. in lakhs)
Daurala, Uttar Pradesh*	Freehold	379.04	379.04
Daurala, Uttar Pradesh**	Freehold	44.95	44.95
Kota, Rajasthan*	Leasehold	465.00	465.00

\* Vested pursuant to a Scheme of Arrangement of erstwhile DCM Limited and yet to be endorsed in the name of the Company.

\*\* The title deeds are in the name of Daurala Organics Limited, an erstwhile Company that was merged with the Company under sections 391 to 394 of the Companies Act, 1956, in terms of the approval of the Honourable High court of judicature.

- (ii) According to the information and explanations given to us, the inventories, except good-in-transit, have been physically verified by the management at the year end. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its business. In our opinion and as per the information and explanations received by us, the discrepancies noticed on comparison of physical verification of inventories with book records were not material and have been properly dealt with in the books of account. According to the information and explanations given to us, Goods-in-transit have been verified from the underlying documentation.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any transactions during the year related to loans, investment, guarantees and securities, to which the provisions of Sections 185 and 186 of the Act are applicable.
- (v) According to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended with regards to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal with regard to acceptance of deposits by the Company.
- (vi) The Central Government has prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for activities carried out by the Company. 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 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted or accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax ('GST'), Duty of customs, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, GST, Duty of customs, Cess and other material statutory dues, were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues in respect of Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, GST and Value added tax which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of dues	Forum where dispute is pending	Period to which the amount related (Various years covering the period)	Amount involved* (Rs. lakhs)	Amount paid under protest (Rs. lakhs)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal**	2003-2006	1,708.75	1,708.75
Income Tax Act, 1961	Transfer Pricing	Dispute Resolution Panel (DRP) ***	2016-17	3,631.97	-
Central Excise Act, 1944	Excise Duty	Commissioner (Appeals)	March 2012 to February 2013 2004 -2005	32.13	10.03
		High Court	June 1998 to February 1999	3.54	-
		CESTAT, Delhi	1995- 1996	3.22	-
		Assistant Commissioner (Appeals)	June 2017	39.28	-
Sales Tax Laws	Sales Tax	High Court	1989-1990, 1992-1993, 1995-1996, 1997-1998, 2008-2009, 2009-2010, 2010-2011, 2013-2014	115.42	-
		Additional Commissioner (Appeals)	2004-2005	2.21	0.88
Service Tax Laws – Finance Act, 1994	Service Tax	Assistant Commissioner	April 2014 to December 2015	10.31	-
GST Act, 2017	GST	Additional Commissioner	2017-18	1.78	1.78
UP VAT Act, 1956	VAT	Joint Commissioner	July 2017 to March 2018 April 2018 to March 2019	9,104.00	-

\* amount as per demand orders, including interest and penalty wherever indicated in the demand orders

\*\* Order passed by ITAT in favour of the Company, though may be subject to appeal by the department within the prescribed time.

\*\*\* Order received under Section 92CA (3) of the Income Tax Act, 1961 for additions, against which the Company has filed an appeal in DRP.

# INDEPENDENT AUDITOR'S REPORT (continued)

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- (viii) According to the information and explanations given to us, there is no default existing at the balance sheet date in repayment of loans or borrowings to banks, government or a financial institution. The Company has not issued any debentures during the year.
- (ix) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records, the Company has utilized the money raised during the year by way of term loans, for the purposes for which they were raised. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with the provisions of Section 197, read with Schedule V of the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all the transactions with related parties are in compliance with the provisions of Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order and provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

*For B S R & Co. LLP*  
*Chartered Accountants*  
Firm Registration No. 101248W / W-100022

**Kaushal Kishore**  
*Partner*  
(Membership No. 090075)  
UDIN: 20090075AAAAAQ9356

Place : New Delhi  
Date : June 27, 2020

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## **Annexure B to the Independent Auditors' report on the standalone financial statements of DCM Shriram Industries Limited for the year ended 31 March 2020.**

### **Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**[Referred to in paragraph 2 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]**

#### **Opinion**

We have audited the internal financial controls with reference to financial statements of DCM Shriram Industries Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements, and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India (the "Guidance Note").



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### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud, may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*For B S R & Co. LLP*  
*Chartered Accountants*  
Firm Registration No. 101248W / W-100022

**Kaushal Kishore**  
*Partner*  
(Membership No. 090075)  
UDIN: 20090075AAAAAQ9356

Place : New Delhi  
Date : June 27, 2020

# Standalone Balance Sheet as at March 31, 2020

Particulars	Note	As at	As at
		31.03.2020	31.03.2019
		Rs. lakhs	Rs. lakhs
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	43,039.64	38,925.47
Capital work-in progress	3	3,423.63	2,245.66
Right-of-use-assets	40	2,499.22	-
Intangible assets	4	112.76	90.32
Intangible assets under development	4	-	16.50
Financial assets			
(i) Investments in subsidiary and associate	5	613.40	613.40
(ii) Loans	6	532.74	500.24
(iii) Other financial assets	7	445.56	99.67
Income-tax assets (net)	8	1,599.70	1,393.90
Other non-current assets	9	165.89	983.88
<b>Total non-current assets</b>		<b>52,432.54</b>	<b>44,869.04</b>
<b>Current assets</b>			
Inventories	10	66,274.39	61,643.95
Financial assets			
(i) Investments	11	1,161.03	1,710.18
(ii) Trade receivables	12	18,457.16	19,053.59
(iii) Cash and cash equivalents	13	4,357.85	597.56
(iv) Other bank balances	14	392.23	695.03
(v) Loans	15	47.99	12.11
(vi) Other financial assets	16	13,347.65	308.86
Other current assets	17	2,398.07	2,806.30
<b>Total current assets</b>		<b>106,436.37</b>	<b>86,827.58</b>
<b>TOTAL ASSETS</b>		<b>158,868.91</b>	<b>131,696.62</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	18	1,739.84	1,739.84
Other equity	19	52,399.62	45,491.53
<b>Total equity</b>		<b>54,139.46</b>	<b>47,231.37</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	20	17,782.29	8,321.62
(ii) Lease liabilities	40	2,154.54	-
(iii) Other financial liabilities	21	87.79	73.93
Provisions	22	1,613.74	1,173.73
Deferred tax liabilities (net)	38	1,114.85	2,896.97
Other non-current liabilities	23	57.95	73.28
<b>Total non-current liabilities</b>		<b>22,811.16</b>	<b>12,539.53</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	24	35,212.30	34,791.90
(ii) Lease liabilities	40	414.40	-
(iii) Trade payables	25	-	-
-Total outstanding dues of Micro and Small Enterprises		397.88	337.19
-Total outstanding dues other than Micro and Small Enterprises		26,974.49	30,095.40
(iv) Other financial liabilities	26	7,510.73	4,863.67
Other current liabilities	27	1,584.36	1,454.36
Provisions	28	9,824.13	383.20
<b>Total current liabilities</b>		<b>81,918.29</b>	<b>71,925.72</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>158,868.91</b>	<b>131,696.62</b>
<b>Significant Accounting Policies</b>	2A		

The notes referred to above form an integral part of the standalone financial statements

As per our report of even date attached

**For BSR & CO. LLP**

Chartered Accountants  
ICAI Firm Registration No.:  
101248W/W-100022

**Kaushal Kishore**

Partner  
Membership No.: 090075  
Place : New Delhi  
Date : 27.06.2020

N.K. Jain  
Director Finance & Chief  
Financial Officer

Y.D. Gupta  
Vice President &  
Company Secretary  
Place : New Delhi  
Date : 27.06.2020

**For and on behalf of the Board of Directors  
DCM Shriram Industries Limited**

S.B Mathur  
Chairman

Alok B. Shriram  
Sr. Managing Director  
Madhav B. Shriram  
Managing Director

P.R. Khanna  
Director

# Statement of Standalone Profit and Loss for the year ended March 31, 2020



Particulars	Note	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>Revenue</b>			
Revenue from operations	29	179,494.90	168,900.18
Other income	30	2,306.36	1,818.47
<b>Total revenue</b>		<b>181,801.26</b>	<b>170,718.65</b>
<b>Expenses</b>			
Cost of material consumed	31	97,584.53	101,734.37
Purchase of traded goods	32	20,514.47	13,151.74
Changes in inventories of finished goods and work-in-progress	33	(3,437.49)	(10,693.40)
Employee benefits expense	34	14,236.10	13,480.17
Finance costs	35	4,454.09	2,400.18
Depreciation and amortisation expense	36	2,760.95	2,079.54
Other expenses	37	36,066.84	39,526.75
<b>Total expenses</b>		<b>172,179.49</b>	<b>161,679.35</b>
<b>Profit before tax</b>		<b>9,621.77</b>	<b>9,039.30</b>
<b>Tax expense</b>			
Current tax expense	38	2,323.02	1,948.03
Deferred tax (credit)/ charge	38	(2,296.89)	68.66
Tax relating to earlier years	38	-	(335.05)
		<b>26.13</b>	<b>1,681.64</b>
<b>Profit for the year</b>		<b>9,595.64</b>	<b>7,357.66</b>
<b>Other comprehensive income/(expense)</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Re-measurement (loss) on defined benefit obligation		(584.62)	(124.02)
Income tax pertaining to items that will not be reclassified to profit or loss		204.29	43.34
<b>Total other comprehensive income/ (expense), net of taxes</b>		<b>(380.33)</b>	<b>(80.68)</b>
<b>Total comprehensive income</b>		<b>9,215.31</b>	<b>7,276.98</b>
<b>Earnings per equity share of Rs. 10 each- basic/ diluted (Rs.)</b>	43	<b>55.15</b>	<b>42.29</b>
<b>Significant Accounting Policies</b>	2A		

The notes referred to above form an integral part of the standalone financial statements

As per our report of even date attached

**For BSR & CO. LLP**

Chartered Accountants  
ICAI Firm Registration No.:  
101248W/W-100022

**Kaushal Kishore**

Partner  
Membership No.: 090075  
Place : New Delhi  
Date : 27.06.2020

N.K. Jain  
Director Finance & Chief  
Financial Officer

Y.D. Gupta  
Vice President &  
Company Secretary  
Place : New Delhi  
Date : 27.06.2020

**For and on behalf of the Board of Directors  
DCM Shriram Industries Limited**

S.B Mathur  
Chairman  
Alok B. Shriram  
Sr. Managing Director  
Madhav B. Shriram  
Managing Director

P.R. Khanna  
Director

# Standalone Statement of Cash Flow for the year ended March 31, 2020

Particulars	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	9,621.77	9,039.30
Adjustments for :		
Depreciation and amortisation	2,760.95	2,079.54
Finance costs	4,454.09	2,400.18
Interest income	(59.42)	(231.95)
Interest received against subvention	(963.48)	(286.04)
Loss/ (Profit) on sale of property, plant and equipment / discarded assets (net)	179.91	(52.68)
Profit on sale of current investments	(19.72)	(175.78)
Net gain on fair value of investments	(63.77)	(64.07)
<b>Operating profit before changes in assets and liabilities</b>	<b>15,910.33</b>	<b>12,708.50</b>
Changes in assets and liabilities		
(Decrease) / Increase in trade payables	(3,508.99)	11,086.41
Increase in financial liabilities	869.35	8.53
Increase in other liabilities & provisions	9,410.99	143.22
Decrease / (Increase) in trade receivables	596.43	(2,565.32)
(Increase) in inventories	(4,630.44)	(12,038.41)
(Increase) / Decrease in financial assets	(13,479.82)	943.88
Decrease / (Increase) in other assets	426.55	(383.64)
<b>Cash generated from operations</b>	<b>5,594.40</b>	<b>9,903.17</b>
Income tax paid (Net)	(1,809.76)	(1,530.99)
<b>Net cash from operating activities ( A )</b>	<b>3,784.64</b>	<b>8,372.18</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on acquisition of items of property, plant and equipments and intangible assets	(7,509.99)	(8,853.36)
Proceeds from sale of property, plant and equipments	303.42	117.18
Purchase of current investments	(315.00)	(10,375.00)
Proceeds from sale of current investments	947.64	8,904.66
Changes in other bank balances	302.80	(166.78)
Interest received	86.18	229.45
<b>Net cash used in investing activities ( B )</b>	<b>(6,184.95)</b>	<b>(10,143.85)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	14,618.23	8,959.17
Repayment of long term borrowings	(2,775.37)	(3,000.63)
Proceeds / (repayments) from short term borrowings (net)	420.40	(1,148.86)
Repayments of Lease Liabilities	(375.10)	-
Payment of Inter Corporate deposit	-	(150.00)
Finance costs paid (Net of subvention)	(3,461.46)	(2,167.82)
Dividend paid	(1,872.71)	(680.44)
Dividend distribution tax paid	(393.39)	(143.05)
<b>Net cash from / (used) in financing activities ( C )</b>	<b>6,160.60</b>	<b>1,668.37</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>3,760.29</b>	<b>(103.30)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>597.56</b>	<b>700.86</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>4,357.85</b>	<b>597.56</b>
<b>Component of cash and cash equivalents</b>		
Balances with scheduled banks:		
- Current accounts	4,329.64	569.35
- Cash in hand	28.21	28.21
<b>Cash and cash equivalents at the close of the year</b>	<b>4,357.85</b>	<b>597.56</b>

Contd. on next page

**Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities :**

(Rs. lakhs)

Particulars	Non-current borrowings*	Current borrowings	Lease liability	Total
Opening balance as at April 1, 2018	5,980.25	36,090.76	-	42,071.01
Cash flows during the year	5,633.97	(3,142.11)	-	2,491.86
Non-cash changes due to:				
- Interest expense (net of subvention)	270.88	1,843.25	-	2,114.13
				-
Closing balance as at March 31, 2019	11,885.10	34,791.90	-	46,677.00
<b>Opening balance as at April 1, 2019</b>	<b>11,885.10</b>	<b>34,791.90</b>	<b>-</b>	<b>46,677.00</b>
<b>Cash flows during the year</b>	<b>11,353.49</b>	<b>(2,399.42)</b>	<b>(527.37)</b>	<b>8,426.70</b>
<b>Non-cash changes due to:</b>				
- Interest expense (net of subvention)	518.52	2,819.82	-	3,338.34
- Finance cost on lease liability	-	-	152.27	152.27
- Lease liability recognised	-	-	2944.04	2,944.04
<b>Closing balance as at March 31, 2020</b>	<b>23,757.11</b>	<b>35,212.30</b>	<b>2,568.94</b>	<b>61,538.35</b>

\* Includes current maturities of non current borrowings, interest accrued but not due on borrowings and unclaimed deposits and interest accrued thereon, refer Note 21 and 26.

**Notes**

- The standalone cash flow statement has been prepared in accordance with "Indirect Method" as set out on Indian Accounting Standard -7 on "Statement on Cash Flows".

**Significant Accounting Policies**

**2A**

The notes referred to above form an integral part of the standalone financial statements

As per our report of even date attached

**For BSR & CO. LLP**

Chartered Accountants  
ICAI Firm Registration No.:  
101248W/W-100022

**Kaushal Kishore**

Partner  
Membership No.: 090075  
Place : New Delhi  
Date : 27.06.2020

N.K. Jain  
Director Finance & Chief  
Financial Officer

Y.D. Gupta  
Vice President &  
Company Secretary  
Place : New Delhi  
Date : 27.06.2020

**For and on behalf of the Board of Directors  
DCM Shriram Industries Limited**

S.B Mathur  
Chairman  
Alok B. Shriram  
Sr. Managing Director  
Madhav B. Shriram  
Managing Director

P.R. Khanna  
Director

# Statement of Standalone Changes in Equity for the year ended March 31, 2020

## A. Equity share capital

Particulars	(Rs.lakhs)
<b>Balance as at April 1, 2018</b>	1,739.84
Changes in equity share capital during the year ended March 31, 2019	-
<b>Balance as at March 31, 2019</b>	1,739.84
Changes in equity share capital during the year ended March 31, 2020	-
<b>Balance as at March 31, 2020</b>	<b>1,739.84</b>

## B. Other equity

(Rs.lakhs)

Particulars	Reserve and surplus					Items of Other Comprehensive Income	Total
	Amalgamation reserve	General reserve	Capital redemption reserve	Securities Premium	Retained Earnings	"Remeasurement of defined benefit obligations"	
<b>Balance as at April 1, 2018</b>	1,411.38	13,465.60	0.10	3,406.68	20,989.86	(220.08)	39,053.54
Profit for the year	-	-	-	-	7,357.66	-	7,357.66
Other comprehensive income / (expense) for the year	-	-	-	-	-	(80.68)	(80.68)
<b>Total comprehensive income for the year</b>	1,411.38	13,465.60	0.10	3,406.68	28,347.52	(300.76)	46,330.52
<b>Transactions with shareholders, recorded directly in equity</b>							
<b>Distribution to shareholders</b>							
Final dividend on equity shares (Rs.4.00 per equity share of Rs.10 each)	-	-	-	-	(695.94)	-	(695.94)
Dividend distribution tax on final dividend	-	-	-	-	(143.05)	-	(143.05)
<b>Balance as at March 31, 2019</b>	1,411.38	13,465.60	0.10	3,406.68	27,508.53	(300.76)	45,491.53
<b>Balance as at April 1, 2019</b>	1,411.38	13,465.60	0.10	3,406.68	27,508.53	(300.76)	45,491.53
Profit for the year	-	-	-	-	9,595.64	-	9,595.64
Other comprehensive income / (expense) for the year	-	-	-	-	-	(380.33)	(380.33)
<b>Total comprehensive income for the year</b>	1,411.38	13,465.60	0.10	3,406.68	37,104.17	(681.09)	54,706.84
<b>Transactions with shareholders, recorded directly in equity</b>							
<b>Distribution to shareholders</b>							
Final dividend on equity shares (Rs.6.00 per equity share of Rs.10 each)	-	-	-	-	(1,043.91)	-	(1,043.91)
Dividend distribution tax on final dividend	-	-	-	-	(214.58)	-	(214.58)
Interim dividend on equity shares (Rs.5.00 per equity share of Rs.10 each)	-	-	-	-	(869.92)	-	(869.92)
Dividend distribution tax on final dividend	-	-	-	-	(178.81)	-	(178.81)
<b>Balance as at March 31, 2020</b>	1,411.38	13,465.60	0.10	3,406.68	34,796.95	(681.09)	52,399.62

### Nature and purpose of reserve

#### a. Amalgamation reserve

Amalgamation reserve had been created on amalgamation of Daurala Organics Limited with the Company.

#### b. General reserve

Profits earned by the Company are transferred to General reserve as decided

#### c. Capital redemption reserve

Created on redemption of preference shares as per requirements of the Companies Act, 1956.

#### d. Securities premium

Securities premium has been created on account of the premium received on issue of shares and capital and reorganisation reserve reclassified in the year ended March 31, 1993.

### Significant Accounting Policies

2A

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

#### For BSR & CO. LLP

Chartered Accountants  
ICAI Firm Registration No.:  
101248W/W-100022

#### Kaushal Kishore

Partner  
Membership No.: 090075  
Place : New Delhi  
Date : 27.06.2020

N.K. Jain  
Director Finance & Chief  
Financial Officer

Y.D. Gupta  
Vice President &  
Company Secretary  
Place : New Delhi  
Date : 27.06.2020

#### For and on behalf of the Board of Directors DCM Shriram Industries Limited

S.B Mathur  
Chairman

P.R. Khanna  
Director

Alok B. Shriram  
Sr. Managing Director

Madhav B. Shriram  
Managing Director

## 1. Corporate Information

DCM Shriram Industries Limited (the “Company”) is a Public Limited Listed Company incorporated in India and having its registered office at Kanchenjunga Building, 6th Floor, 18, Barakhamba Road, New Delhi – 110001. The Company is primarily engaged in production and sale of sugar, alcohol, power, chemicals and industrial fibers.

## 2. Basis of preparation of financial statements

### a) Statement of Compliance

These Standalone Ind AS Financial Statements (“Standalone Financial Statements”) of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of Companies Act, 2013, (the ‘Act’), Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act, as applicable.

These Standalone Financial Statements of the Company for the year ended March 31, 2020 are approved by the Company's Audit Committee and by the Board of Directors on June 27, 2020.

### b) Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (INR), which is also the Company’s functional currency. All amounts are in Rupees lakhs with two decimal points rounded-off to the nearest thousands, unless otherwise stated.

### c) Basis of measurement

The standalone financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following items:

Items	Measurement basis
Derivative financial instruments and certain other financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

### d) Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. In particular, information about significant areas of estimation/ uncertainty and judgements in applying accounting policies that have the most significant effects on the standalone financial statements are included in the following notes:

- Recognition and estimation of tax expense including deferred tax- Note 2A(f) and 38.
- Assessment of useful life of property, plant and equipment and intangible asset- Note 2A(b) and (c).
- Estimation of obligations relating to employee benefits: key actuarial assumptions - Note 2A(g)
- Valuation of Inventories- Note 2A(d)
- Fair Value Measurement of financials instruments- Note 2A(p)
- Lease Classification- Note 2A(m)
- Recognition and Measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of outflow of resources- Note 2A(k)
- Impairment of financial assets- Note 2A(p)
- Impairment of non-financial assets- Note 2A(j)

### e) Changes in significant accounting policies

Effective April 01, 2019, the Company has adopted Ind AS 116 “Leases” using the modified retrospective approach on all the lease contracts existing on that date. Accordingly, the comparative information has not been restated. It replaces Ind AS 17 “Leases” and related interpretations. This resulted in recognising a right-of-use asset with a corresponding lease liability as at April 01, 2019. Refer to note 2A(m) and 40 for details.

### 2A. Significant accounting policies

#### a) Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

#### b) Property, plant and equipment (PPE)

##### (i) Recognition and measurement

All items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation/ amortization and accumulated impairment losses, if any.

Cost of acquisition or construction of property, plant and equipment comprises its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Capital work-in-progress is stated at cost, net of impairment loss, if any.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition and location for their intended use, and the estimated cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment having significant cost have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising on disposal of property, plant and equipment is recognized in the Statement of Profit and Loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

##### (ii) Subsequent expenditure

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured.



### **(iii) Depreciation**

Depreciation is provided on a pro-rata basis using the straight-line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013. Assets costing up to Rs. 0.05 lakhs are fully depreciated in the year of purchase. No depreciation is provided on assets sold, discarded, etc. during the year. Leasehold improvements are amortised on a straight line basis over the unexpired period of lease. Freehold land and leasehold land are not depreciated.

Depreciation methods, useful lives and residual values are reviewed in each financial year, and changes, if any, are accounted for prospectively.

### **c) Intangible assets**

#### **(i) Recognition and initial measurement**

Intangible assets comprise computer software. Intangible assets that are acquired by the Company are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

#### **(ii) Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

#### **(iii) Amortisation**

Intangible assets, being computer software are amortised in the Statement of Profit and Loss over the estimated useful life of 5 years using the straight line method.

The amortisation method and the useful lives of intangible assets are reviewed annually and adjusted as necessary.

### **d) Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost is ascertained on a 'weighted average' basis.

Raw materials and stores and spares - Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The aforesaid items are valued at Net Realisable Value if the finished products in which they are to be incorporated are expected to be sold at a loss.

Finished goods and work in progress - Cost comprises raw material cost, other direct costs, appropriate share of labour, and overheads incurred in bringing them to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **e) Revenue recognition**

#### **(i) Sales of goods**

Revenue from sale of goods is recognised at the point in time when control of products is transferred to the customer. Amounts disclosed as revenue are net of returns and allowances, trade discounts and rebates. The Company collects Goods and Services Tax on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, these are excluded from the revenue.

Revenue is measured based on the transaction price, which is the consideration, adjusted for variable consideration such as volume discounts, cash discounts etc. as specified in the contract with the customer.

Contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

Contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### (ii) Rendering of services

Revenue from sale of services is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and is recognized in the Statement of Profit and Loss in proportion to the stage of completion of the transaction at the reporting date when the underlying services are performed. Job work is recognized upon full completion of the job work.

### (iii) Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding. Dividends income from investments is recognised when the shareholder's right to receive payment has been established.

Use of significant judgements in revenue recognition:

- Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, price concessions and incentives. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Company's performance obligation under revenue contracts, is satisfied at a point in time and judgement is exercised in determining point in time.

## f) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other Comprehensive Income (OCI).

- Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.
- Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.
- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investments in subsidiaries, to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously

## **g) Employee benefits**

### **(i) Short-term benefits**

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

### **(ii) Defined contribution plans**

The defined contribution plans i.e. provident fund (administered through Regional Provident Fund Office), superannuation fund and employee state insurance corporation are post-employment benefit plans under which a Company pays fixed contributions and will have no legal and constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit and Loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### **(iii) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

#### *Gratuity*

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan) covering all eligible employees. In accordance with the payment of Gratuity Act, 1972, the Gratuity plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment. These are funded by the Company and are managed by LIC.

The calculation of defined benefit obligation is performed by a qualified actuary separately for each plan using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rate used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

*Provident fund* (other than those made to the Regional Provident Fund Office of the Government)

Provident Fund Contributions other than those made to the Regional Provident Fund Office of the Government which are made to the Trusts administered by the Company are accounted for on the basis of actuarial valuation. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company.

#### **(iv) Other long-term employee benefits**

Benefits under the Company's privilege leaves and medical leave are other long term employee benefits. The Company's net obligation in respect of privilege leave and medical leave are the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method.

Re-measurements are recognised in Statement of Profit and Loss in the period in which they arise.

#### **h) Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income (operating and non-operating) other than export benefits which are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

A government grant that becomes receivable as compensation for expenses or losses incurred in a previous period, is recognised in profit or loss of the period in which it becomes receivable.

#### **i) Foreign currency transactions and translation**

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be Indian Rupees (INR). The financial statements are presented in INR which is Company's functional and presentational currency.

Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of the Company at the exchange rates at the dates of the transactions or at an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains/ (losses) arising on account of realisation/ settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the Statement of Profit and Loss.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The derivative financial instruments such as forward exchange contracts to hedge its risk associated with foreign currency fluctuations are stated at fair value. Any gains or losses arising from changes in fair value are taken directly to Statement of Profit or Loss.

#### **j) Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **k) Provisions and contingent liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period., If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

#### **l) Borrowing cost**

Borrowing costs that are directly attributable to the acquisition, construction or erection of qualifying assets are capitalised as part of cost of such asset until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition of the qualifying asset.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

### m) Leases

Effective April 1, 2019, the Company has applied Ind AS 116 using modified retrospective approach and, therefore, the comparative information has not been restated and continues to be reported under Ind AS 17. The details of accounting policies under Ind AS 17 are disclosed separately, if they are different from those under Ind AS 116 and the impact of changes is disclosed in note 40.

#### Policy applicable from April 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset through the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision- making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used

An entity shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

This policy is applicable to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

#### Company as a lessee

As a lessee, the Company at the commencement date recognizes a Right-of Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets. The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs etc. Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter

of lease term or useful life of right-of-use assets. For lease liabilities at the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined and in other cases, the lease payments are discounted using the incremental borrowing rate. For short-term and low value assets, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

#### **Policy applicable before April 1, 2019**

In the comparative period, a lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

#### **Finance leases**

Assets held under finance lease are initially recognised as assets at the fair value at the inception of lease or at the present value of the minimum lease payments, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

#### **Operating leases**

Lease rental expenses from operating leases is generally recognised on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

#### **n) Earnings per share (EPS)**

Basic earnings / (loss) per share are calculated by dividing the net profit or loss for the year attributable to the shareholders of the Company by the weighted average number of equity shares outstanding at the end of the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus / rights issue, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earning per share, the net profit or loss for the year 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.

#### **o) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

In accordance with Ind AS 108 – “Operating Segments”, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's Management to allocate resources to the segments and assess their performance.

The Executive Committee, comprising of Chairman and Managing Director, Whole Time Directors, Business Heads, Chief Financial Officer and Company Secretary is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. All operating segments' operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segments and assess their performance. Refer Note 39 for segment information.

Based on “Management Approach” as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates the resources

based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Unallocable items includes general corporate income and expense items which are not allocated to any business segment.

### **Segment Policies:**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the standalone financial statements of the Company as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

### **p) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. It regularly reviews significant inputs and valuation adjustments.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

### **Initial recognition and measurement**

With the exception of trade receivables that do not contain a significant financing component, the Company initially measures financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, net of transaction costs. Trade receivables do not contain a significant financing component and are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 2A (e) Revenue recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### **Subsequent measurement**

For purposes of subsequent measurement, financial assets of the Company are classified in three categories:

- a) At amortised cost
- b) At fair value through profit and loss (FVTPL)
- c) At fair value through other comprehensive income (FVTOCI)



Financial Asset is measured at amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets and current investments in mutual funds. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### **Equity Investments**

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are measured at fair value through profit and loss.

For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments.

Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment.

### **Impairment of financial assets**

The Company recognizes loss allowances for expected credit losses on:

- Financial assets measured at amortized cost; and
- Financial assets measured at FVOCI – debt instruments.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is recognised as an impairment gain or loss in the Statement of Profit and Loss.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instruments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### **Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest

method. Interest expense and foreign exchange gains and losses are recognised in the statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

### **Offsetting**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

### **Derecognition**

#### **(i) Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### **(ii) Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Statement of Profit and Loss.

#### **q) Cash and cash equivalents**

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### **r) Research and development**

Expenditure on research and development activities is recognized in the Statement of Profit and Loss as incurred.

Development expenditure is capitalized as part of cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

#### **s) Dividend**

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

## **2B. Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020

**3. Property, plant and equipment and capital work-in-progress**

(Rs.lakhs)

Particulars	Freehold land *	Leasehold land *	Leasehold improvement	Buildings	Plant and equipment	Vehicles	Office equipment	Furniture and fixtures	Total	Capital work-in-progress
<b>Gross carrying amount</b>										
<b>Balance as at April 1, 2018</b>	789.26	465.35	-	4,388.92	29,756.75	804.53	390.59	120.90	36,716.30	1,781.71
Add: Additions during the year	-	-	-	264.34	7,595.35	88.14	67.61	34.86	8,050.30	8,189.33
Less: Disposals/Adjustments/Capitalised during the year	-	-	-	5.92	231.90	47.51	19.51	2.83	307.67	7,725.38
<b>Balance as at March 31, 2019</b>	789.26	465.35	-	4,647.34	37,120.20	845.16	438.69	152.93	44,458.93	2,245.66
Add: Additions during the year	-	-	151.80	98.05	6,244.09	147.58	129.97	99.02	6,870.51	7,732.46
Less: Disposals/Adjustments/Capitalised during the year	-	-	-	1.28	1,227.32	68.07	21.68	18.62	1,336.97	6,554.49
<b>Balance as at March 31, 2020</b>	789.26	465.35	151.80	4,744.11	42,136.97	924.67	546.98	233.33	49,992.47	3,423.63
<b>Accumulated depreciation</b>										
<b>Balance as at April 1, 2018</b>	-	-	-	341.92	2,980.30	205.25	149.94	52.12	3,729.53	-
Depreciation expense during the year	-	-	-	211.22	1,640.89	112.37	59.47	23.15	2,047.10	-
Less: Disposals / adjustments during the year	-	-	-	4.62	209.94	15.21	12.93	0.47	243.17	-
<b>Balance as at March 31, 2019</b>	-	-	-	548.52	4,411.25	302.41	196.48	74.80	5,533.46	-
Add: Depreciation expense during the year	-	-	1.65	232.69	1,821.83	113.13	76.03	27.40	2,272.73	-
Less: Disposals / adjustments during the year	-	-	-	1.22	776.78	42.10	18.02	15.24	853.36	-
<b>Balance as at March 31, 2020</b>	-	-	1.65	779.99	5,456.30	373.44	254.49	86.96	6,952.83	-
<b>Net carrying value</b>										
<b>As at March 31, 2020</b>	789.26	465.35	150.15	3,964.12	36,680.67	551.23	292.49	146.37	43,039.64	3,423.63
As at March 31, 2019	789.26	465.35	-	4,098.82	32,708.95	542.75	242.21	78.13	38,925.47	2,245.66

\* Refer note 51 for details of immovable properties which are not yet endorsed in the name of the Company.

**Notes:**

- 1) For contractual commitments with respect to Capital work-in-progress, refer note 41 ( B ).
- 2) For details on PPE mortgaged/charged against borrowings, refer note 20 and 24.
- 3) Borrowing cost capitalised during the year Rs. 119.05 lakhs (March 31, 2019- Rs 67.65 lakhs).
- 4) Leasehold lands are in the nature of perpetual lease.

## Notes to the Standalone Financial Statements (continued)

### 4. Intangible assets

(Rs.lakhs)

Particulars	Software	Intangible assets under development
<b>Gross carrying amount</b>		
Balance as at April 1, 2018	164.58	-
Add: Additions during the year	22.56	16.50
Less: Disposals / adjustments during the year	-	-
<b>Balance as at March 31, 2019</b>	187.14	16.50
Add: Additions during the year	<b>65.56</b>	-
Less: Disposals / adjustments / capitalized during the year	-	<b>16.50</b>
<b>Balance as at March 31, 2020</b>	<b>252.70</b>	-
<b>Accumulated amortisation</b>		
Balance as at April 1, 2018	64.38	-
Amortisation expense during the year	32.44	-
Less: Disposals / adjustments during the year	-	-
<b>Balance as at March 31, 2019</b>	96.82	-
Add: Amortisation expense for the year	<b>43.40</b>	-
Less: Disposals / adjustments during the year	<b>0.28</b>	-
<b>Balance as at March 31, 2020</b>	<b>139.94</b>	-
<b>Net carrying value</b>		
<b>As at March 31, 2020</b>	<b>112.76</b>	-
As at March 31, 2019	90.32	16.50

## 5. Investment in subsidiary and associate (non-current)

	As at <b>31.03.2020</b> Rs. lakhs	As at <b>31.03.2019</b> Rs. lakhs
<b>Investment in equity instruments</b>		
<b>Unquoted equity instruments</b>		
Daurala Co-operative Development Union Limited 2 (March 31, 2019 - 2) equity shares of face value of Rs. 10 each, fully paid up @ (Rs. 20)	@	@
<b>Investment in equity instruments of subsidiary at cost</b>		
<b>Unquoted equity instruments</b>		
Daurala Foods & Beverages Private Limited 75,00,000 (March 31, 2019 - 75,00,000) equity shares of face value of Rs. 10 each, fully paid up	447.40	447.40
<b>Investments in equity shares of associate at cost</b>		
<b>Unquoted equity instruments</b>		
DCM Hyundai Limited 19,72,000 (March 31, 2019 - 19,72,000) equity shares of face value of Rs. 10 each, fully paid up	166.00	166.00
<b>Sub total</b>	<u>613.40</u>	<u>613.40</u>
<b>Investments in preference shares</b>		
<b>Unquoted instruments</b>		
<b>Preference shares measured at Fair value through Profit and loss</b>		
Versa Trading Limited 7,00,000 (March 31, 2019 – 7,00,000) 5% redeemable non-cumulative preference shares of Rs. 100 each fully paid	700.00	700.00
<b>Impairment in the value of investments</b>		
Versa Trading Limited	700.00	700.00
<b>Sub total</b>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>613.40</u>	<u>613.40</u>
<b>Aggregate value of non-current unquoted investments (net of impairment)</b>	613.40	613.40
<b>Aggregate amount of impairment in the value of investments</b>	700.00	700.00

## 6. Loans- Non current

(unsecured, considered good unless otherwise stated)

	As at <b>31.03.2020</b> Rs. lakhs	As at <b>31.03.2019</b> Rs. lakhs
<b>To Related Parties</b>		
Security deposits	49.71	49.56
<b>To Parties other than Related Parties</b>		
Security deposits	445.37	413.64
Loans to employees	37.66	37.04
<b>Total</b>	<u>532.74</u>	<u>500.24</u>

## 7. Other financial assets- Non current

	As at <b>31.03.2020</b> Rs. lakhs	As at <b>31.03.2019</b> Rs. lakhs
Bank deposits with maturity of more than twelve months	8.44	88.33
Bank deposits held as margin money or security against borrowings, guarantees and other commitments	437.12	11.34
<b>Total</b>	<u>445.56</u>	<u>99.67</u>

## Notes to the Standalone Financial Statements (continued)

### 8. Income tax assets (net)

	As at <b>31.03.2020</b>	As at <b>31.03.2019</b>
	Rs. lakhs	Rs. lakhs
Advance income tax [net of provision]	1,599.70	1,393.90
<b>Total</b>	<b>1,599.70</b>	<b>1,393.90</b>

### 9. Other non-current assets

(unsecured, considered good unless otherwise stated)

	As at <b>31.03.2020</b>	As at <b>31.03.2019</b>
	Rs. lakhs	Rs. lakhs
<b>To Parties other than Related Parties</b>		
Capital advances	146.39	946.06
<b>Advance other than capital advances</b>		
Deferred rent	2.59	16.05
Balance with government authorities	4.18	14.50
Other advances	12.73	7.27
<b>Doubtful</b>		
Other advances	1.30	1.30
	<b>167.19</b>	<b>985.18</b>
Less: Loss allowance for advances	1.30	1.30
<b>Total</b>	<b>165.89</b>	<b>983.88</b>

### 10. Inventories

(Valued at lower of cost and net realisable value)

	As at <b>31.03.2020</b>	As at <b>31.03.2019</b>
	Rs. lakhs	Rs. lakhs
Raw material*	6,580.64	4,858.00
Work in progress	1,378.96	1,651.02
Finished goods**#	54,446.76	50,737.21
Stores and spares	3,868.03	4,397.72
<b>Total</b>	<b>66,274.39</b>	<b>61,643.95</b>

\* Includes raw material in transit Rs. 736.40 lakhs (March 31, 2019: Rs. 456.44 lakhs)

\*\* Includes finished goods in transit Rs. 164.00 lakhs (March 31, 2019: Rs. 1,981.61 lakhs)

# The write-down of inventories to net realisable value during the year amounted to Rs. 182.41 lakhs (March 31, 2019: Nil)

The write-down is included in changes in inventories of finished goods.

### 11. Investments

	As at <b>31.03.2020</b>	As at <b>31.03.2019</b>
	Rs. lakhs	Rs. lakhs
<b>Investment in mutual funds measured at fair value through profit and loss</b>		
<b>Unquoted investment</b>		
240348.592 (March 31, 2019: 297651.699) Aditya Birla Sunlife Saving Fund – Growth Regular Plan Units of Rs. 100 each	955.43	1,098.28
488625.746 (March 31, 2019: Nil) HDFC Low duration Fund – Regular Plan Growth Units of Rs. 10 each	205.60	-
Nil (March 31, 2019: 78762.677 ) Aditya Birla Sunlife Low duration Fund - Growth Regular Plan Units of Rs. 100 each	-	353.85
Nil (March 31, 2019: 1579087.091) HSBC Low duration Fund - Growth Units of Rs. 10 each	-	258.05
<b>Total</b>	<b>1,161.03</b>	<b>1,710.18</b>

**12. Trade receivables**

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>To Parties other than Related Parties</b>		
Unsecured, considered good	18,457.16	19,053.59
Doubtful	<u>29.97</u>	<u>29.97</u>
	18,487.13	19,083.56
Less : Loss allowance for trade receivables	<u>29.97</u>	<u>29.97</u>
<b>Total</b>	<u>18,457.16</u>	<u>19,053.59</u>

**13. Cash and cash equivalents**

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
Balances with banks		
- On current accounts	4,321.00	569.35
- Deposits with original maturity of less than three months	8.00	-
Cash on hand	<u>28.85</u>	<u>28.21</u>
<b>Total</b>	<u>4,357.85</u>	<u>597.56</u>

**14. Other bank balances**

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
Deposits with original maturity of more than three months but upto twelve months		
- Earmarked deposits held as margin money or security against borrowings, guarantees and other commitments	195.84	539.76
Earmarked balances with banks – unclaimed dividend accounts	<u>196.39</u>	<u>155.27</u>
<b>Total</b>	<u>392.23</u>	<u>695.03</u>

**15. Loans - Current**

*(unsecured, considered good unless otherwise stated)*

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>To Parties other than Related Parties</b>		
Security deposits	17.41	0.02
Loans to employees (including accrued interest)	12.69	10.09
Others	<u>17.89</u>	<u>2.00</u>
<b>Total</b>	<u>47.99</u>	<u>12.11</u>

**16. Other financial assets - Current**

*(unsecured, considered good unless otherwise stated)*

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>To Parties other than Related Parties</b>		
Interest accrued on term deposits	33.95	60.71
Government grant receivable	6,210.22	234.93
Reimbursement assets*	6,987.08	-
Others	<u>116.40</u>	<u>13.22</u>
<b>Total</b>	<u>13,347.65</u>	<u>308.86</u>

\* Refer note 52

## Notes to the Standalone Financial Statements (continued)

### 17. Other current assets

(unsecured, considered good unless otherwise stated)

	As at 31.03.2020 Rs. lakhs	As at 31.03.2019 Rs. lakhs
<b>To Related Parties</b>		
Advances to contractors	27.80	-
<b>To Parties other than Related Parties</b>		
Advances to contractors	270.57	541.59
<b>Other advances</b>		
Advance to employees	20.18	17.58
Balance with government authorities	1,387.08	1,480.45
Duty drawback & other incentive receivables	352.28	355.49
Prepaid expense	272.82	323.94
Others	67.34	87.25
<b>Total</b>	<b>2,398.07</b>	<b>2,806.30</b>

### 18. Equity share capital

	As at 31.03.2020 Rs. lakhs	As at 31.03.2019 Rs. lakhs
<b>a) Authorised</b>		
6,50,00,000 (March 31, 2019: 6,50,00,000) equity shares of Rs. 10 each	6,500.00	6,500.00
<b>b) Issued, subscribed and fully paid-up</b>		
1,73,98,437 (March 31, 2019: 1,73,98,437) equity shares of Rs. 10 each fully paid-up	1,739.84	1,739.84

#### c) Reconciliation of the shares outstanding at the beginning and at the end of reporting period:

Particulars	As at 31.03.2020		As at 31.03.2019	
	Number of shares	Amount Rs. lakhs	Number of shares	Amount Rs. lakhs
<b>Equity shares</b>				
At the commencement of the year	1,73,98,437	1,739.84	1,73,98,437	1,739.84
Add: Shares issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>1,73,98,437</b>	<b>1,739.84</b>	<b>1,73,98,437</b>	<b>1,739.84</b>

#### d) Terms, rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholder.

#### e) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31.03.2020		As at 31.03.2019	
	Number of shares	% of holding	Number of shares	% of holding
Bantam Enterprises Private Limited	13,56,968	7.80%	13,56,968	7.80%
HB Portfolio Limited	25,11,735	14.44%	29,88,173	17.17%
Life Insurance Corporation of India	11,61,352	6.68%	12,40,679	7.13%
Lily Commercial Private Limited	29,94,479	17.21%	11,50,323	6.61%
Versa Trading Limited	22,24,725	12.79%	22,24,725	12.79%



## 19. Other equity

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>a. Amalgamation reserve</b>		
Balance as at the beginning and at the end of the year	1,411.38	1,411.38
<b>b. General reserve</b>		
Balance as at the beginning and at the end of the year	13,465.60	13,465.60
<b>c. Capital redemption reserve</b>		
Balance as at the beginning and at the end of the year	0.10	0.10
<b>d. Securities Premium</b>		
Balance as at the beginning and at the end of the year	3,406.68	3,406.68
<b>e. Retained earnings</b>		
Balance as at the beginning of the year	27,207.77	20,769.78
Add: Profit for the year	9,595.64	7,357.66
Items of other comprehensive income/ (expense) recognised directly in retained earnings		
Remeasurement of employee benefit obligation, net of tax*	(380.33)	(80.68)
Less: Appropriations		
Final dividend on equity shares [Dividend per share Rs. 6.00 (March 31, 2019: Rs. 4.00)]	(1,043.91)	(695.94)
Tax on dividend	(214.58)	(143.05)
Interim dividend on equity shares [Dividend per share Rs. 5.00 (March 31, 2019: Nil)]	(869.92)	-
Tax on dividend	(178.81)	-
<b>Balance at the end of the year</b>	<u>34,115.86</u>	<u>27,207.77</u>
<b>Total</b>	<u>52,399.62</u>	<u>45,491.53</u>

\* Included in 'Items of other comprehensive income' in statement of changes in equity.

## 20. Borrowings

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>From Related Parties</b>		
<b>Unsecured loans</b>		
Public Deposits	292.27	192.27
<b>From Parties other than Related Parties</b>		
<b>Secured loans</b>		
Term loans from banks	22,305.37	11,039.92
Term loans from others	636.71	199.10
<b>Unsecured loans</b>		
Public Deposits	326.04	365.36
	<u>23,560.39</u>	<u>11,796.65</u>
Less: Current maturity of long term borrowing	5,778.10	3,475.03
<b>Total</b>	<u>17,782.29</u>	<u>8,321.62</u>
<b>Details of current maturity of long term borrowing:</b>		
<b>Secured loans</b>		
Term loans from banks	5,642.11	3,177.51
Term loans from others	56.89	56.89
<b>Unsecured loans</b>		
Public Deposits	79.10	240.63
<b>Total</b>	<u>5,778.10</u>	<u>3,475.03</u>

### A. SECURED

#### I. From Banks

- a) Rs.47.95 lakhs (March 31,2019: Rs.205.12 Lakhs), Rs.1,392.82 lakhs (March 31,2019: Rs.1,853.88 lakhs) and Rs.1,453.43 lakhs (March 31,2019: Rs.1,967.31 lakhs) carrying interest between 9.25% p.a. to 10.55% p.a., repayable in 1, 9 and 9 quarterly installments respectively, are secured by a first mortgage and charge on all the immovable and movable properties of the Company excluding all assets of Daurala Organics, a unit of the Company and assets on exclusive charges, subject to prior charges created / to be created in favour of the Company's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of first charge holders for their respective term loans.
- b) Nil (March 31,2019: Rs.6.53 lakhs) was secured by residual charge on fixed assets of sugar factory at Daurala Sugar Works, a unit of the Company.
- c) Rs.22.77 lakhs (March 31,2019: Rs.97.58 lakhs) carrying interest of 9.40% p.a., repayable in 1 quarterly installment, is secured by first charge on specific movable assets of Distillery division of Daurala Sugar Works, a unit of the Company.
- d) Rs.474.85 lakhs (March 31,2019: Rs.1,052.51 lakhs) carrying interest of 9.40% p.a., repayable in 9 quarterly installments, is secured by first exclusive charge on specific movable assets of Sugar division of Daurala Sugar Works, a unit of the Company.
- e) Rs.4,610.53 lakhs (March 31,2019: Rs.5,424.15 lakhs) carrying interest of 5% p.a., repayable in 51 monthly installments, is secured by first pari-passu charge on all the immovable and movable properties of the Company excluding assets on exclusive charges.
- f) Rs.989.57 lakhs (March 31,2019: Nil), Rs.688.98 lakhs (March 31,2019: Rs.174.76 lakhs) and Rs.2,243.49 lakhs (March 31,2019: Rs.242.78) carrying interest of 9.10% p.a., repayable in 15, 15 and 16 quarterly installments, are secured by first pari-passu charge on all the immovable and movable properties of the Company excluding assets on exclusive charges.
- g) Rs.4,000.00 lakhs (March 31,2019: Nil), Rs.2,500.00 lakhs (March 31,2019: Nil) and Rs.1,451.00 lakhs (March 31,2019: Nil) carrying interest rate of 2.40% p.a. (net of subvention), repayable in 8 quarterly installments, are secured by residual pari-passu charge on fixed assets of sugar factory at Daurala Sugar Works, a unit of the Company.
- h) Rs.2,425.42 lakhs (March 31,2019: Nil) carrying interest of 3.15% (net of subvention) and 9.15% p.a., repayable in 16 quarterly installments, is secured by first charge on specific movable assets of Distillery division of Daurala Sugar Works, a unit of the Company.
- i) Rs.4.56 lakhs (March 31,2019: Rs.15.30 lakhs) currently carrying interest of 10.45% p.a., repayable in 6 monthly installments, is secured by hypothecation of specific assets.

#### II. From Others

Rs.494.50 lakhs (March 31,2019: nil) and Rs.142.21 lakhs (March 31,2019: Rs.199.10 lakhs) carrying interest of 3.40% p.a. and 4.25% p.a. respectively, repayable in 10 and 5 half yearly installments, are secured by first pari-passu charge on immovable and movable properties of sugar factory at Daurala Sugar Works, a unit of the Company.

### B. Unsecured

Rs.618.31 lakhs (March 31,2019: Rs.557.63 lakhs), Deposits from public, carries interest of 9.5% p.a to 10.50% p.a., are currently repayable after 3 years from the date of acceptance of deposits.

## 21. Other financial liabilities- Non current

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>From Related Parties</b>		
Interest accrued but not due on borrowings	11.83	-
<b>From Parties other than Related Parties</b>		
Interest accrued but not due on borrowings	18.50	-
Deposits from contractors and others	10.08	11.90
Others	47.38	62.03
<b>Total</b>	<u>87.79</u>	<u>73.93</u>

## 22. Provisions- Non current

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
Provision for employee benefits (Refer note 44)		
- Gratuity	436.52	196.58
- Compensated absences	959.53	877.15
- Others (Refer note 44(D))	117.69	-
Provision for contingencies*	100.00	100.00
<b>Total</b>	<u>1,613.74</u>	<u>1,173.73</u>

\* Provision for contingencies of Rs. 100 lakhs (March 31, 2019: Rs. 100 lakhs) represents the maximum possible exposure on ultimate settlement of issues relating to reorganisation arrangement of the Company.

## 23. Other non-current liabilities

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
Others	57.95	73.28
<b>Total</b>	<u>57.95</u>	<u>73.28</u>

## 24. Borrowings

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>Secured loans</b>		
From banks - loans repayable on demand*	35,212.30	34,791.90
<b>Total</b>	<u>35,212.30</u>	<u>34,791.90</u>

\* Secured by hypothecation of stocks, stores, book debts and receivables, both present and future / pledge of stocks/ third pari passu charge on some of the Company's property, plant and equipment. Some of these are further secured by way of second / third pari-passu mortgage and charge on the property, plant and equipment, both present and future.

## Notes to the Standalone Financial Statements (continued)

### 25. Trade payables

	As at <b>31.03.2020</b> Rs. lakhs	As at <b>31.03.2019</b> Rs. lakhs
Total outstanding dues of Micro and Small Enterprises*	397.88	337.19
Total outstanding dues other than Micro and Small Enterprises#	26,974.49	30,095.40
<b>Total</b>	<b>27,372.37</b>	<b>30,432.59</b>

\* Refer note 49 for Micro and Small Enterprises.

# Includes payable to related parties Rs. 573.62 lakhs (March 31, 2019 Rs. 699.70 lakhs), refer note 45.

#### Notes:

a) Includes acceptances Rs. 3,282.34 lakhs (March 31, 2019 Rs. 3,111.26 lakhs).

b) The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 46.

### 26. Other financial liabilities- Current

	As at <b>31.03.2020</b> Rs. lakhs	As at <b>31.03.2019</b> Rs. lakhs
<b>From Related Parties</b>		
Interest accrued but not due on borrowings	7.74	16.73
<b>From Parties other than Related Parties</b>		
Creditors for capital purchases	172.78	384.90
Current maturities of long term borrowings (refer note 20)	5,778.10	3,475.03
Security deposits	2.60	2.60
Interest accrued but not due on borrowings	125.88	69.06
Unclaimed dividends	196.39	155.27
Unclaimed deposits and interest accrued thereon	32.77	2.66
Other payables		
Deposits from contractors and others	274.70	266.00
Employees related payable	875.33	448.77
Others	44.44	42.65
<b>Total</b>	<b>7,510.73</b>	<b>4,863.67</b>

### 27. Other current liabilities

	As at <b>31.03.2020</b> Rs. lakhs	As at <b>31.03.2019</b> Rs. lakhs
Advances from customers	281.17	144.73
Statutory dues payable	1,136.27	1,154.66
Others	166.92	154.97
<b>Total</b>	<b>1,584.36</b>	<b>1,454.36</b>

### 28. Provisions-Current

	As at <b>31.03.2020</b> Rs. lakhs	As at <b>31.03.2019</b> Rs. lakhs
Provision for employee benefits (Refer note 44)		
- Compensated absences	387.53	383.20
- Others (Refer note 44(D))	9.18	-
Provision for contingencies (Refer note 52)	9,427.42	-
<b>Total</b>	<b>9,824.13</b>	<b>383.20</b>

## 29. Revenue from operations

	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
<b>Sale of products</b>		
Export	40,250.71	47,154.87
Domestic #	1,22,875.07	1,14,332.03
<b>Sale of services</b>		
Processing charges	4,422.85	3,026.41
Others	36.87	38.70
<b>Other operating revenue</b>		
Sale of scrap	563.79	872.09
Duty draw back, export benefits and other government assistance*	10,603.86	2,707.41
Sale of renewable energy certificates	544.56	759.08
Others	197.19	9.59
<b>Total</b>	<u>1,79,494.90</u>	<u>1,68,900.18</u>

# Includes Rs.11,348.90 lakhs (March 31, 2019: Nil) in respect of sales made to domestic parties to fulfill export obligation as per Maximum Admissible Export Quantity (MAEQ) Scheme.

\* Refer note 50

## Contract Balances

	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
<b>Contract assets</b>		
Trade receivables (Refer note 12)	18,457.16	19,053.59
<b>Contract liabilities</b>		
Advances from customers (Refer note 27)	281.17	144.73

	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
<b>Reconciliation of revenue recognised with the contracted price is as follows:</b>		
Contracted price	1,67,110.73	1,64,122.06
Less: Discounts, allowances and claims	474.77	429.95
	<u>1,67,585.50</u>	<u>1,64,552.01</u>

## 30. Other income

	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
Interest income from financial assets measured at amortised cost		
- From deposits with banks	58.79	231.39
- Unwinding of discount on security deposits	0.63	0.56
- Interest subsidy*	963.48	286.05
Provisions/liabilities no longer required, written back	20.35	6.97
Rental income	43.41	36.17
Profit on sale of property, plant and equipment (net)	-	52.68
Profit on sale of current investments	19.72	175.78
Net change in fair value of financial assets measured at fair value through profit or loss	63.77	64.07
Gain on foreign exchange fluctuation (net)	1,005.95	840.68
Miscellaneous income	130.26	124.12
<b>Total</b>	<u>2,306.36</u>	<u>1,818.47</u>

\* Refer note 50 .

## Notes to the Standalone Financial Statements (continued)

### 31. Cost of material consumed

	For the year ended 31.03.2020	For the year ended 31.03.2019
	Rs. lakhs	Rs. lakhs
Raw materials at the beginning of the year	4,858.00	3,805.86
Add: Purchases	99,307.17	1,02,786.51
	<u>1,04,165.17</u>	<u>1,06,592.37</u>
Less: Raw materials at the end of the year	6,580.64	4,858.00
<b>Total</b>	<u>97,584.53</u>	<u>1,01,734.37</u>
<b>Particulars of materials consumed are as under:</b>		
Sugarcane	66,027.76	66,084.56
Wood pulp	7,753.43	8,519.70
Others	23,803.34	27,130.11
<b>Total</b>	<u>97,584.53</u>	<u>1,01,734.37</u>

### 32. Purchase of traded goods

	For the year ended 31.03.2020	For the year ended 31.03.2019
	Rs. lakhs	Rs. lakhs
Grain spirits	20,514.47	13,151.74
<b>Total</b>	<u>20,514.47</u>	<u>13,151.74</u>

### 33. Changes in inventories of finished goods and work-in-progress

	For the year ended 31.03.2020	For the year ended 31.03.2019
	Rs. lakhs	Rs. lakhs
<b>Opening stock</b>		
Finished goods	50,737.21	40,278.01
Work-in-progress	1,651.02	1,416.82
<b>Total</b>	<u>52,388.23</u>	<u>41,694.83</u>
<b>Closing stock</b>		
Finished goods	54,446.76	50,737.21
Work-in-progress	1,378.96	1,651.02
<b>Total</b>	<u>55,825.72</u>	<u>52,388.23</u>
	<u>(3,437.49)</u>	<u>(10,693.40)</u>
<b>Particulars of stocks of finished goods and work-in-progress are as under :</b>		
<b>Finished goods</b>		
Sugar	48,768.12	47,751.22
Alcohol	1,296.28	247.57
Organic/ Fine chemicals	753.54	1,072.35
Industrial fibers	3,628.82	1,666.07
<b>Total</b>	<u>54,446.76</u>	<u>50,737.21</u>
<b>Work-in-progress</b>		
Sugar	465.18	641.06
Alcohol	45.94	18.72
Organic/ Fine chemicals	533.69	581.81
Industrial fibers	334.15	409.43
<b>Total</b>	<u>1,378.96</u>	<u>1,651.02</u>

### 34. Employee benefits expense

	For the year ended 31.03.2020	For the year ended 31.03.2019
	Rs. lakhs	Rs. lakhs
Salaries, wages and bonus	12,409.24	11,659.45
Contribution to provident and other funds	1,495.74	1,370.81
Staff welfare expenses	331.12	449.91
<b>Total</b>	<u>14,236.10</u>	<u>13,480.17</u>

Refer note 44 for disclosure on gratuity.

### 35. Finance costs

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
Interest expense*	4,335.72	2,301.54
Other borrowing costs	118.37	98.64
<b>Total</b>	<b>4,454.09</b>	<b>2,400.18</b>

\* Refer note 50

### 36. Depreciation and amortisation expense

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
Depreciation on property, plant and equipment	2,272.73	2,047.10
Amortisation on intangible assets	43.40	32.44
Amortisation on right-of-use assets	444.82	-
<b>Total</b>	<b>2,760.95</b>	<b>2,079.54</b>

### 37. Other expenses

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
Stores and spares	9,637.04	8,848.24
Power and fuel	9,948.41	10,984.47
Repair and maintenance		
- Buildings	975.67	674.33
- Plant and machinery	4,514.10	4,375.68
Rent*	238.39	626.53
Payment to auditors		
- As auditors	25.00	25.00
- Limited review of unaudited financial results	22.50	22.50
- Verification of statements and other records	7.50	12.50
- Out-of-pocket expenses	4.21	3.35
Insurance	270.97	164.19
Rates and taxes	71.97	182.03
Freight and transport	1,515.57	1,273.23
Commission to selling agents	1,869.73	2,180.83
Loss on Export obligation**	72.41	4,125.87
Loss on sale of property, plant and equipment (net)	179.91	-
Donation	0.10	0.20
Corporate social responsibility ( refer note below)	170.65	172.00
Bad debts and advances written off	2.60	-
Miscellaneous expense #	6,540.11	5,855.80
<b>Total</b>	<b>36,066.84</b>	<b>39,526.75</b>

#### Note: Details of corporate social responsibility expenditure

a) Amount required to be spent by the Company during the year	204.75	171.66
b) Amount spent during the year (in cash)		
(i) Construction/acquisition of any asset	-	31.44
(ii) On purposes other than (i) above	170.65***	140.56

\* Refer note 40

\*\* Consequent to Orders of Central Government allocating sugar factory - wise Minimum Indicative Export Quotas (MIEQ) of sugar for export.

\*\*\* Rs. 34.10 lakhs was spent subsequent to March 31, 2020 due to lockdown.

# Refer note 50

## Notes to the Standalone Financial Statements (continued)

### 38. Income tax expense

#### A. Amounts recognised in statement of profit and loss

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
Current tax expense	2,323.02	1,948.03
Deferred tax charge/ (credit)	(2,296.89)	68.66
Tax relating to earlier years		
- Deferred tax charge/ (credit)	-	(335.05)
<b>Income tax expense reported in the statement of profit and loss</b>	<u>26.13</u>	<u>1,681.64</u>

#### B. Amounts recognised in other comprehensive Income/ (expense)

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
<b>Income tax</b>		
Remeasurement of post employment benefit obligation	204.29	43.34
<b>Income tax charges to other comprehensive income/(expense)</b>	<u>204.29</u>	<u>43.34</u>

#### C. Reconciliation of effective tax rate

Reconciliation of tax expense and the accounting profit/ (loss) multiplied by India's domestic tax rate for the year ended March 31, 2020 and March 31, 2019:

	For the year ended <u>31.03.2020</u>		For the year ended <u>31.03.2019</u>	
	Rate	Rs. lakh	Rate	Rs. lakh
<b>Profit before tax from continuing operations, including OCI</b>	<b>34.94%</b>	<b>9,037.15</b>	34.94%	8,915.28
Tax using the Company's domestic tax rate		3,157.94		3,115.36
Tax effect of:				
Non-deductible expenses	0.74%	66.52	0.64%	57.00
Tax-exempt income	-0.77%	(69.89)	-17.64%	(1,572.48)
Change in estimates*	-25.75%	(2,327.36)	0.25%	22.39
Others #	-11.12%	(1,005.37)	0.18%	16.03
<b>Effective tax rate</b>	<b>-1.97%</b>	<b>(178.16)</b>	18.38%	1,638.30

\* Section 115 BAA of the Income Tax Act, 1961, introduced by Taxation Laws (Amendment) Ordinance, 2019 gives a one-time irreversible option to domestic companies for payment of corporate tax at reduced rates. As per CBDT Circular, in case this option is exercised, the Company shall not be able to utilise the outstanding MAT credit. The Company is likely to exercise the option at a later date. Consequently, during the year, the Company has remeasured the deferred tax assets / liabilities likely to be reversed at the time the Company would opt for new tax regime, which has resulted in write back of deferred tax liability amounting to Rs. 2,053.83 lakhs pertaining to previous years and Rs.273.53 lakhs pertaining to current year.

# Includes Rs.1,032.89 lakhs recognised during the year with the credit to profit and loss on the basis of reassessment of a MAT credit charged-off in the previous years.



**D. Deferred tax assets/liabilities**

(Rs. lakhs)

Particulars	Deferred tax assets		Deferred tax liabilities		Net deferred tax assets/ (liabilities)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Accrued expense deductible on payment	240.35	275.17	-	-	240.35	275.17
Provision for gratuity, compensated absences and other employee benefits	658.25	509.11	-	-	658.25	509.11
Loss allowance for trade receivables	10.47	10.47	-	-	10.47	10.47
Loss allowance for other assets	0.45	0.45	-	-	0.45	0.45
Difference in book written down value and tax written down value of property, plant and equipment/ intangible assets	-	-	6,383.90	7,701.85	(6,383.90)	(7,701.85)
Others	46.88	22.51	16.36	-	30.52	22.51
<b>MAT credit entitlement **</b>	<b>956.40</b>	<b>817.71</b>	<b>6,400.26</b>	<b>7,701.85</b>	<b>(5,443.86)</b>	<b>(6,884.14)</b>
<b>Net Deferred tax liabilities</b>	<b>4,328.99</b>	<b>3,987.17</b>	<b>-</b>	<b>-</b>	<b>4,328.99</b>	<b>3,987.17</b>
	<b>5,285.39</b>	<b>4,804.88</b>	<b>6,400.26</b>	<b>7,701.85</b>	<b>(1,114.85)</b>	<b>(2,896.97)</b>

\*\* MAT credit entitlement in the Statement of profit and loss forms part of Deferred tax ( credit ) / charge for the year.

**E. Movement in temporary differences**

FY 2019-20

(Rs.Lakhs)

Particulars	Opening balance	Recognised in statement of Profit & Loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets</b>				
Accrued expense deductible on payment	275.17	(34.82)		240.35
Provision for gratuity, compensated absences and other employee benefits	509.11	(55.15)	204.29	658.25
Loss allowance for trade receivables	10.47	-		10.47
Loss allowance for other assets	0.45	-		0.45
Others	22.51	24.37		46.88
	817.71	(65.60)	204.29	956.40
<b>Deferred tax liabilities</b>				
Difference in book written down value and tax written down value of property, plant and equipment/ intangible assets	(7,701.85)	1,317.95		(6,383.90)
Others	-	(16.36)		(16.36)
	(7,701.85)	1,301.59	-	(6,400.26)
<b>Total</b>	<b>(6,884.14)</b>	<b>1,235.99</b>	<b>204.29</b>	<b>(5,443.86)</b>

## Notes to the Standalone Financial Statements (continued)

FY 2018-19

(Rs.Lakhs)

Particulars	Opening balance	Recognised in statement of Profit & Loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets</b>				
Accrued expense deductible on payment	742.12	(466.95)		275.17
Provision for gratuity, compensated absences and other employee benefits	322.17	143.60	43.34	509.11
Loss allowance for trade receivables	10.37	-		10.47
Loss allowance for other assets	0.45	-		0.45
Others	22.29	0.22		22.51
	1,097.40	(323.13)	43.34	817.71
<b>Deferred tax liabilities</b>				
Difference in book written down value and tax written down value of property, plant and equipment/ intangible assets	(7,067.51)	(634.34)		(7,701.85)
	(7,067.51)	(634.34)	-	(7,701.85)
<b>Total</b>	<b>(5,970.11)</b>	<b>(957.47)</b>	<b>43.34</b>	<b>(6,884.14)</b>

### F. Availability of MAT Credit is upto:

Financial year	As at 31.03.2020 Rs. lakhs	As at 31.03.2019 Rs. lakhs
	Amount	Amount
2024-25	313.82	-
2027-28	281.78	281.78
2028-29	980.47	980.47
2029-30	281.91	281.91
2030-31	851.08	851.08
2032-33	996.93	703.23
2033-34	623.00	888.70
	4,328.99	3,987.17

### 39. Operating segments

#### A. Basis for segmentation

In accordance with Ind AS 108 'Segment Reporting' as specified in section 133 of the Companies Act, 2013, the Company has identified three business segments viz. Sugar, Industrial fibres and related products, and Chemicals. The above segments have been identified and reported taking into account the differing risks and returns, and the current internal financial reporting systems. For each of the segments, the Chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The CODM monitors the operating results separately for the purpose of making decisions about resource allocation and performance measurement (Refer Note 2A (O)).

Segment revenue, results and capital employed include the respective amounts identifiable to each of the segments. Other unallocable expenditure includes expenses incurred on common services provided to the segments, which are not directly identifiable.

In addition to the significant accounting policies applicable to the business segments as set out in note 2A(o) above, the accounting policies in relation to segment accounting are as under:

##### a) Segment revenue and expenses

Segment revenue and expenses are, generally, directly attributable to the segments. Joint revenue and expenses of segments are allocated amongst them on a reasonable basis.

##### b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating trade receivables, inventories and property plant and equipment and intangible assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities and do not include deferred income taxes and borrowings. While most of the assets / liabilities can be directly attributed to individual segments, the carrying amount of certain assets / liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

The following summary describes the operations in each of the Company's reportable segments:

Sugar	Comprising sugar, power and alcohols
Industrial fibres and related products	Comprising rayon, synthetic yarn, cord, fabric etc.
Chemicals	Comprising organics & fine chemicals

**B. Information about reportable segments**

Particulars	Reportable segments						Elimination		Total	
	Sugar		Industrial fibres and related products		Chemicals		For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs				
<b>Segment revenue</b>										
- External revenues	1,02,105.03	92,680.41	31,836.25	38,344.59	33,644.21	33,527.01	-	-	1,67,585.49	1,64,552.01
- Inter segment revenue	-	-	-	-	-	-	-	-	-	-
- Other operating revenue	10,345.30	2,384.25	1,065.38	1,450.38	498.73	513.54	-	-	11,909.41	4,348.17
<b>Subtotal</b>	1,12,450.33	95,064.66	32,901.63	39,794.97	34,142.94	34,040.55	-	-	1,79,494.90	1,68,900.18
- Unallocated income	75.39	210.52	840.80	597.12	285.41	261.39	(2.84)	(3.06)	1,198.76	1,065.97
<b>Total revenue</b>	1,12,525.72	95,275.18	33,742.43	40,392.09	34,428.35	34,301.94	(2.84)	(3.06)	1,1,07.60	752.50
<b>Segment results</b>	9,101.89	7,259.24	3,299.40	3,986.78	4,399.13	3,204.39	-	-	1,81,801.26	1,70,718.65
Unallocated expenses (net of unallocated income)									16,800.42	14,450.41
Operating profit									2,724.56	3,010.93
Finance costs									14,075.86	11,439.48
<b>Profit before tax</b>									4,454.09	2,400.18
Current tax expense									9,621.77	9,039.30
Deferred tax (credit)/ charge									2,323.02	1,948.03
Tax relating to earlier years									(2,296.89)	68.66
<b>Net profit after tax</b>									-	(335.05)
Capital expenditure during the year	3,463.56	4,754.98	3,757.90	2,523.64	561.60	1,232.44	-	-	9,595.64	7,357.66
Unallocated capital expenditure during the year									7,783.06	8,511.06
<b>Total capital expenditure during the year</b>									314.48	42.25
Depreciation	868.91	677.98	986.63	921.91	451.15	424.42	-	-	8,097.54	8,553.31
Unallocated depreciation during the year									2,306.69	2,024.91
<b>Total depreciation during the year</b>									454.26	55.23
Non cash expense other than depreciation	91.25	-	71.98	-	19.64	-	-	-	2,760.95	2,079.54
Unallocated non cash expense other than depreciation during the year									182.87	-
<b>Total non cash expense other than depreciation during the year</b>									-	-
									182.87	-

Notes to the Standalone Financial Statements (continued)

Particulars	Reportable segments						Elimination		Total	
	Sugar		Industrial fibres and related products		Chemicals		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	Rs. lakhs	Rs. lakhs	Rs. lakhs	Rs. lakhs
Segment assets	93,337.36	74,583.29	35,583.77	34,443.90	18,064.49	16,851.40	-	-	1,46,985.62	1,25,878.59
Unallocated assets									11,883.29	5,818.03
<b>Total assets</b>	<b>93,337.36</b>	<b>74,583.29</b>	<b>35,583.77</b>	<b>34,443.90</b>	<b>18,064.49</b>	<b>16,851.40</b>	<b>-</b>	<b>-</b>	<b>1,58,868.91</b>	<b>1,31,696.62</b>
Segment liabilities	25,853.96	18,349.33	10,003.99	10,066.23	4,620.97	4,258.18	-	-	40,478.92	32,673.74
Share capital and reserves									54,139.46	47,231.40
Unallocated liabilities									64,250.53	51,791.48
<b>Total liabilities</b>	<b>25,853.96</b>	<b>18,349.33</b>	<b>10,003.99</b>	<b>10,066.23</b>	<b>4,620.97</b>	<b>4,258.18</b>	<b>-</b>	<b>-</b>	<b>1,58,868.91</b>	<b>1,31,696.62</b>

### C. Reconciliations of information on reportable segments to Ind AS measures

	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
<b>i Revenues</b>		
Total revenue for reportable segments	1,80,696.50	1,69,969.21
Unallocated amounts:		
Revenue for other segments	1,107.60	752.50
Inter-segment elimination	<u>(2.84)</u>	<u>(3.06)</u>
<b>Total revenue</b>	<u>1,81,801.26</u>	<u>1,70,718.65</u>
	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
<b>ii Profit before tax</b>		
Total profit before tax for reportable segments	16,800.42	14,450.41
<b>Unallocated cost:</b>		
Finance costs	(4,454.09)	(2,400.18)
Other unallocated amounts	<u>(2,724.56)</u>	<u>(3,010.93)</u>
<b>Profit before tax as per statement of profit and loss</b>	<u>9,621.77</u>	<u>9,039.30</u>
	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
<b>iii Assets</b>		
Total assets for reportable segments	1,46,985.62	1,25,878.59
<b>Unallocated amounts:</b>		
Investments	1,774.43	2,323.58
Corporate assets	<u>10,108.86</u>	<u>3,494.45</u>
<b>Total assets as per the balance sheet</b>	<u>1,58,868.91</u>	<u>1,31,696.62</u>
	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
<b>iv Liabilities</b>		
Total liabilities for reportable segments	40,478.92	32,673.74
<b>Unallocated amounts:</b>		
Share capital	1,739.84	1,739.84
Reserves and Surplus	52,399.62	45,491.56
Unallocated corporate liabilities	<u>64,250.53</u>	<u>51,791.48</u>
<b>Total liabilities as per the balance sheet</b>	<u>1,58,868.91</u>	<u>1,31,696.62</u>

### D. Geographical information

The geographical information analyses the Company's revenues and assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segment assets which have been based on the geographical location of the assets.

	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
<b>i Revenues</b>		
<b>(a) India</b>	1,41,553.39	1,23,566.85
<b>(b) Other countries</b>		
Europe	11,171.23	14,130.72
China	11,271.17	12,514.73
Rest of the World	<u>17,808.31</u>	<u>20,509.41</u>
<b>Total (b)</b>	<u>40,250.71</u>	<u>47,154.86</u>
<b>(c) Inter-segment elimination</b>	(2.84)	(3.06)
<b>Total (a+b+c)</b>	<u>1,81,801.26</u>	<u>1,70,718.65</u>

## Notes to the Standalone Financial Statements (continued)

	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
<b>ii Assets</b>		
<b>(a) India</b>	<b>1,48,265.39</b>	1,18,124.74
<b>(b) Other countries</b>		
Europe	<b>2,918.83</b>	3,365.55
China	<b>3,581.05</b>	5,231.09
Rest of the World	<b>4,103.64</b>	4,975.24
<b>Total (b)</b>	<b>10,603.52</b>	13,571.88
<b>Total (a+b)</b>	<b>1,58,868.91</b>	1,31,696.62

### E. Major customer

Revenue from transactions with any single customer does not exceed 10 per cent or more of the Company's total revenue.

## 40. Leases

The details of the right-of-use asset held by the Company is as follows:

(Rs.Lakhs)

Particulars	Opening as on April 01, 2019	Additions for the year ended March 31, 2020	Amortisation during the year	Net Carrying amount as at March 31, 2020
Building	646.73	2,297.31	444.82	2,499.22
	<b>646.73</b>	<b>2,297.31</b>	<b>444.82</b>	<b>2,499.22</b>

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" using the modified retrospective approach on all the lease contracts existing on that date. Accordingly, the comparative information has not been restated. This resulted in recognising a right-to-use asset of Rs. 646.73 lakhs with a corresponding lease liability as at April 01, 2019.

In the statement of Profit & Loss for the current year the nature of expenses in respect of operating leases has changed from lease rent in previous year to depreciation cost of right -to-use asset and finance cost for interest accrued on lease liability.

The impact on the statement of Profit and Loss for the year ended 31 March 2020 is as follows:

Particulars	Year ended <u>31.03.2020</u> Rs. lakhs
Rent expense is lower by	527.37
Amortisation is higher by	(444.82)
Finance cost is higher by	(152.27)
<b>Profit before tax is (lower) by</b>	<b>(69.72)</b>
Total cash outflow for leases during the year	<b>527.37</b>

The Company has discounted lease payments using the applicable incremental borrowing rate which is 9.00% for measuring the lease liability. The Company has used hindsight in determining the lease term where the contracts contain options to extend or terminate the lease.

The Company incurred Rs.238.39 Lakhs for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets.

The reconciliation of lease liabilities is as follows:

Particulars	As at <u>31.03.2020</u> Rs. lakhs
Balance as at April 01, 2019	646.73
Additions	2,297.31
Amount recognised in statement of profit and loss as interest expense	152.27
Payment of lease liability	(527.37)
<b>Balance as at March 31, 2020</b>	<b>2,568.94</b>

The following table presents a maturity analysis of expected cash flows for lease liabilities:

<b>Particulars</b>	<b>As at 31.03.2020 Rs. lakhs</b>
Within one year	414.40
Within one-five years	1,776.31
Above five years	378.23
<b>Balance as at March 31, 2020</b>	<b>2,568.94</b>

#### 41. Contingent liabilities and commitments

##### A. Contingent liabilities\*

<b>Particulars</b>	<b>As at 31.03.2020 Rs. lakhs</b>	<b>As at 31.03.2019 Rs. lakhs</b>
Income tax matters	5,340.73	1,708.75
Excise and Service tax matters	68.15	108.18
Claims against the Company not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)	750.17	755.16
Sales tax matters	55.06	55.06
Sugarcane related matters	4,545.26	4,545.26
<b>Total</b>	<b>10,759.37</b>	<b>7,172.41</b>

\* Matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position.

##### B. Commitments

- a. Capital commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs. 909.73 lakhs (March 31, 2019: Rs. 3910.68 lakhs).
  - b. Other commitments: The Company has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits including union agreement in normal course of business. The Company does not have any long term commitments / contracts including derivative contracts for which there will be any material foreseeable losses.
42. Proceedings in a Petition challenging the Preferential Issue of equity warrants by the Company filed by a shareholder before the Hon'ble Company Law Board (now National Company Law Tribunal) are continuing since November, 2007.

#### 43. Earnings per share

##### Basic and diluted earnings/ (loss) per share

Basic and diluted earnings/ (loss) per share is calculated by dividing the profit/ (loss) during the year attributable to equity shareholders of the Company by the weighted number of equity shares outstanding during the year.

<b>Particulars</b>	<b>Unit</b>	<b>For the year ended 31.03.2020</b>	<b>For the year ended 31.03.2019</b>
Profit/ (loss) after tax attributable to equity shareholders	<b>Rs. Lakhs</b>	<b>9,595.64</b>	7,357.66
Weighted average number of equity shares outstanding during the year	<b>Numbers</b>	<b>1,73,98,437</b>	1,73,98,437
Nominal value per share	<b>Rs.</b>	<b>10</b>	10
Basic and diluted earnings/ (loss) per share	<b>Rs.</b>	<b>55.15</b>	42.29

#### 44. Employee benefits

##### A. Defined Contribution plans

Rs. 299.11 lakhs (March 31, 2019: Rs. 754.04 lakhs) for provident fund contribution and Rs. 185.85 lakhs (March 31, 2019: Rs. 178.92 lakhs) for superannuation fund contribution have been charged to the Statement of Profit and Loss. The contributions towards these schemes are at rates specified in the rules of the schemes. In case of provident fund administered through a trust, shortfall if any, shall be made good by the Company.

## Notes to the Standalone Financial Statements (continued)

### B. Defined benefit plans

- a) Liability for gratuity, privilege leaves and medical leaves is determined on actuarial basis. Gratuity liability is provided to the extent not covered by the funds available in the gratuity fund.

#### Gratuity:

Gratuity scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service, except death while in employment.

#### The following table sets out the status of gratuity obligation

Particulars	As at	As at
	<u>31.03.2020</u>	<u>31.03.2019</u>
	Rs. lakhs	Rs. lakhs
Net Gratuity liability / (asset)	436.52	196.58
Non current	436.52	196.58
Current	-	-
	<u>436.52</u>	<u>196.58</u>

#### (i) Reconciliation of the gratuity benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for gratuity liability and its components

Particulars	For the year ended	For the year ended
	<u>31.03.2020</u>	<u>31.03.2019</u>
	Rs. lakhs	Rs. lakhs
Balance at the beginning of the year	3,855.14	3,558.15
Current service cost	235.54	209.29
Interest cost	295.73	275.76
Actuarial (Gain) / Loss on arising from changes in financials assumptions	99.63	22.99
Actuarial (Gain) / Loss on arising from changes in experience adjustments	97.51	138.70
Benefits paid	(591.63)	(349.75)
<b>Balance at the end of the year</b>	<b>3,991.92</b>	<b>3,855.14</b>

#### (ii) Reconciliation of the plan assets

The following table shows a reconciliation from the opening balances to the closing balances for the plan assets and its components

Particulars	For the year ended	For the year ended
	<u>31.03.2020</u>	<u>31.03.2019</u>
	Rs. lakhs	Rs. lakhs
Balance at the beginning of the year	3,658.56	3,378.36
Expected return on plan assets	279.88	261.82
Contribution by the Company	12.26	11.65
Benefits paid	(136.81)	(30.94)
Actuarial gains / (losses) recognised in other comprehensive income	(258.49)	37.67
<b>Balance at the end of the year</b>	<b>3,555.40</b>	<b>3,658.56</b>

#### (iii) Expense recognized in profit or loss

Particulars	For the year ended	For the year ended
	<u>31.03.2020</u>	<u>31.03.2019</u>
	Rs. lakhs	Rs. lakhs
Current service cost	235.54	209.29
Interest cost	295.73	275.76
Expected return on plan assets	(279.88)	(261.82)
Actuarial (gains) / losses recognised in other comprehensive income	455.62	124.02
	<u>707.01</u>	<u>347.25</u>



**(iv) Constitution of plan assets**

Particulars	For the year ended	For the year ended
	<u>31.03.2020</u>	<u>31.03.2019</u>
	Rs. lakhs	Rs. lakhs
<b>Other than equity, debt, property and bank account</b>		
Funded with Life Insurance Corporation of India*	3,555.40	3,658.56

\* The plan assets are maintained with Life Insurance Corporation of India Gratuity Scheme. The details of Investments maintained by Life Insurance Corporation are not made available and have therefore not been disclosed.

**(v) Remeasurements recognized in other comprehensive income**

Particulars	For the year ended	For the year ended
	<u>31.03.2020</u>	<u>31.03.2019</u>
	Rs. lakhs	Rs. lakhs
Actuarial (gain) / loss on plan assets	258.49	(37.67)
Actuarial (gain) / loss arising from changes in financials assumptions	99.63	22.99
Actuarial (gain) / loss arising from changes in experience adjustments	97.51	138.70

**(vi) Actuarial assumptions**

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	As at	As at
	<u>31.03.2020</u>	<u>31.03.2019</u>
<b>Financial assumptions</b>		
Discount rate	6.80%	7.65%
Future salary growth	5.00%	5.00%
Rate of return on plan assets	7.65%	7.75%
Expected average remaining working lives of employees (years)	16.85	16.69
<b>Demographic assumptions</b>		
Mortality rate	IALM (2012-14)	IALM (2012-14)
Withdrawal rate	Up to 30 years- 3%	Up to 30 years- 3%
	31 to 44 years- 2%	31 to 44 years- 2%
	Above 44 years- 1%	Above 44 years- 1%
Retirement age	58 years and 60 years	58 years and 60 years

Expected contributions to post-employment benefit plans for the year ending March 31, 2021 are Rs. 291.13 lakhs (March 31, 2020: Rs. 247.35 lakhs).

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

## Notes to the Standalone Financial Statements (continued)

### (vii) Sensitivity analysis

The significant actuarial assumption for the determination of defined benefit obligations are discount rate and expected salary increase.

Sensitivity of gross benefit obligation as mentioned above, in case of change in significant assumptions would be as under:

Particulars	For the year ended		For the year ended	
	31.03.2020		31.03.2019	
	Rs. lakhs		Rs. lakhs	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50%)	(405.88)	106.24	(449.96)	176.32
Future salary growth (0.50%)	109.11	(416.84)	181.08	(462.11)

Although the analysis does not take into account of the full distribution of the cash flows expected under the plan, it does not provide an approximation of the sensitivity of the assumptions shown.

Sensitivities due to mortality & withdrawals are insignificant & hence not considered in sensitivity analysis disclosed.

### (viii) Maturity profile

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

Particulars	As at	As at
	31.03.2020	31.03.2019
	Rs. lakhs	Rs. lakhs
Within 1 year	704.33	75.66
1 year to 5 years	1,659.85	1,716.74
More than 5 years	2,299.46	2,123.22

### C. Compensated absences:

The obligation of compensated absence in respect of the employees of the Company as at 31 March 2020 works out to Rs. 1,347.06 lakhs (31 March 2019: Rs. 1,260.35 lakhs)

### D. Provident fund:

The Company manages the Provident Fund plan through Provident Fund Trusts for a majority of its employees which is permitted under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by the employer and employees and guarantees interest at the rate notified by the Provident Fund authority. For other employees contributions are made to the Regional Provident Fund Commissioners. The Government mandates the annual yield to be provided to the employees on their corpus. This plan is considered as a Defined Contribution Plan. For the first category of employees (covered by the Trust), the Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. Based on actuarial estimate by an approved actuary of the provident fund liabilities the Company has provided an amount of Rs. 126.87 lakhs for possible shortfall on the yield of the trust's investments over the administered interest rates.

### E. Risk exposure

These defined benefit plans typically expose the Company to actuarial risks as under:

#### a) Investment Risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

#### b) Interest rate risk

A decrease in bond interest rate will increase the plan liability. However, this shall be partially off-set by increase in return as per debt investments.

#### c) Longevity risk

The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy will increase the plan's liability.

#### d) Salary risk

Higher than expected increase in salary will increase the defined benefit obligation.

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#### 45. Related party disclosures:

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In accordance with the requirements of Ind AS 24 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management are:

##### A. Names of related parties and nature of related party relationship

Subsidiary: Daurala Foods and Beverages Private Limited

##### Associate

DCM Hyundai Limited

Versa Trading Limited (subsidiary of DCM Hyundai Limited till 23.03.2020)

##### Key management personnel

Mr. S. B. Mathur, Chairman

Mr. Tilak Dhar, Senior Managing Director (upto 30.06.2019)

Mr. Alok B. Shriram, Sr. Managing Director

Mr. Madhav B. Shriram, Managing Director

Mrs. Urvashi Tilak Dhar, Director (w.e.f. 13.08.2019)

Mr. N. K. Jain, Director & CFO (Director w.e.f. 01.11.2019)

Mr. P. R. Khanna, Independent Director

Mr. Ravinder Narain, Independent Director

Mr. S. C. Kumar, Independent Director

Mr. C. Vikas Rao, Independent Director

Ms. V. Kavitha Dutt, Independent Director

Mr. Sanjay C. Kirloskar, Independent Director

Mr. K.N.Rao Director & CEO Rayons (upto 31.10.2019 )

Mr. Y. D. Gupta, Vice President & Company Secretary

##### Relatives/HUF of key management personnel

M/s. Bansi Dhar & Sons - HUF

Mr. Akshay Dhar

Ms. Kanika Shriram

Mr. Rudra Shriram

Mr. Rohan Shriram

Mr. Uday Shriram

Mrs. K. Rao

Mrs. Anita Gupta

Mrs. Manju Jain

Mr. Nirmal Kumar Jain

Mrs. Maya Rani Jain

Mr. Rajat Jain

Mrs. Kiran Khanna

Mr. P. R. Khanna (HUF)

Mrs. Suman Bansi Dhar

Mrs. Divya Shriram

Mrs. Karuna Shriram

Ms. Aditi Dhar

Mrs. Manju Narain

Mr. Rohit Gupta

##### Trusts

Employees' Provident Fund Trust, DCM Shriram Industries Limited

Daurala Organics Limited Employees' Provident Fund Trust

DCM Shriram Industries Limited Superannuation Trust

##### Others (Enterprises over which key management personnel or their relatives are able to exercise significant influence)

Bantam Enterprises Private Limited

H.R. Travels Private Limited

Hindustan Vaccum Glass Private Limited

Kirloskar Corrocoat Private Limited

Lily Commercial Private Limited

Divine Investments Private Limited

Hi-Vac Wares Private Limited

Quick Lithographers Private Limited

Peekay Alkalies Private Limited

Super Wares Private Limited

Gentech Chemicals Private Limited

Meridian Marketing Private Limited

## Notes to the Standalone Financial Statements (continued)

### B. Transactions with related parties:

Particulars	For the year ended <u>31.03.2020</u> Rs. lakhs	For the year ended <u>31.03.2019</u> Rs. lakhs
<b>Rent expenses</b>		
Relatives/HUF of key management personnel	188.39	167.51
Others	40.95	39.74
<b>Total</b>	<b>229.34</b>	<b>207.25</b>
<b>Interest expense</b>		
Key management personnel	-	2.01
Relatives of Key management personnel	20.59	17.98
Independent Directors & their relatives/HUF	3.78	3.89
<b>Total</b>	<b>24.37</b>	<b>23.88</b>
<b>Other expenses</b>		
Others	-	46.27
<b>Purchase of property, plant and equipment</b>		
Others	4.22	11.01
<b>Equity dividend paid</b>		
Associate	245.18	89.16
Key management personnel	2.53	0.45
Relatives/HUF of key management personnel	13.24	5.29
Others	635.20	225.05
	<b>896.15</b>	<b>319.95</b>
<b>Public deposits received</b>		
Key management personnel	100.00	-
<b>Security deposit paid</b>		
Relatives/HUF of key management personnel	1.17	7.01
<b>Public Deposits paid</b>		
Key Management Personnel	-	75.00
Relatives of Key Management Personnel	-	8.00
<b>Salaries and bonus including contributions made to provident fund</b>		
<b>Key management personnel</b>		
Mr. Tilak Dhar	76.11	296.20
Mr. Alok B. Shriram	306.11	296.20
Mr. Madhav B. Shriram	306.11	296.20
Mrs. Urvashi Tilak Dhar	161.70	-
Mr. K.N. Rao	43.28	61.93
Mr. N. K. Jain	50.33	41.03
Mr. Y. D. Gupta	29.93	26.76
Relatives of key management personnel	90.31	82.15
<b>Total</b>	<b>1,063.88</b>	<b>1,100.47</b>

<b>Post-employment defined benefit plan</b>		
<b>Gratuity</b>		
<b>Key management personnel</b>		
Mr. Tilak Dhar	-	56.10
Mr. Alok B. Shriram	6.56	41.65
Mr. Madhav B. Shriram	6.45	43.04
Mrs. Urvashi Tilak Dhar	3.08	-
Mr. K.N. Rao	4.32	4.81
Mr. N.K. Jain	8.24	3.18
Mr. Y.D. Gupta	4.89	2.76
Relatives of key management personnel	2.45	2.21
<b>Total</b>	<b>35.99</b>	<b>153.75</b>
<b>Other long term defined benefit plan</b>		
<b>Compensated absences</b>		
<b>Key management personnel</b>		
Mr. Tilak Dhar	-	21.03
Mr. Alok B. Shriram	10.86	20.70
Mr. Madhav B. Shriram	8.75	21.60
Mrs. Urvashi Tilak Dhar	4.53	-
Mr. K.N. Rao	1.62	1.24
Mr. N. K. Jain	1.84	1.40
Mr. Y. D. Gupta	1.25	0.65
Relatives of key management personnel	3.47	2.84
<b>Total</b>	<b>32.32</b>	<b>69.46</b>
<b>Commission to Independent Directors</b>		
Mr. P. R. Khanna	16.29	17.05
Mr. S. B. Mathur	17.29	17.05
Mr. Ravinder Narain	14.29	14.95
Mr. S. C. Kumar	16.29	17.05
Mr C Vikas Rao	11.29	12.85
Ms. V. Kavitha Dutt	13.29	12.85
Mr. Sanjay C. Kirloskar	13.30	6.96
<b>Total</b>	<b>102.04</b>	<b>98.76</b>
<b>Total compensation paid to key management personnel</b>	<b>1,234.23</b>	<b>1,422.44</b>
<b>Post-employment defined benefit plan</b>		
<b>Contribution paid to provident fund</b>		
Trusts	1,353.88	1,274.33
<b>Other long term defined contribution plan</b>		
<b>Superannuation</b>		
Trust	185.85	178.92

## Notes to the Standalone Financial Statements (continued)

### Balances with related parties

Particulars	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>Security deposit receivable</b>		
Relatives/HUF of key management personnel	49.71	49.56
<b>Other advances</b>		
Others	27.80	-
<b>Payables</b>		
<b>Public deposits including interest accrued</b>		
Relatives/HUF of key management personnel	274.34	171.50
Independent Directors & their relatives	37.50	37.50
<b>Total</b>	<b>311.84</b>	<b>209.00</b>
<b>Trade payables</b>		
Others	1.59	23.95
Commission to Independent Directors	102.04	98.76
<b>Remuneration</b>		
Key management personnel	469.99	576.99
	<b>573.62</b>	<b>699.70</b>

**Note:**

Transactions with the related parties are made on normal commercial terms and conditions and at market rates.

### 46. Financial instruments - Fair values and risk management

#### a. Financial instruments – by category and fair values hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

#### i. As on March 31, 2019

(Rs. lakhs)

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>							
<b>Non-current</b>							
(i) Loans*	-	-	500.24	500.24	-	-	-
(ii) Other financial assets*	-	-	99.67	99.67	-	-	-
<b>Current</b>							
(i) Investments*							
Debt instrument (Mutual funds)	1,710.18	-	-	1,710.18	1,710.18	-	-
(ii) Trade receivables*	-	-	19,053.59	19,053.59	-	-	-
(iii) Cash and cash equivalents*	-	-	597.56	597.56	-	-	-
(iv) Other bank balances*	-	-	695.03	695.03	-	-	-
(v) Loans*	-	-	12.11	12.11	-	-	-
(vi) Other financial assets*	-	-	308.86	308.86	-	-	-
<b>Total</b>	<b>1,710.18</b>	<b>-</b>	<b>21,267.06</b>	<b>22,977.24</b>			
<b>Financial liabilities</b>							
<b>Non-current</b>							
(i) Borrowings (including current maturities)#	-	-	11,796.65	11,796.65	-	-	11,790.46
(ii) Other financial liabilities*	-	-	73.93	73.93	-	-	-
<b>Current</b>							
(i) Borrowings#	-	-	34,791.90	34,791.90	-	-	-
(ii) Trade payables*	-	-	30,432.59	30,432.59	-	-	-
(iii) Other financial liabilities*	-	-	1,388.64	1,388.64	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>78,483.71</b>	<b>78,483.71</b>			

**ii. As on March 31, 2020**

(Rs. lakhs)

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amor- tised cost	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>							
<b>Non-current</b>							
(i) Loans*			532.74	<b>532.74</b>	-	-	-
(ii) Other financial assets*			445.56	<b>445.56</b>	-	-	-
<b>Current</b>							
(i) Investments*							
Debt instrument (Mutual funds)	1,161.03			<b>1,161.03</b>	1,161.03	-	-
(ii) Trade receivables*			18,457.16	<b>18,457.16</b>	-	-	-
(iii) Cash and cash equivalents*			4,357.85	<b>4,357.85</b>	-	-	-
(iv) Other bank balances*			392.23	<b>392.23</b>	-	-	-
(v) Loans*			47.99	<b>47.99</b>	-	-	-
(vi) Other financial assets*			13,347.65	<b>13,347.65</b>	-	-	-
<b>Total</b>	<b>1,161.03</b>	-	<b>37,581.18</b>	<b>38,742.21</b>			
<b>Financial liabilities</b>							
<b>Non-current</b>							
(i) Borrowings (including cur rent maturities)#			23,560.39	<b>23,560.39</b>	-	-	22,561.49
(ii) Lease liabilities*			2,154.54	<b>2,154.54</b>	-	-	-
(iii) Other financial liabilities*			87.79	<b>87.79</b>	-	-	-
<b>Current</b>							
(i) Borrowings#			35,212.30	<b>35,212.30</b>	-	-	-
(ii) Lease liabilities*			414.40	<b>414.40</b>	-	-	-
(iii) Trade payables*			27,372.37	<b>27,372.37</b>	-	-	-
(iv) Other financial liabilities*			1,732.63	<b>1,732.63</b>	-	-	-
<b>Total</b>	-	-	<b>90,534.42</b>	<b>90,534.42</b>			

# The Company's borrowings have been contracted at both floating and fixed rates of interest. The borrowings at floating rates reset at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value. The fair value of long-term borrowings with fixed rates of interest is estimated by discounting future cash flows using current rates (applicable to instruments with similar terms, currency, credit risk and remaining maturities to discount the future payout).

\* The carrying amounts of trade receivables, trade payables, lease liabilities, cash and cash equivalents, investments, bank balances other than cash and cash equivalents and other financial assets and liabilities, approximates the fair values, due to their short-term nature. The other non-current financial assets represents security deposits given to various parties, loans and advances to employees and bank deposits (due for maturity after twelve months from the reporting date), lease liabilities and other non-current financial liabilities, the carrying value of which approximates the fair values as on the reporting date.

There have been no transfers between Level 1, Level 2 and Level 3 for the years ended March 31, 2020 and March 31, 2019.

**Valuation**

Following financial instruments are remeasured at fair value as under :

- The fair value of investments in quoted Equity Shares and Mutual Funds are measured at quoted price or NRV.
- The fair value of all derivative contracts is determined using forward exchange rate at the balance sheet.

## Notes to the Standalone Financial Statements (continued)

### Risk Management

The Company Manages risk arising from financial instruments as under :

#### b. Financial risk management (continued)

##### (i) Credit risk

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet:

Particulars	As at 31.03.2020 Rs. lakhs	As at 31.03.2019 Rs. lakhs
Investments	1,774.43	2,323.58
Trade receivables	18,457.16	19,053.59
Cash and cash equivalents	4,357.85	597.56
Other bank balances	392.23	695.03
Loans	580.73	512.35
Other financial assets	13,793.21	408.53

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due causing financial loss to the Company. It arises from cash and cash equivalents, financial instruments and principally from credit exposure to customers relating to outstanding receivables. The Company continuously reviews the credit to be given and the recoverability of amounts due. Majority of the trade receivables are from parties with whom the Company had long standing satisfactory dealings.

The Company's exposure to credit risk for trade receivables is as follows:

Particulars	Gross carrying amount	
	As at 31.03.2020 Rs. lakhs	As at 31.03.2019 Rs. lakhs
1-90 days past due *	2,286.69	7,183.28
91 to 180 days past due	551.86	19.32
More than 180 days past due #	27.78	12.59
Not due	15,590.83	11,838.40
	18,457.16	19,053.59

\* The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour.

# The Company continuously reviews the credit to be given and the recoverability of amounts due. Majority of the trade receivables both domestic and overseas, are from parties with whom the company had long standing satisfactory dealings.

Movement in the allowance for impairment in respect of trade receivables is given below:

Particulars	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
Balance at the beginning of the year	29.97	29.97
Impairment loss recognised / (reversed)	-	-
Amount written off	-	-
<b>Balance at the end of the year</b>	<b>29.97</b>	<b>29.97</b>

### Note

#### Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as the Company generally transacts with the Banks with high credit ratings assigned by domestic and international credit rating agencies.

#### Other financial assets

Other financial assets do not have any significant credit risk



**b. Financial risk management (continued)**
**(ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including total cash and cash equivalent and bank balances other than cash and cash equivalent of Rs.4,750.09 lakhs as at March 31, 2020 (March 31, 2019 Rs. 1,292.59 lakhs), anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility will enable it to meet its future known obligations in the ordinary course of business. However, if liquidity needs were to arise, the Company believes it has access to financing arrangements, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

The Company's liquidity management process as monitored by management, includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecasts of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

**I. Financial arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at <b>31.03.2020</b>	As at <b>31.03.2019</b>
	Rs. lakhs	Rs. lakhs
From banks	<b>10,713.69</b>	9,281.73

**II. Maturities of financial liabilities**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

(Rs. lakhs)

As at March 31, 2019	Carrying amount	Contractual cash flows			
		0-1 year	1-5 years	More than 5 years	Total
<b>Non-current liabilities</b>					
Borrowings*	8,321.62	-	7,973.47	348.15	8,321.62
Other financial liabilities	73.93	-	73.93	-	73.93
<b>Current liabilities</b>					
Borrowings	34,791.90	34,791.90	-	-	34,791.90
Trade payables	30,432.59	30,432.59	-	-	30,432.59
Other financial liabilities	4,863.67	4,863.67	-	-	4,863.67
<b>Total</b>	<b>78,483.71</b>	<b>70,088.16</b>	<b>8,047.40</b>	<b>348.15</b>	<b>78,483.71</b>

(Rs. lakhs)

As at March 31, 2020	Carrying amount	Contractual cash flows			
		0-1 year	1-5 years	More than 5 years	Total
<b>Non-current liabilities</b>					
Borrowings*	17,782.29	-	17,584.49	197.80	17,782.29
Lease liabilities*	2,154.54	-	1,776.31	378.23	2,154.54
Other financial liabilities	87.79	-	87.79	-	87.79
<b>Current liabilities</b>					
Borrowings	35,212.30	35,212.30	-	-	35,212.30
Lease liabilities	414.40	414.40	-	-	414.40
Trade payables	27,372.37	27,372.37	-	-	27,372.37
Other financial liabilities	7,510.73	7,510.73	-	-	7,510.73
<b>Total</b>	<b>90,534.42</b>	<b>70,509.80</b>	<b>19,448.59</b>	<b>576.03</b>	<b>90,534.42</b>

\* Contractual cash flows does not include interest expense

## Notes to the Standalone Financial Statements (continued)

### b. Financial risk management (continued)

#### III. Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Board of directors is responsible for setting up of policies and procedures to manage market risks of the Company.

#### Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating, investing and financing activities.

#### Exposure to currency risk

The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees (Lakhs) as at March 31, 2020 and March 31, 2019.

(Rs. Lakhs)

Particulars	As at March 31, 2020		
	USD	EURO	GBP
<b>Financial assets</b>			
Trade receivables*	7,657.76	943.87	-
Sundry Advances	15.26	5.06	-
Cash and cash equivalents	0.16		
	<b>7,673.18</b>	<b>948.93</b>	<b>-</b>
<b>Financial liabilities</b>			
Borrowings	271.38	251.82	-
Trade payables	5560.08	506.86	0.82
	<b>5,831.46</b>	<b>758.68</b>	<b>0.82</b>

(Rs. Lakhs)

Particulars	As at March 31, 2019		
	USD	EURO	GBP
<b>Financial assets</b>			
Trade receivables*	7,657.76	943.87	-
Sundry Advances	15.26	5.06	-
	0.16		
	<b>7,673.18</b>	<b>948.93</b>	<b>-</b>
<b>Financial liabilities</b>			
Borrowings	1,483.01	4.81	-
Trade payables	874.39	30.50	-
	<b>2,357.40</b>	<b>35.31</b>	<b>-</b>

\* Trade receivables are net of corresponding foreign exchange contracts

#### Sensitivity analysis

A reasonably possible strengthening / weakening of the Indian Rupee against below currencies at March 31, 2020 (previous year ended as on March 31, 2019) would have affected the measurement of financial instruments denominated in functional currency and affected equity and profit or loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(Rs. lakhs)

Particulars	Profit or loss		Equity, net of tax	
	Weakening	Strengthening	Strengthening	Weakening
1% depreciation / appreciation in Indian Rupees against following foreign currencies:				
<b>For the year ended March 31, 2020</b>				
USD	18.42	(18.42)	11.98	(11.98)
EUR	1.90	(1.90)	1.24	(1.24)
GBP	(0.01)	0.01	(0.01)	0.01
	<b>20.31</b>	<b>(20.31)</b>	<b>13.21</b>	<b>(13.21)</b>
<b>For the year ended March 31, 2019</b>				
USD	10.88	(10.88)	7.08	(7.08)
EUR	(0.08)	0.08	(0.05)	0.05
	<b>10.80</b>	<b>(10.80)</b>	<b>7.03</b>	<b>(7.03)</b>

USD: United States Dollar, EUR: Euro, GBP: Great British Pound

## b. Financial risk management (continued)

### III. Market risk

#### Foreign exchange derivative contracts

The Company uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The Company's Corporate Treasury team manages its foreign currency risk by hedging transactions that are expected to occur within of 1 to 24 months for hedges of forecasted sales, purchases and capital expenditures. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. All identified exposures are managed as per the policy duly approved by the Board of Directors.

The following table details the foreign currency derivative contracts outstanding at the end of the reporting period:

Outstanding contracts	No of deals		Contract value of foreign currency (in lakhs)		Maturity			
					Upto 12 months		More than 12 months	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
USD/INR sell forward	21	-	23.00	-	1,689.74	-	-	-
EUR/INR sell forward	3	-	3.00	-	253.54	-	-	-

Impact of depreciation / appreciation in INR against USD/EUR in respect of forward contracts is not material.

#### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

#### Exposure to interest rate risk

The Company's interest rate risk arises majorly from the term loans from banks carrying floating rate of interest. These obligations exposes the Company to cash flow interest rate risk. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period along with the interest rate profile are as follows:

Particulars	As at 31.03.2020 Rs. lakhs	As at 31.03.2019 Rs. lakhs
<b>Financial Assets</b>		
<b>Fixed Rate Instruments</b>		
Bank Balances other than Cash & cash Equivalents	392.23	695.03
Loans	580.73	512.35
Other Financial assets	13,793.21	408.54
<b>Total</b>	<b>14,766.17</b>	<b>1,615.92</b>
<b>Financial Liabilities</b>		
<b>Fixed Rate Instruments</b>		
Term loans	13,202.80	5,645.08
Public Deposits	618.31	557.63
<b>Variable-rate instruments</b>		
Term loans	9,739.28	5,593.94
Cash Credit	35,212.30	34,791.90
<b>Total</b>	<b>58,772.69</b>	<b>46,588.55</b>

#### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points (bps) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(Rs. lakhs)

Particulars	Profit or loss		Equity, net of tax	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
<b>For the year ended March 31, 2020</b>				
Interest on term loans	(72.17)	72.17	(46.95)	46.95
Interest on cash credits	(350.86)	350.86	(228.26)	228.26
<b>For the year ended March 31, 2019</b>				
Interest on term loans	(55.94)	55.94	(36.39)	36.39
Interest on cash credits	(347.92)	347.92	(226.34)	226.34

## Notes to the Standalone Financial Statements (continued)

### 47. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Company manages its capital structure and makes adjustments to it in light of changes in the economic/ business conditions and requirements.

The Company's debt to capital ratio, which is calculated as interest-bearing debts (less cash & cash equivalents) divided by total capital (equity attributable to equity share holders plus interest-bearing debt) is as under:

Particulars	As at 31.03.2020 Rs. lakhs	As at 31.03.2019 Rs. lakhs
Borrowings	58,772.69	46,588.55
Less : Cash and cash equivalent	(4,357.85)	(597.56)
<b>Adjusted net debt (A)</b>	54,414.84	45,990.99
<b>Total equity (B)</b>	54,139.46	47,231.37
<b>Adjusted net debt to adjusted equity ratio (A/B)</b>	<b>100.51%</b>	<b>97.37%</b>

48. Research and development expenses amounting to Rs. 549.23 lakhs (March 31, 2019: Rs. 552.33 lakhs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. 47.04 lakhs (March 31, 2019: Nil) has been included in property, plant and equipment.

49. Parties covered under "The Micro, Small and Medium Enterprise Development Act, 2006" (MSMED Act, 2006) have been identified on the basis of confirmation received. The disclosures pursuant to the said MSME Act are as follows:

Particulars	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	397.88	337.19
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

## 50. Disclosures related to government grant

The government grants/assistance recognised are as under:

Nature of Grant/assistance	Income/ expense head	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
Subvention on loan interest	Other income	677.64	172.31
Interest subsidy in respect of loan at concessional rate	Other income	285.84	113.74
Grant against cane purchased	Cost of material consumed	-	990.69
Grant for payment of cane dues subject to fulfillment of sugar export obligation and other conditions	Other operating revenue	9,321.56	1,187.19
Duty drawback and other incentive	Other operating revenue	1,282.30	1,520.22
Subsidy against maintenance of buffer stock	Miscellaneous expense	100.07	72.72
Subsidy against maintenance of buffer stock	Interest expense	604.90	431.39

## 51. Immovable properties of Rs. 888.99 lakhs yet to be endorsed in the name of Company are as under :

(Rs. lakhs)

Particulars	Amount as on March 31, 2020	Amount as on March 31, 2019	Remarks
"Land situated at Daurala, Uttar Pradesh (UP) and Kota, Rajasthan"	844.04 *	844.04 *	Vested in the Company pursuant to a Scheme of Arrangement of erstwhile DCM Limited
Land situated at Daurala, UP	44.95	44.95	The title deeds are in the name of Daurala Organics Limited which was merged with the Company under section 391 to 394 of the Companies Act, 1956 in terms of approval of Honorable High Court

\* Includes leasehold land Rs. 465.35 lakhs at Kota, Rajasthan.

- 52 Consequent to introduction of GST with effect from July 1, 2017, there has been ambiguity with regard to chargeability of tax, i.e. UP VAT or GST or any other tax, on certain supplies made to a party and, therefore, no tax has been charged on such supplies. The buyer has undertaken to indemnify the Company for any tax/interest, or any other related expenses, as may be finally incurred in this regard.

UP VAT Authorities have completed ex-parte assessments for the nine months ended March 31, 2018 and year ended March 31, 2019 and have raised demands in that context. The Company has filed applications with the authorities for opening of such assessments. Pending clarity, the company has, during the year, made a provision for contingencies under "Provisions (current)" of Rs. 9,427.42 lakhs with a recognition of corresponding Reimbursement Assets (net of advance received of Rs. 2,440.34 lakhs) under "Other financial assets (current)". This does not have impact on the profit of the company.

- 53 The Company has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92D for its specified domestic transactions. Based on the transfer pricing regulations/ policy, the transfer pricing study for the year ended March 31, 2020 is to be conducted on or before due date of the filing of return and the Company will further update above information and records based on the same and expects these to be in existence latest by that date. Management believes that all the above transactions are at arm's length price and the aforesaid legislations will not have impact on the financial statement, particularly on the amount of tax expense and provision for taxation.

- 54 In March, 2020, the World Health Organisation declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lockdown on March 25, 2020. Though the lockdown did not have any material impact in the operations of the Company in the year ended March 31, 2020, it may impact the business activities of the Company in the financial year 2020-21. The Company has evaluated the impact of the pandemic on its business operations, business projections and on the carrying amounts of receivables, inventories, tangible and intangible assets and other assets / liabilities and has not identified any material impact. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of the pandemic, the Company has considered internal and external information available till the date of approval of these financial results. In the above context and based on the current estimates, the Company does not foresee any material adverse impact in the medium to long term on the business, its liquidity and the ability to service its debt or other obligations. The overall economic situation being uncertain due to the evolving scenario of the pandemic, the Company would continue to closely monitor any developments in future economic conditions as they emerge and consider their impact on the financial statements of the relevant periods."

As per our report of even date attached

**For BSR & CO. LLP**

Chartered Accountants  
ICAI Firm Registration No.:  
101248W/W-100022

**Kaushal Kishore**

Partner  
Membership No.: 090075  
Place : New Delhi  
Date : 27.06.2020

N.K. Jain  
Director Finance & Chief  
Financial Officer

Y.D. Gupta  
Vice President &  
Company Secretary  
Place : New Delhi  
Date : 27.06.2020

**For and on behalf of the Board of Directors  
DCM Shriram Industries Limited**

S.B Mathur  
Chairman

P.R. Khanna  
Director

Alok B. Shriram  
Sr. Managing Director

Madhav B. Shriram  
Managing Director

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF DCM SHRIRAM INDUSTRIES LIMITED

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of DCM Shriram Industries Limited (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as "the Group") and its associate, which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income and expense), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiary and associate as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Description of Key Audit Matter

- (a) **Determination of net realizable value of inventory of sugar**  
See note 2A(d) and 11 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
As at 31 March 2020, the Holding Company has inventory of sugar with the carrying value of Rs 48,768.12 lakhs. The inventory of sugar is valued at the lower of cost and net realizable value. We believe that the determination of net realizable value of inventory of sugar is a key audit matter considering the size of inventory in the financial statements and judgement involved in the consideration of factors including minimum sale price, regulatory intervention in determining periodical restrictions on quantity of sales, frequent fluctuations in selling prices and the related notifications and policies of the Government in this business segment.	We understood and tested control as established by the management in determination of net realizable value of inventory of sugar. We have considered factors of actual selling prices prevailing around and subsequent to the year end, management estimation of scenarios of overall production and consumption of sugar, minimum selling price, notification of the Government of India, and other measures taken by the Government with respect to sugar industry as a whole. Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year-end is considered to be reasonable.

- (b) **Impact of Government policies/ notifications**  
See note 2A(h) and 53 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Government authorities have issued various notifications impacting sugar mills. These include export of sugar along with compliances with several conditions to be eligible to get certain Government grants for offsetting the cost of cane crushed and to facilitate timely payment of farmers' dues.	We evaluated the management's assessment regarding reasonable certainty for complying with the relevant conditions as specified in the notifications/ policies and collections and tested control around it.

The key audit matter	How the matter was addressed in our audit
<p>During the year, the Holding Company has recognised grants/assistance aggregating to Rs. 10,026.53 Lakhs for maintaining buffer stock and to fulfil the maximum admissible export quantity (MAEQ) as notified by the Government. These have been considered significant to the financial statements.</p> <p>These areas involved significant management judgement in recognition, considering stringent compliances. The areas of judgement include assessment of fulfilment of regulatory conditions, reliability of amounts recognised and timing of accruals.</p>	<p>We obtained understanding of the relevant notifications/ policies issued by various authorities to assess the appropriateness of claims and related adjustments pursuant to any changes and basis for determination of claims.</p> <p>We tested the ageing analysis and assessed the information used by the management to determine the realisability of claims and its corresponding accrual in the financial statements.</p> <p>Based on the above procedures performed, the management's estimates related to recognition of grants/ assistance are considered reasonable.</p>

**(c) Recoverability of MAT credit entitlement and impact of adopting the new income tax regime**  
**See note 2A(f) and 39 to the consolidated financial statements**

The key audit matter	How the matter was addressed in our audit
<p>The Holding Company has recognised Minimum Alternate Tax (MAT) credit entitlement amounting to Rs. 4,328.99 Lakhs as at 31 March 2020. The utilisation of this asset will be by way of adjustment from taxes when the Company pays taxes under the provisions of the Income Tax Act, 1961. Therefore, the recoverability of MAT credit entitlement is dependent upon generation of sufficient future taxable profits within the stipulated period prescribed under the Income Tax Act, 1961.</p> <p>Further, with effect from financial year 2019-20, the Income Tax Act provides an option of paying income taxes at a lower rate subject to complying with certain prescribed conditions ('new tax regime'). The Holding Company has opted to shift to the new tax regime from a financial year in the future.</p> <p>Accordingly, the deferred tax balances which are expected to reverse subsequent to the Holding Company shifting to the new tax regime in the specified future year were re-measured and the consequential amount has been recognised in the Consolidated Statement of Profit and Loss of the current year.</p> <p>Assessment of recoverability of MAT credit entitlement and determination of the point in time at which the Holding Company would shift to the new tax regime involves judgement and estimation (including, consideration of uncertainties associated with COVID 19 pandemic) regarding forecasting future taxable profits.</p> <p>Since the impact of remeasurement of deferred tax balances as stated above is sensitive to these judgements and estimates, it affects the amount of deferred tax balances (including MAT credit).</p> <p>Given the volume and level of judgement involved, we have determined this to be a key audit matter.</p>	<p>We have examined the implications of the new provisions on the tax position of the Holding Company to assess the impact of adopting the new tax regime from the specified future financial year.</p> <p>We have obtained the budgets and business projections (including profit forecast) prepared by the Holding Company and assessed these by comparing with the historical trends, current year performance and approved future business plans.</p> <p>We have assessed the appropriateness of the management's estimation, including key assumptions, of recoverability of MAT credit entitlement against the forecasted taxable profits and timing of shift to new tax regime which impacts the measurement of deferred tax balances. We also performed sensitivity analysis of the taxable profits for such assessment.</p> <p>We have assessed the adequacy of related disclosures in the consolidated financial statements.</p>

**Other Information**

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit reports of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT (continued)

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## Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group, including its associate, in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of each company.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors;
- conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the Holding Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of the Holding Company included in the consolidated financial statements of which we are the independent auditors. In respect of financial information of its subsidiary and its associate that are included in the consolidated financial information, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company of which we are the independent auditors, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 1,202.29 Lakhs as at 31 March 2020, total revenues of Rs. 86.69 Lakhs and net cash flows amounting to Rs. 12.63 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit after tax of Rs 6.02 Lakhs and Group's share of other comprehensive expense of Rs. 774.97 Lakhs for the year ended 31 March 2020, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associate, is based solely on the audit reports of the other auditors. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### **Report on Other Legal and Regulatory Requirements**

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of a subsidiary and an associate as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - c) the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2020, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and an associate company, none of the directors of the Group companies and, its associate company is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act; and
  - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and associate and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiary and associate, as noted in the 'Other Matters' paragraph:
- i. the consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group and its associate. Refer Note 42 and 55 to the consolidated financial statements;
  - ii. the Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company or its subsidiary company and associate company during the year ended 31 March 2020; and
  - iv. the disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditor's report under section 197(16):
- In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of the subsidiary company and associate company which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary company and associate company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary company and associate company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 1012482W/W-100022

**Kaushal Kishore**  
Partner  
Membership No. 090075  
UDIN: 20090075AAAAAR3145

Place: New Delhi  
Date: 27.06.2020

# INDEPENDENT AUDITOR'S REPORT (continued)

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**Annexure A to the Independent Auditors' report on the consolidated financial statements of DCM Shriram Industries Limited for the year ended 31 March 2020**

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**[Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]**

## **Opinion**

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of DCM Shriram Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary company and its associate, as of that date.

In our opinion, the Holding Company, its subsidiary company and its associate company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements, and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## **Management's Responsibility for Internal Financial Controls**

The management and the Board of Directors of the respective companies are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established considering the essential components of internal controls stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

## **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary company and associate company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

## **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the

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company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud, may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Other Matter**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements, insofar as it relates to the subsidiary company and an associate company, is based on the corresponding reports of the auditors of such companies.

*For B S R & Co. LLP*

*Chartered Accountants*

Firm Registration No. 101248W / W-100022

**Kaushal Kishore**

*Partner*

(Membership No. 090075)

UDIN: 20090075AAAAAR3145

Place : New Delhi

Date : June 27, 2020

# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Balance Sheet as at March 31, 2020

Particulars	Note	As at	As at
		31.03.2020	31.03.2019
		Rs. lakhs	Rs. lakhs
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	42,993.14	38,878.97
Capital work-in progress	3	3,423.63	2,245.66
Right-of-use-assets	41	2,499.22	-
Intangible assets	4	112.76	90.31
Intangible assets under development	4	-	16.50
Equity accounted investees	5	1,525.28	2,294.23
<b>Financial assets</b>			
(i) Investments	6	-	-
(ii) Loans	7	532.74	500.24
(iii) Other financial assets	8	445.56	99.67
Income-tax assets (net)	9	1,601.87	1,395.81
Other non-current assets	10	165.89	983.88
<b>Total non-current assets</b>		<b>53,300.09</b>	<b>46,505.27</b>
<b>Current assets</b>			
Inventories	11	66,274.39	61,643.95
<b>Financial assets</b>			
(i) Investments	12	1,161.03	1,710.18
(ii) Trade receivables	13	18,457.16	19,053.59
(iii) Cash and cash equivalents	14	4,362.68	615.02
(iv) Other bank balances	15	1,326.98	1,425.02
(v) Loans	16	222.99	317.11
(vi) Other financial assets	17	13,390.98	344.25
Other current assets	18	2,402.03	2,810.26
<b>Total current assets</b>		<b>1,07,598.24</b>	<b>87,919.38</b>
<b>TOTAL ASSETS</b>		<b>1,60,898.33</b>	<b>1,34,424.65</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	19	1,739.84	1,739.84
Other equity	20	54,213.85	48,087.44
<b>Total equity</b>		<b>55,953.69</b>	<b>49,827.28</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	21	17,782.29	8,321.62
(ii) Lease liabilities	41	2,154.54	-
(iii) Other financial liabilities	22	87.79	73.93
Provisions	23	1,613.74	1,173.73
Deferred tax liabilities (net)	39	1,329.06	3,028.13
Other non-current liabilities	24	57.95	73.28
<b>Total non-current liabilities</b>		<b>23,025.37</b>	<b>12,670.69</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	25	35,212.30	34,791.90
(ii) Lease liabilities	41	414.40	-
(iii) Trade payables	26	-	-
-Total outstanding dues of Micro and Small Enterprises		397.88	337.19
-Total outstanding dues other than Micro and Small Enterprises		26,975.39	30,096.26
(iii) Other financial liabilities	27	7,510.73	4,863.67
Other current liabilities	28	1,584.44	1,454.46
Provisions	29	9,824.13	383.20
<b>Total current liabilities</b>		<b>81,919.27</b>	<b>71,926.68</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,60,898.33</b>	<b>1,34,424.65</b>
<b>Significant Accounting Policies</b>	2A		

The notes referred to above form an integral part of the Consolidated financial statements

As per our report of even date attached

**For BSR & CO. LLP**

Chartered Accountants  
ICAI Firm Registration No.:  
101248W/W-100022

**Kaushal Kishore**

Partner  
Membership No.: 090075  
Place : New Delhi  
Date : 27.06.2020

N.K. Jain  
Director Finance & Chief  
Financial Officer

Y.D. Gupta  
Vice President &  
Company Secretary  
Place : New Delhi  
Date : 27.06.2020

**For and on behalf of the Board of Directors  
DCM Shriram Industries Limited**

S.B Mathur  
Chairman

Alok B. Shriram  
Sr. Managing Director  
Madhav B. Shriram  
Managing Director

P.R. Khanna  
Director

**Consolidated Statement of Profit and Loss for the year ended March 31, 2020**

Particulars	Note	For the year ended	For the year ended
		31.03.2020	31.03.2019
		Rs. lakhs	Rs. lakhs
<b>Revenue</b>			
Revenue from operations	30	1,79,494.90	1,68,900.18
Other income	31	2,393.06	1,903.67
<b>Total revenue</b>		<b>1,81,887.96</b>	<b>1,70,803.85</b>
<b>Expenses</b>			
Cost of material consumed	32	97,584.53	1,01,734.37
Purchase of traded goods	33	20,514.47	13,151.74
Changes in inventories of finished goods and work-in-progress	34	(3,437.49)	(10,693.40)
Employee benefits expense	35	14,236.10	13,480.17
Finance costs	36	4,454.09	2,400.19
Depreciation and amortisation expense	37	2,760.95	2,079.54
Other expenses	38	36,070.22	39,528.41
<b>Total expenses</b>		<b>1,72,182.87</b>	<b>1,61,681.02</b>
<b>Profit before share of profit of equity accounted investees and tax</b>		<b>9,705.09</b>	<b>9,122.83</b>
<b>Share of profit of equity accounted investees ( net of tax)</b>		<b>6.02</b>	<b>85.93</b>
<b>Profit before tax</b>		<b>9,711.11</b>	<b>9,208.76</b>
<b>Tax expense</b>			
Current tax expense	39	2,344.68	1,969.75
Deferred tax (credit)/ charge	39	(2,222.50)	87.68
Tax relating to earlier years	39	-	(335.19)
		<b>122.18</b>	<b>1,722.24</b>
<b>Profit for the year</b>		<b>9,588.93</b>	<b>7,486.52</b>
<b>Other comprehensive income/(expense)</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Re-measurement (loss) on defined benefit obligation		(584.62)	(124.02)
Income tax pertaining to items that will not be reclassified to profit or loss		204.29	43.34
Share of OCI of equity accounted investees ( net of tax )		(774.97)	(133.80)
<b>Total other comprehensive income/ (expense), net of taxes</b>		<b>(1,155.30)</b>	<b>(214.48)</b>
<b>Total comprehensive income</b>		<b>8,433.63</b>	<b>7,272.04</b>
<b>Profit for the year attributable to</b>	50		
- Owners of the Company		9,588.93	7,486.52
- Non-controlling interest		-	-
<b>Other comprehensive income / (expense) for the year attributable to</b>	50		
- Owners of the Company		(1,155.30)	(214.48)
- Non-controlling interest		-	-
<b>Total comprehensive income for the year attributable to</b>	50		
- Owners of the Company		8,433.63	7,272.04
- Non-controlling interest		-	-
<b>Earnings per equity share of Rs. 10 each- basic/ diluted (Rs.)</b>	44	<b>55.11</b>	<b>43.03</b>
<b>Significant Accounting Policies</b>	2A		

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

**For BSR & CO. LLP**

Chartered Accountants  
ICAI Firm Registration No.:  
101248W/W-100022

**Kaushal Kishore**

Partner  
Membership No.: 090075  
Place : New Delhi  
Date : 27.06.2020

N.K. Jain  
Director Finance & Chief  
Financial Officer

Y.D. Gupta  
Vice President &  
Company Secretary  
Place : New Delhi  
Date : 27.06.2020

**For and on behalf of the Board of Directors  
DCM Shriram Industries Limited**

S.B Mathur  
Chairman

Alok B. Shriram  
Sr. Managing Director

Madhav B. Shriram  
Managing Director

P.R. Khanna  
Director

# CONSOLIDATED FINANCIAL STATEMENTS (continued)

## Consolidated Statement of Cash Flow for the year ended March 31, 2020

Particulars	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	9,711.11	9,208.76
<u>Adjustments for:</u>		
Depreciation and amortisation	2,760.95	2,079.54
Finance costs	4,454.09	2,400.19
Interest income	(146.11)	(317.15)
Interest received against subvention	(963.48)	(286.04)
Deferred rent amortisation		
Profit on sale of fixed assets		
Loss/ (Profit) on sale of property, plant and equipment / discarded assets (net)	179.91	(52.68)
Share of profit of equity accounted investees (net of tax)	(6.02)	(85.93)
Profit on sale of current investments	(19.72)	(175.78)
Net gain on fair value of investments	(63.77)	(64.07)
Operating profit before changes in assets and liabilities	<u>15,906.96</u>	<u>12,706.84</u>
<u>Changes in assets and liabilities</u>		
(Decrease) / Increase in trade payables	(3,508.99)	11,086.63
Increase in financial liabilities	869.35	8.43
Increase in other liabilities & provisions	9,410.98	143.22
Decrease / (Increase) in trade receivables	596.43	(2,565.32)
(Increase) in inventories	(4,630.44)	(12,038.41)
(Increase) / Decrease in financial assets	(13,479.82)	943.88
Decrease / (Increase) in other assets	426.55	(387.60)
Cash generated from operations	5,591.02	9,897.67
Income tax paid (Net)	(1,823.01)	(1,547.05)
<b>Net cash from operating activities ( A )</b>	<u>3,768.01</u>	<u>8,350.62</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on acquisition of items of property, plant and equipments and intangible assets	(7,509.99)	(8,853.36)
Proceeds from sale of property, plant and equipments	303.42	117.18
Purchase of current investments	(315.00)	(10,375.00)
Proceeds from sale of long term non trade investments	-	-
Proceeds from sale of current investments	947.64	8,904.66
Changes in other bank balances	98.05	(371.47)
Interest received	164.93	321.63
Inter corporate deposits mode		
Inter Corporate deposits received back/ (given)	130.00	(15.00)
<b>Net cash used in investing activities ( B )</b>	<u>(6,180.95)</u>	<u>(10,271.36)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	14,618.23	8,959.17
Repayment of long term borrowings	(2,775.37)	(3,000.63)
Proceeds / (repayments) from short term borrowings (net)	420.40	(1,148.86)
Payment of Inter Corporate deposit	-	(150.00)
Repayments of Lease Liabilities	(375.10)	
Finance costs paid (Net of subvention)	(3,461.46)	(2,167.82)
Dividend paid	(1,872.71)	(680.44)
Dividend distribution tax paid	(393.39)	(143.05)
<b>Net cash from / (used) in financing activities ( C )</b>	<u>6,160.60</u>	<u>1,668.37</u>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	3,747.66	(252.37)
<b>Cash and cash equivalents at the beginning of the year</b>	615.02	867.39
<b>Cash and cash equivalents at the end of the year</b>	<u>4,362.68</u>	<u>615.02</u>
<b>Component of cash and cash equivalents</b>		
Balances with scheduled banks:		
- Current accounts	4,334.47	586.81
- Deposit with original maturity of Less than three months		
Balance with Reserve Bank of India	-	-
Cheques & drafts in hand	-	-
- Cash in hand	28.21	28.21
<b>Cash and cash equivalents at the close of the year</b>	<u>4,362.68</u>	<u>615.02</u>

**Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities :**

(Rs. lakhs)

Particulars	Non-current borrowings*	Current borrowings	Lease liability	Total
Opening balance as at April 1, 2018	5,980.25	36,090.76	-	42,071.01
Cash flows during the year	5,633.97	(3,142.11)	-	2,491.86
Non-cash changes due to:				
- Interest expense (net of subvention)	270.88	1,843.25	-	2,114.13
Closing balance as at March 31, 2019	11,885.10	34,791.90	-	46,677.00
<b>Opening balance as at April 1, 2019</b>	<b>11,885.10</b>	<b>34,791.90</b>	<b>-</b>	<b>46,677.00</b>
<b>Cash flows during the year</b>	<b>11,353.49</b>	<b>(2,399.42)</b>	<b>(527.37)</b>	<b>8,426.70</b>
<b>Non-cash changes due to:</b>				
- Interest expense (net of subvention)	518.52	2,819.82	-	3,338.34
- Variation in exchange rates	-	-	-	-
- Finance cost on lease liability	-	-	152.27	152.27
- Lease liability recognised	-	-	2944.04	2,944.04
<b>Closing balance as at March 31, 2020</b>	<b>23,757.11</b>	<b>35,212.30</b>	<b>2,568.94</b>	<b>61,538.35</b>

\* Includes current maturities of non current borrowings, interest accrued but not due on borrowings and unclaimed deposits and interest accrued thereon, refer Note 22 and 27

**Notes**

- The consolidated cash flow statement has been prepared in accordance with "Indirect Method" as set out on Indian Accounting Standard -7 on "Statement on Cash Flows".

**Significant Accounting Policies**

**2A**

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached

**For BSR & CO. LLP**

Chartered Accountants  
ICAI Firm Registration No.:  
101248W/W-100022

**Kaushal Kishore**

Partner  
Membership No.: 090075  
Place : New Delhi  
Date : 27.06.2020

N.K. Jain  
Director Finance & Chief  
Financial Officer

Y.D. Gupta  
Vice President &  
Company Secretary  
Place : New Delhi  
Date : 27.06.2020

**For and on behalf of the Board of Directors  
DCM Shriram Industries Limited**

S.B Mathur  
Chairman  
Alok B. Shriram  
Sr. Managing Director  
Madhav B. Shriram  
Managing Director

P.R. Khanna  
Director

## Consolidated Statement of Changes in Equity for the year ended March 31, 2020

### A. Equity share capital

Particulars	(Rs.lakhs)
<b>Balance as at April 1, 2018</b>	1,739.84
Changes in equity share capital during the year ended March 31, 2019	-
<b>Balance as at March 31, 2019</b>	1,739.84
Changes in equity share capital during the year ended March 31, 2020	-
<b>Balance as at March 31, 2020</b>	1,739.84

### B. Other equity

(Rs.lakhs)

Particulars	Reserve and surplus						Items of Other Comprehensive Income	Total
	Amalgamation reserve	General reserve	Capital redemption reserve	Capital reserve	Securities Premium account	Retained Earnings		
<b>Balance as at April 1, 2018</b>	1,411.38	13,465.60	0.10	234.89	3,406.68	22,698.58	437.16	41,654.39
Profit for the year	-	-	-	-	-	7,486.52	-	7,486.52
Other comprehensive income / (expense) for the year	-	-	-	-	-	-	(214.48)	(214.48)
<b>Total comprehensive income for the year</b>	1,411.38	13,465.60	0.10	234.89	3,406.68	30,185.10	222.68	48,926.43
<b>Transactions with shareholders, recorded directly in equity</b>								
<b>Distribution to shareholders</b>								
Final dividend on equity shares	-	-	-	-	-	(695.94)	-	(695.94)
Dividend distribution tax on final dividend	-	-	-	-	-	(143.05)	-	(143.05)
<b>Balance as at March 31, 2019</b>	1,411.38	13,465.60	0.10	234.89	3,406.68	29,346.11	222.68	48,087.44
<b>Balance as at April 1, 2019</b>	1,411.38	13,465.60	0.10	234.89	3,406.68	29,346.11	222.68	48,087.44
Profit for the year	-	-	-	-	-	9,588.93	-	9,588.93
Other comprehensive income / (expense) for the year	-	-	-	-	-	-	(1,155.30)	(1,155.30)
<b>Total comprehensive income for the year</b>	1,411.38	13,465.60	0.10	234.89	3,406.68	38,935.04	(932.62)	56,521.07
<b>Transactions with shareholders, recorded directly in equity</b>								
<b>Distribution to shareholders</b>								
Final dividend on equity shares (Rs.6.00 per equity share of Rs.10 each)	-	-	-	-	-	(1,043.91)	-	(1,043.91)
Dividend distribution tax on final dividend	-	-	-	-	-	(214.58)	-	(214.58)
Interim dividend on equity shares (Rs.5.00 per equity share of Rs.10 each)	-	-	-	-	-	(869.92)	-	(869.92)
Dividend distribution tax on interim dividend	-	-	-	-	-	(178.81)	-	(178.81)
<b>Balance as at March 31, 2020</b>	1,411.38	13,465.60	0.10	234.89	3,406.68	36,627.82	(932.62)	54,213.85

#### Nature and purpose of reserve

##### a. Amalgamation reserve

Amalgamation reserve has been created on amalgamation of Daurala Organics Limited with the Group.

##### b. General reserve

Profits earned by the Group are transferred to General reserve as decided.

##### c. Capital redemption reserve

Created on redemption of preference shares as per requirements of the Companies Act, 1956.

##### d. Capital reserve

Represents excess of Group's portion of equity in the subsidiary over its cost of investment.

##### e. Securities premium

Securities premium has been created on account of the premium received on issue of shares and capital and reorganisation reserve reclassified in the year ended March 31, 1993.

#### Significant Accounting Policies

2A

The notes referred to above form an integral part of the Consolidated financial statements.

As per our report of even date attached

#### For BSR & CO. LLP

Chartered Accountants  
ICAI Firm Registration No.:  
101248W/W-100022

#### Kaushal Kishore

Partner  
Membership No.: 090075  
Place : New Delhi  
Date : 27.06.2020

N.K. Jain  
Director Finance & Chief  
Financial Officer

Y.D. Gupta  
Vice President &  
Company Secretary  
Place : New Delhi  
Date : 27.06.2020

#### For and on behalf of the Board of Directors DCM Shriram Industries Limited

S.B Mathur  
Chairman

Alok B. Shriram  
Sr. Managing Director  
Madhav B. Shriram  
Managing Director

P.R. Khanna  
Director



## 1. Corporate Information

DCM Shriram Industries Limited (the “Company” or “the Parent Company” or the “Holding Company”) is a Public Limited Listed Company incorporated in India and having its registered office at Kanchenjunga Building, 6th Floor, 18, Barakhamba Road, New Delhi – 110001. The Holding Company and its subsidiary (together “the Group”) are primarily engaged in production and sale of sugar, alcohol, power, chemicals and industrial fibers.

## 2 Principles of consolidation and Basis of Preparation

### 2.1 Principles of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights
- The size of the Group’s holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

#### (i) Subsidiaries :

Subsidiaries are the entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interest in the results and equity of the subsidiary are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. Changes in the Group’s equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

#### (ii) Equity accounted investees

The Group’s interest in equity accounted investees comprise interest in associate.

An associate is an entity over which the group has significant influence but not control or joint control over the financial and operating policies.

Investments in associate are accounted for using the equity method of accounting. It is initially recognized at cost which includes transaction cost. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of profit or loss and other comprehensive income (OCI) of equity accounted investees until the date on which significant influence ceases.

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

The details of the entities included in the consolidation and the Parent Company's holding therein is as under:

S. No.	Name of the entity	Nature of relation	Ownership in % either directly or through subsidiary		Country of Incorporation
			2019-20	2018-19	
1	Daurala Foods and Beverages Pvt. Ltd. (DFBPL)	Subsidiary	100	100	India
2	DCM Hyundai Limited (DHL)	Associate	49.28	49.28	India

## Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with that of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment ('PPE'), are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statement of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 2.2 Basis of preparation of consolidated financial statements

### a) Statement of Compliance

These Consolidated Ind AS Financial Statements ("Consolidated Financial Statements") of the Group has been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of Companies Act, 2013, (the 'Act'), Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act, as applicable.

These Consolidated Financial Statements of the Group for the year ended March 31, 2020 are approved by the Company's Audit Committee and by the Board of Directors on June 27, 2020.

### b) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency of each of the Group's entities and its associate. All amounts are in Rupees lakhs with two decimal points rounded-off to the nearest thousands, unless otherwise stated.

### c) Basis of measurement

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following items:

Items	Measurement basis
Derivative financial instruments and certain other financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

**d) Critical accounting estimates and judgements**

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. In particular, information about significant areas of estimation/ uncertainty and judgements in applying accounting policies that have the most significant effects on the consolidated financial statements are included in the following notes:

- Recognition and estimation of tax expense including deferred tax- Note 2A(f) and 39.
- Assessment of useful life of property, plant and equipment and intangible asset- Note 2A(b) and (c).
- Estimation of obligations relating to employee benefits: key actuarial assumptions- Note 2A(g)
- Valuation of Inventories- Note 2A(d)
- Fair Value Measurement of financial instruments- Note 2A(p)
- Lease Classification- Note 2A(m)
- Recognition and Measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of outflow of resources- Note 2A(k)
- Impairment of financial assets- Note 2A(p)
- Impairment of non-financial assets- Note 2A(j)

**e) Changes in significant accounting policies**

Effective April 01, 2019, the Group has adopted Ind AS 116 “Leases” using the modified retrospective approach on all the lease contracts existing on that date. Accordingly, the comparative information has not been restated. It replaces Ind AS 17 “Leases” and related interpretations. This resulted in recognising a right-of-use asset with a corresponding lease liability as at April 01, 2019. Refer to note 2A(m) and 41 for details.

**2A. Significant accounting policies**

**a) Operating Cycle**

Based on the nature of products/ activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**b) Property, plant and equipment (PPE)**

**(i) Recognition and measurement**

All items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation/ amortization and accumulated impairment losses, if any.

Cost of acquisition or construction of property, plant and equipment comprises its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Capital work-in-progress is stated at cost, net of impairment loss, if any.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition and location for their intended use, and the estimated cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment having significant cost have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising on disposal of property, plant and equipment is recognized in the Consolidated Statement of Profit and Loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Consolidated Statement of Profit and Loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(ii) Subsequent Expenditure**

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured.

**(iii) Depreciation**

Depreciation is provided on a pro-rata basis using the straight-line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013.. Assets costing up to Rs. 0.05 lakhs are fully depreciated in the year of purchase. No depreciation is provided on assets sold, discarded, etc. during the year.

Leasehold improvements are amortised on a straight line basis over the unexpired period of lease. Freehold land and leasehold land are not depreciated.

Depreciation methods, useful lives and residual values are reviewed in each financial year, and changes, if any, are accounted for prospectively.

**c) Intangible assets**

**(i) Recognition and initial measurement**

Intangible assets comprise computer software. Intangible assets that are acquired by the Group are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.

**(ii) Subsequent Expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in Consolidated Statement of Profit and Loss as incurred.

**(iii) Amortisation**

Intangible assets, being computer software are amortised in the Consolidated Statement of Profit and Loss over the estimated useful life of 5 years using the straight line method.

The amortisation method and the useful lives of intangible assets are reviewed annually and adjusted as necessary.

**d) Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost is ascertained on a 'weighted average' basis.

Raw materials and stores and spares - Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The aforesaid items are valued at Net Realisable Value if the finished products in which they are to be incorporated are expected to be sold at a loss.

Finished goods and work in progress - Cost comprises raw material cost, other direct costs, and overheads incurred in bringing them to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**e) Revenue recognition**

**(i) Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of products is transferred to the customer. Amounts disclosed as revenue are net of returns and allowances, trade discounts and rebates. The Company collects Goods and Services Tax on behalf of the government and

therefore, these are not economic benefits flowing to the Company. Hence, these are excluded from the revenue.

Revenue is measured based on the transaction price, which is the consideration, adjusted for variable consideration such as volume discounts, cash discounts etc. as specified in the contract with the customer.

Contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

Contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**(ii) Rendering of services**

Revenue from sale of services is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and is recognized in the Statement of Profit and Loss in proportion to the stage of completion of the transaction at the reporting date when the underlying services are performed. Job work is recognized upon full completion of the job work.

**(iii) Interest and dividend income**

Interest income and expenses are reported on an accrual basis using the effective interest method and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding. Dividends income from investments is recognised when the shareholder's right to receive payment has been established.

Use of significant judgements in revenue recognition:

- Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, price concessions and incentives. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Group's performance obligation under revenue contracts, is satisfied at a point in time and judgement is exercised in determining point in time.

**f) Income tax**

Income tax expense comprises current and deferred tax. It is recognised in Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other Comprehensive Income (OCI).

- Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### **g) Employee benefits**

#### **(i) Short-term benefits**

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

#### **(ii) Defined contribution plans**

The defined contribution plans i.e. provident fund (administered through Regional Provident Fund Office), superannuation fund and employee state insurance corporation are post-employment benefit plans under which the Group pays fixed contributions and will have no legal and constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit and Loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### **(iii) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

##### *Gratuity*

The Group provides for gratuity, a defined benefit plan (the Gratuity Plan) covering all eligible employees. In accordance with the payment of Gratuity Act, 1972, the Gratuity plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment.

These are funded by the Group and are managed by LIC.

The calculation of defined benefit obligation is performed by a qualified actuary separately for each plan using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rate used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Consolidated Statement of Profit and Loss.

*Provident fund* (other than those made to the Regional Provident Fund Office of the Government)

Provident Fund Contributions other than those made to the Regional Provident Fund Office of the Government which are made to the Trusts administered by the Group are accounted for on the basis of actuarial valuation. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, based on actuarial estimate by an approved actuary shall be made good by the Group.

**(iv) Other long-term employee benefits**

Benefits under the Group's privilege leaves and medical leave are other long term employee benefits. The Group's net obligation in respect of privilege leave and medical leave are the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method.

Re-measurements are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise.

**h) Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Consolidated Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income other than export benefits which are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

A government grant that becomes receivable as compensation for expenses or losses incurred in a previous period, is recognised in profit or loss of the period in which it becomes receivable.

**(i) Foreign currency transactions and translation**

The management has determined the currency of the primary economic environment in which the Group operates i.e., functional currency, to be Indian Rupees (INR). The consolidated financial statements are presented in INR which is Group's and its associate's functional and presentational currency.

Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of the Group at the exchange rates at the dates of the transactions or at an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains/ (losses) arising on account of realisation/ settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the Consolidated Statement of Profit and Loss.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The derivative financial instruments such as forward exchange contracts to hedge its risk associated with foreign currency fluctuations are stated at fair value. Any gains or losses arising from changes in fair value are taken directly to the Consolidated Statement of Profit or Loss.

**j) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Consolidated Statement of Profit and Loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**k) Provisions and contingent liabilities**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period., If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

**l) Borrowing cost**

Borrowing costs that are directly attributable to the acquisition, construction or erection of qualifying assets are capitalised as part of cost of such asset until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

When the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition of the qualifying asset.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

**m) Leases**

Effective April 1, 2019, the Group has applied Ind AS 116 using modified retrospective approach and, therefore, the comparative information has not been restated and continues to be reported under Ind AS 17. The details of accounting policies under Ind AS 17 are disclosed separately, if they are different from those under Ind AS 116 and the impact of changes is disclosed in note 41.



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**Policy applicable from April 1, 2019**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset through the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used

An entity shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

This policy is applicable to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

***As a lessee***

As a lessee, the Group at the commencement date recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets. The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs etc. Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets. For lease liabilities at the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined and in other cases, the lease payments are discounted using the incremental borrowing rate. For short-term and low value assets, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

**Policy applicable before April 1, 2019**

In the comparative period, a lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

***Finance leases***

Assets held under finance lease are initially recognised as assets at the fair value at the inception of lease or at the present value of the minimum lease payments, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

***Operating leases***

Lease rental expenses from operating leases is generally recognised on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**n) Earnings per share (EPS)**

Basic earnings / (loss) per share are calculated by dividing the net profit or loss for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding at the end of the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus / rights issue, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earning per share, the net profit or loss for the year 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.

**o) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

In accordance with Ind AS 108 – “Operating Segments”, the operating segments used to present segment information are identified on the basis of internal reports used by the Group’s Management to allocate resources to the segments and assess their performance.

The Executive Committee, comprising of Chairman and Managing Director, Whole Time Directors, Business Heads, Chief Financial Officer and Company Secretary is collectively the Group’s ‘Chief Operating Decision Maker’ or ‘CODM’ within the meaning of Ind AS 108. All operating segments’ operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segments and assess their performance. Refer Note 40 for segment information.

Based on “Management Approach” as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Unallocable items includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

**p) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Group has an established control framework with respect to the measurement of fair values. It regularly reviews significant inputs and valuation adjustments.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

**Initial recognition and measurement**

With the exception of trade receivables that do not contain a significant financing component, the Group initially measures financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, net of transaction costs. Trade receivables do not contain a significant financing

component and are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 2A (e) Revenue recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- a) At amortised cost
- b) At fair value through profit and loss (FVTPL)
- c) At fair value through other comprehensive income (FVTOCI)

Financial Asset is measured at amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets and current investments in mutual funds. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### **Equity Investments**

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are measured at fair value through profit and loss.

For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. the Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments.

### **Impairment of financial assets**

The Group recognizes loss allowances for expected credit losses on:

- Financial assets measured at amortized cost; and
- Financial assets measured at FVOCI – debt instruments.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is recognised as an impairment gain or loss in the Statement of Profit and Loss.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt instruments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### **Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and

foreign exchange gains and losses are recognised in the statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

### **Offsetting**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

### **Derecognition**

#### *(i) Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### *(ii) Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Statement of Profit and Loss.

#### **q) Cash and cash equivalents**

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### **r) Research and development**

Expenditure on research and development activities is recognized in the Consolidated Statement of Profit and Loss as incurred.

Development expenditure is capitalized as part of cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in the consolidated profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

#### **s) Dividend**

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

## **2B. Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

3. Property, plant and equipment and capital work-in-progress

Particulars	(Rs.lakhs)									
	Freehold land*	Leasehold land*	Leasehold improvement	Buildings	Plant and equipment	Vehicles	Office equipment	Furniture and fixtures	Total	Capital work-in-progress
<b>Gross carrying amount</b>										
<b>Balance as at April 1, 2018</b>	789.26	465.35	-	4,358.77	29,736.97	804.53	390.59	120.90	36,666.37	1,781.71
Add: Additions during the year	-	-	-	264.34	7,595.35	88.14	67.61	34.86	8,050.30	8,189.33
Less: Disposals/Adjustments/ Capitalised during the year	-	-	-	5.92	231.90	47.51	19.51	2.83	307.67	7,725.38
<b>Balance as at March 31, 2019</b>	789.26	465.35	-	4,617.19	37,100.42	845.16	438.69	152.93	44,409.00	2,245.66
Add: Additions during the year	-	-	151.80	98.05	6,244.09	147.58	129.97	99.02	6,870.51	7,732.46
Less: Disposals/Adjustments/ Capitalised during the year	-	-	-	1.28	1,227.32	68.07	21.68	18.62	1,336.97	6,554.49
<b>Balance as at March 31, 2020</b>	789.26	465.35	151.80	4,713.96	42,117.19	924.67	546.98	233.33	49,942.54	3,423.63
<b>Accumulated depreciation</b>										
<b>Balance as at April 1, 2018</b>	-	-	-	341.92	2,976.87	205.25	149.94	52.12	3,726.10	-
Depreciation expense during the year	-	-	-	211.22	1,640.89	112.37	59.47	23.15	2,047.10	-
Less: Disposals / adjustments during the year	-	-	-	4.62	209.94	15.21	12.93	0.47	243.17	-
<b>Balance as at March 31, 2019</b>	-	-	-	548.52	4,407.82	302.41	196.48	74.80	5,530.03	-
Add: Depreciation expense during the year	-	-	1.65	232.69	1,821.83	113.13	76.03	27.40	2,272.73	-
Less: Disposals / adjustments during the year	-	-	-	1.22	776.78	42.10	18.02	15.24	853.36	-
<b>Balance as at March 31, 2020</b>	-	-	1.65	779.99	5,452.87	373.44	254.49	86.96	6,949.40	-
<b>Net carrying value</b>										
<b>As at March 31, 2020</b>	789.26	465.35	150.15	3,933.97	36,664.32	551.23	292.49	146.37	42,993.14	3,423.63
As at March 31, 2019	789.26	465.35	-	4,068.67	32,692.60	542.75	242.21	78.13	38,878.97	2,245.66

\* Refer note 54 for details of in movable properties which are not yet endorsed in the name of holding company.

**Notes:**

- 1) For contractual commitments with respect to Capital work-in-progress, refer note 42 (B).
- 2) For details on PPE mortgaged/charged against borrowings, refer note 21 and 25.
- 3) Borrowing cost capitalised during the year Rs.119.05 lakhs (March 31, 2019- Rs 67.75 lakhs).
- 4) Leasehold lands are in the nature of perpetual lease.

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)

## 4. Intangible assets

(Rs.lakhs)

Particulars	Software	Intangible assets under development
<b>Gross carrying amount</b>		
Balance as at April 1, 2018	164.57	-
Add: Additions during the year	22.56	16.50
Less: Disposals / adjustments during the year	-	-
<b>Balance as at March 31, 2019</b>	187.13	16.50
Add: Additions during the year	<b>65.56</b>	-
Less: Disposals / adjustments / capitalized during the year	-	<b>16.50</b>
<b>Balance as at March 31, 2020</b>	<b>252.69</b>	-
<b>Accumulated amortisation</b>		
Balance as at April 1, 2018	64.38	-
Amortisation expense during the year	32.44	-
Less: Disposals / adjustments during the year	-	-
<b>Balance as at March 31, 2019</b>	96.82	-
Add: Amortisation expense for the year	<b>43.40</b>	-
Less: Disposals / adjustments during the year	<b>0.29</b>	-
<b>Balance as at March 31, 2020</b>	<b>139.93</b>	-
<b>Net carrying value</b>		
<b>As at March 31, 2020</b>	<b>112.76</b>	-
As at March 31, 2019	90.31	16.50

## 5. Equity accounted investees

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>Investments in equity shares of associate</b>		
<b>Unquoted equity instruments</b>		
DCM Hyundai Limited		
19,72,000 (March 31, 2019: 19,72,000) equity shares of face value of Rs. 10 each, fully paid up	166.00	166.00
Add: Group's share of net profits	1,359.28	2,128.23
<b>Total</b>	<u>1,525.28</u>	<u>2,294.23</u>

**6. Investment - Non current**

	<b>As at 31.03.2020 Rs. lakhs</b>	<b>As at 31.03.2019 Rs. lakhs</b>
<b>Investment in equity instruments - Trade Investment</b>		
<b>Unquoted equity instruments</b>		
Daurala Co-operative Development Union Limited		
2 (March 31, 2019 - 2) equity shares of face value of Rs. 10 each, fully paid up @ (Rs. 20)		
	@	@
<b>Sub total</b>	-	-
<b>Investments in preference shares</b>		
<b>Unquoted instruments</b>		
<b>Preference shares measured at Fair value through Profit and loss</b>		
Versa Trading Limited		
7,00,000 (March 31, 2019 – 7,00,000) 5% redeemable non-cumulative preference shares of Rs. 100 each fully paid		
	<b>700.00</b>	700.00
<b>Impairment in the value of investments</b>		
Versa Trading Limited		
	<b>700.00</b>	700.00
<b>Sub total</b>	-	-
<b>Total</b>	-	-
<b>Aggregate value of non-current unquoted investments (net of impairment)</b>	-	-
<b>Aggregate amount of impairment in the value of investments</b>	<b>700.00</b>	700.00

**7. Loans - Non current**
*(unsecured, considered good unless otherwise stated)*

	<b>As at 31.03.2020 Rs. lakhs</b>	<b>As at 31.03.2019 Rs. lakhs</b>
<b>To Related Parties</b>		
Security deposits	<b>49.71</b>	49.56
<b>To Parties other than Related Parties</b>		
Security deposits	<b>445.37</b>	413.64
Loans to employees	<b>37.66</b>	37.04
<b>Total</b>	<b>532.74</b>	500.24

**8. Other financial assets - Non current**

	<b>As at 31.03.2020 Rs. lakhs</b>	<b>As at 31.03.2019 Rs. lakhs</b>
Bank deposits with maturity of more than twelve months	<b>8.44</b>	88.33
Bank deposits held as margin money or security against borrowings, guarantees and other commitments	<b>437.12</b>	11.34
<b>Total</b>	<b>445.56</b>	99.67

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)

## 9. Income tax assets (net)

	As at <b>31.03.2020</b> Rs. lakhs	As at <b>31.03.2019</b> Rs. lakhs
Advance income tax [net of provision]	1,601.87	1,395.81
<b>Total</b>	<b>1,601.87</b>	<b>1,395.81</b>

## 10. Other non-current assets

(unsecured, considered good unless otherwise stated)

	As at <b>31.03.2020</b> Rs. lakhs	As at <b>31.03.2019</b> Rs. lakhs
<b>To Parties other than Related Parties</b>		
Capital advances	146.39	946.06
<b>Advance other than capital advances</b>		
- Deferred rent	2.59	16.05
- Balance with government authorities	4.18	14.50
- Other advances	12.73	7.27
<b>Doubtful</b>		
Other advances	1.30	1.30
	<b>167.19</b>	<b>985.18</b>
Less: Loss allowance for advances	1.30	1.30
<b>Total</b>	<b>165.89</b>	<b>983.88</b>

## 11. Inventories

(Valued at lower of cost and net realisable value)

	As at <b>31.03.2020</b> Rs. lakhs	As at <b>31.03.2019</b> Rs. lakhs
Raw material*	6,580.64	4,858.00
Work in progress	1,378.96	1,651.02
Finished goods**#	54,446.76	50,737.21
Stores and spares	3,868.03	4,397.72
<b>Total</b>	<b>66,274.39</b>	<b>61,643.95</b>

\* Includes raw material in transit Rs. 736.40 lakhs (March 31, 2019: Rs. 456.44 lakhs)

\*\* Includes finished goods in transit Rs. 164.00 lakhs (March 31, 2019: Rs. 1,981.61 lakhs)

# The write-down of inventories to net realisable value during the year amounted to Rs. 182.41 lakhs (31 March 2019: Nil)  
The write-down is included in changes in inventories of finished goods.

## 12. Investments - Current

	As at <b>31.03.2020</b> Rs. lakhs	As at <b>31.03.2019</b> Rs. lakhs
<b>Investment in mutual funds measured at fair value through profit and loss</b>		
<b>Unquoted investment</b>		
240348.592 (March 31, 2019: 297651.699) Aditya Birla Sunlife Saving Fund – Growth Regular Plan Units of Rs. 100 each	955.43	1,098.28
488625.746 (March 31, 2019: Nil) HDFC Low duration Fund – Regular Plan Growth Units of Rs. 10 each	205.60	
Nil (March 31, 2019: 78762.677 ) Aditya Birla Sunlife Low duration Fund - Growth Regular Plan Units of Rs. 100 each	-	353.85
Nil (March 31, 2019: 1579087.091) HSBC Low duration Fund - Growth Units of Rs. 10 each	-	258.05
<b>Total</b>	<b>1,161.03</b>	<b>1,710.18</b>



**13. Trade receivables**

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>To Parties other than Related Parties</b>		
Unsecured, considered good	18,457.16	19,053.59
Doubtful	<u>29.97</u>	<u>29.97</u>
	18,487.13	19,083.56
Less : Loss allowance for trade receivables	<u>29.97</u>	<u>29.97</u>
<b>Total</b>	<u>18,457.16</u>	<u>19,053.59</u>

**14. Cash and cash equivalents**

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
Balances with banks		
- On current accounts	4,325.83	586.81
- Deposits with original maturity of less than three months	8.00	-
Cash on hand	<u>28.85</u>	<u>28.21</u>
<b>Total</b>	<u>4,362.68</u>	<u>615.02</u>

**15. Other bank balances**

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
Deposits with original maturity of more than three months but upto twelve months		
- in deposit accounts	934.75	729.99
- earmarked deposits held as margin money or security against borrowings, guarantees and other commitments	<u>195.84</u>	<u>539.76</u>
Earmarked balances with banks - unpaid dividend accounts	<u>196.39</u>	<u>155.27</u>
<b>Total</b>	<u>1,326.98</u>	<u>1,425.02</u>

**16. Loans - Current**

*(unsecured, considered good unless otherwise stated)*

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>To Parties other than Related Parties</b>		
Security deposits	17.41	0.02
Loans to employees (including accrued interest)	12.69	10.09
Inter-corporate deposits*	175.00	305.00
Others	<u>17.89</u>	<u>2.00</u>
<b>Total</b>	<u>222.99</u>	<u>317.11</u>

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)

## 17. Other financial assets - Current

(unsecured, considered good unless otherwise stated)

	As at 31.03.2020 Rs. lakhs	As at 31.03.2019 Rs. lakhs
<b>To Parties other than Related Parties</b>		
Interest accrued on term deposits	77.28	87.43
Interest accrued on inter corporate deposits	-	8.67
Government grant receivable	6,210.22	234.93
Reimbursement assets*	6,987.08	-
Others	116.40	13.22
<b>Total</b>	<b>13,390.98</b>	<b>344.25</b>

\* Refer Note 55

## 18. Other current assets

(unsecured, considered good unless otherwise stated)

	As at 31.03.2020 Rs. lakhs	As at 31.03.2019 Rs. lakhs
<b>To Related Parties</b>		
Advances to contractors	27.80	-
<b>To Parties other than Related Parties</b>		
Advances to contractors	270.57	541.59
<b>Other advances</b>		
Advance to employees	20.18	17.58
Balance with government authorities	1,391.04	1,484.41
Duty Drawback & other incentive receivables	352.28	355.49
Prepaid expense	272.82	323.94
Others	67.34	87.25
<b>Total</b>	<b>2,402.03</b>	<b>2,810.26</b>

## 19. Equity share capital

	As at 31.03.2020 Rs. lakhs	As at 31.03.2019 Rs. lakhs
<b>a) Authorised</b>		
6,50,00,000 (March 31, 2019: 6,50,00,000) equity shares of Rs. 10 each	6,500.00	6,500.00
<b>b) Issued, subscribed and fully paid-up</b>		
1,73,98,437 (March 31, 2019: 1,73,98,437) equity shares of Rs. 10 each fully paid-up	1,739.84	1,739.84
<b>c) Reconciliation of the shares outstanding at the beginning and at the end of reporting period:</b>		

Particulars	As at 31.03.2020		As at 31.03.2019	
	Number of shares	Amount Rs. lakhs	Number of shares	Amount Rs. lakhs
<b>Equity shares</b>				
At the commencement of the year	1,73,98,437	1,739.84	1,73,98,437	1,739.84
Add: Shares issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>1,73,98,437</b>	<b>1,739.84</b>	<b>1,73,98,437</b>	<b>1,739.84</b>

### d) Terms, rights, preferences and restrictions attached to equity shares

The Holding Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholder.

**e) Details of shares held by shareholders holding more than 5% of the aggregate shares in Holding Company**

Particulars	As at 31.03.2020		As at 31.03.2019	
	Number of shares	% of holding	Number of shares	% of holding
Bantam Enterprises Private Limited	13,56,968	7.80%	13,56,968	7.80%
HB Portfolio Limited	25,11,735	14.44%	29,88,173	17.17%
Life Insurance Corporation of India	11,61,352	6.68%	12,40,679	7.13%
Lily Commercial Private Limited	29,94,479	17.21%	11,50,323	6.61%
Versa Trading Limited	22,24,725	12.79%	22,24,725	12.79%

**20. Other equity**

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>a. Amalgamation reserve</b>		
Balance as at the beginning and at the end of the year	1,411.38	1,411.38
<b>b. General reserve</b>		
Balance as at the beginning and at the end of the year	13,465.60	13,465.60
<b>c. Capital redemption reserve</b>		
Balance as at the beginning and at the end of the year	0.10	0.10
<b>d. Capital reserve</b>		
Balance as at the beginning and at the end of the year	234.89	234.89
<b>e. Securities Premium</b>		
Balance as at the beginning and at the end of the year	3,406.68	3,406.68
<b>f. Retained earnings</b>		
Balance as at the beginning of the year	29,568.79	22,698.58
Add: Profit for the year	9,588.93	7,486.52
Items of other comprehensive income/ (expense) recognised directly in retained earnings		
Remeasurement of employee benefit obligation, net of tax*	(380.33)	437.16
Share of equity accounted investees	(774.97)	(214.48)
Less: Appropriations		
Final dividend on equity shares [Dividend per share Rs. 6.00 (March 31, 2019: Rs.4.00)]	(1,043.91)	(695.94)
Tax on dividend	(214.58)	(143.05)
Interim dividend on equity shares [Dividend per share Rs. 5.00 (March 31, 2019: Nil)]	(869.92)	-
Tax on dividend	(178.81)	-
<b>Balance at the end of the year</b>	<u>35,695.20</u>	<u>29,568.79</u>
<b>Total</b>	<u>54,213.85</u>	<u>48,087.44</u>

\* Included in 'Items of other comprehensive income' in statement of changes in equity.

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)

## 21. Borrowings

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>From Related Parties</b>		
<b>Unsecured loans</b>		
Public Deposits	292.27	192.27
<b>From Parties other than Related Parties</b>		
<b>Secured loans</b>		
Term loans from banks	22,305.37	11,039.92
Term loans from others	636.71	199.10
<b>Unsecured loans</b>		
Public Deposits	326.04	365.36
	<u>23,560.39</u>	<u>11,796.65</u>
Less: Current maturity of long term borrowing	5,778.10	3,475.03
<b>Total</b>	<u>17,782.29</u>	<u>8,321.62</u>
<b>Details of current maturity of long term borrowing:</b>		
<b>Secured loans</b>		
Term loans from banks	5,642.11	3,177.51
Term loans from others	56.89	56.89
<b>Unsecured loans</b>		
Public Deposits	79.10	240.63
	<u>5,778.10</u>	<u>3,475.03</u>

## A. SECURED

### I. From Banks

- a) Rs.47.95 lakhs (March 31,2019: Rs.205.12 Lakhs), Rs.1,392.82 lakhs (March 31,2019: Rs.1,853.88 lakhs) and Rs.1,453.43 lakhs (March 31,2019: Rs.1,967.31 lakhs) carrying interest between 9.25% p.a. to 10.55% p.a., repayable in 1, 9 and 9 quarterly installments respectively, are secured by a first mortgage and charge on all the immovable and movable properties of the Group excluding all assets of Daurala Organics, a unit of the Group and assets on exclusive charges, subject to prior charges created / to be created in favour of the Group's bankers for securing the borrowings for working capital requirements, the charges ranking pari-passu with the charges created/to be created in favour of first charge holders for their respective term loans.
- b) Nil (March 31,2019: Rs.6.53 lakhs) was secured by residual charge on fixed assets of sugar factory at Daurala Sugar Works, a unit of the Group.
- c) Rs.22.77 lakhs (March 31,2019: Rs.97.58 lakhs) carrying interest of 9.40% p.a., repayable in 1 quarterly installment, is secured by first charge on specific movable assets of Distillery division of Daurala Sugar Works, a unit of the Group.
- d) Rs.474.85 lakhs (March 31,2019: Rs.1,052.51 lakhs) carrying interest of 9.40% p.a., repayable in 9 quarterly installments, is secured by first exclusive charge on specific movable assets of Sugar division of Daurala Sugar Works, a unit of the Group.
- e) Rs.4,610.53 lakhs (March 31,2019: Rs.5,424.15 lakhs) carrying interest of 5% p.a., repayable in 51 monthly installments, is secured by first pari-passu charge on all the immovable and movable properties of the Group excluding assets on exclusive charges.
- f) Rs.989.57 lakhs (March 31,2019: Nil), Rs.688.98 lakhs (March 31,2019: Rs.174.76 lakhs) and Rs.2,243.49 lakhs (March 31,2019: Rs.242.78) carrying interest of 9.10% p.a., repayable in 15, 15 and 16 quarterly installments, are secured by first pari-passu charge on all the immovable and movable properties of the Group excluding assets on exclusive charges.

- g) Rs.4,000.00 lakhs (March 31,2019: Nil), Rs.2,500.00 lakhs (March 31,2019: Nil) and Rs.1,451.00 lakhs (March 31,2019: Nil) carrying interest rate of 2.40% p.a. (net of subvention), repayable in 8 quarterly installments, are secured by residual pari-passu charge on fixed assets of sugar factory at Daurala Sugar Works, a unit of the Group.
- h) Rs.2,425.42 lakhs (March 31,2019: Nil) carrying interest of 3.15% (net of subvention) and 9.15% p.a., repayable in 16 quarterly installments, is secured by first charge on specific movable assets of Distillery division of Daurala Sugar Works, a unit of the Group.
- i) Rs.4.56 lakhs (March 31,2019: Rs.15.30 lakhs) currently carrying interest of 10.45% p.a., repayable in 6 monthly installments, is secured by hypothecation of specific assets.

## II. From Others

Rs.494.50 lakhs (March 31,2019: nil) and Rs.142.21 lakhs (March 31,2019: Rs.199.10 lakhs) carrying interest of 3.40% p.a. and 4.25% p.a. respectively, repayable in 10 and 5 half yearly installments, are secured by first pari-passu charge on immovable and movable properties of sugar factory at Daurala Sugar Works, a unit of the Group.

## B. Unsecured

Rs.618.31 lakhs (March 31,2019: Rs.557.63 lakhs), Deposits from public, carries interest of 9.5% p.a to 10.50% p.a., are currently repayable after 3 years from the date of acceptance of deposits.

### 22. Other financial liabilities - Non current

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>From Related Parties</b>		
Interest accrued but not due on borrowings	11.83	-
<b>From Parties other than Related Parties</b>		
Interest accrued but not due on borrowings	18.50	-
Deposits from contractors and others	10.08	11.90
Others	47.38	62.03
<b>Total</b>	<u>87.79</u>	<u>73.93</u>

### 23. Provisions - Non current

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
Provision for employee benefits (Refer note 45)		
- Gratuity	436.52	196.58
- Compensated absences	959.53	877.15
Others (Refer note 45(D))	117.69	-
Provision for contingencies*	100.00	100.00
<b>Total</b>	<u>1,613.74</u>	<u>1,173.73</u>

\* Provision for contingencies of Rs. 100 lakhs (March 31, 2019: Rs. 100 lakhs) represents the maximum possible exposure on ultimate settlement of issues relating to reorganisation arrangement of the Holding Company.

### 24. Other non-current liabilities

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
Others	57.95	73.28
<b>Total</b>	<u>57.95</u>	<u>73.28</u>

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)

## 25. Borrowings

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>Secured loans</b>		
From banks - loans repayable on demand*	<u>35,212.30</u>	<u>34,791.90</u>
<b>Total</b>	<u>35,212.30</u>	<u>34,791.90</u>

\* Secured by hypothecation of stocks, stores, book debts and receivables, both present and future / pledge of stocks / third pari passu charge on some of the Group's property, plant and equipment. Some of these are further secured by way of second / third pari-passu mortgage and charge on the property, plant and equipment, both present and future.

## 26. Trade payables

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
-Total outstanding dues of Micro and Small Enterprises*	<u>397.88</u>	<u>337.19</u>
-Total outstanding dues other than Micro and Small Enterprises#	<u>26,975.39</u>	<u>30,096.26</u>
<b>Total</b>	<u>27,373.27</u>	<u>30,433.45</u>

\* Refer note 52 for Micro and Small enterprises.

# Includes payable to related parties Rs. 573.62 lakhs (March 31, 2019 Rs. 699.70 lakhs), refer note 46.

### Notes:

a) Includes acceptances Rs. 3,282.34 lakhs (March 31, 2019 Rs. 3,116.26 lakhs).

b) The Group exposure to currency and liquidity risks related to trade payables is disclosed in Note 47.

## 27. Other financial liabilities - Current

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
<b>From Related Parties</b>		
Interest accrued but not due on borrowings	7.74	16.73
<b>From Parties other than Related Parties</b>		
Creditors for capital purchases	172.78	384.90
Current maturities of long term borrowings (Refer note 21)	5,778.10	3,475.03
Security deposits	2.60	2.60
Interest accrued but not due on borrowings	125.88	69.06
Unclaimed dividends	196.39	155.27
Unclaimed deposits and interest accrued thereon	32.77	2.66
Other payables		
- Deposits from contractors and others	274.70	266.00
- Employee related payable	875.33	448.77
- Others	44.44	42.65
<b>Total</b>	<u>7,510.73</u>	<u>4,863.67</u>

## 28. Other current liabilities

	As at <u>31.03.2020</u> Rs. lakhs	As at <u>31.03.2019</u> Rs. lakhs
Advances from customer	281.17	144.73
Statutory dues payable	1,136.35	1,154.76
Others	166.92	154.97
<b>Total</b>	<u>1,584.44</u>	<u>1,454.46</u>

## 29. Provisions - Current

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
Provision for employee benefits (Refer note 45)		
- Compensated absences	387.53	383.20
- Others (Refer note 45(D))	9.18	-
Provision for contingencies (Refer note 55)	<u>9,427.42</u>	<u>-</u>
<b>Total</b>	<b><u>9,824.13</u></b>	<b><u>383.20</u></b>

## 30. Revenue from operations

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>Sale of products</b>		
Export	40,250.71	47,154.87
Domestic #	1,22,875.07	1,14,332.03
<b>Sale of services</b>		
Processing charges	4,422.85	3,026.41
Others	36.87	38.70
<b>Other operating revenue</b>		
Sale of scrap	563.79	872.09
Duty draw back, export benefits and other government assistance*	10,603.86	2,707.41
Sale of renewable energy certificates	544.56	759.08
Others	197.19	9.59
<b>Total</b>	<b><u>1,79,494.90</u></b>	<b><u>1,68,900.18</u></b>

# Includes Rs.11,348.90 lakhs (March 31, 2019: Nil) in respect of sales made to domestic parties to fulfill export obligation as per Maximum Admissible Export Quantity (MAEQ) Scheme.

\* Refer note 53.

	As at 31.03.2020 Rs. lakhs	As at 31.03.2019 Rs. lakhs
<b>Contract Balances</b>		
<b>Contract assets</b>		
Trade receivables	18,457.16	19,053.59
<b>Contract liabilities</b>		
Advances from customers	281.17	144.73
	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>Reconciliation of revenue recognised with the contracted price is as follows:</b>		
Contracted price	1,67,110.73	1,64,122.06
Less: Discounts, allowances and claims	474.77	429.95
<b>Total</b>	<b><u>1,67,585.50</u></b>	<b><u>1,64,552.01</u></b>

## 31. Other income

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
Interest income from financial assets measured at amortised cost		
From deposits with banks	115.58	278.36
Unwinding of discount on security deposits	0.63	0.56
Interest income on inter-corporate deposit	29.91	38.23
Interest subsidy *	963.48	286.05
Provisions/liabilities no longer required, written back	20.35	6.97
Rental income	43.41	36.17
Profit on sale of property, plant and equipment (net)	-	52.68
Profit on sale of current investments	19.72	175.78
Net change in fair value of financial assets measured at fair value through profit or loss	63.77	64.07
Gain on foreign exchange fluctuation (net)	1,005.95	840.68
Miscellaneous income	130.26	124.12
<b>Total</b>	<b><u>2,393.06</u></b>	<b><u>1,903.67</u></b>

\* Refer note 53.

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)

## 32. Cost of material consumed

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
Raw materials at the beginning of the year	4,858.00	3,805.86
Add: Purchases	99,307.17	1,02,786.51
	<u>1,04,165.17</u>	<u>1,06,592.37</u>
Less: Raw material at the end of the year	6,580.64	4,858.00
<b>Total</b>	<u>97,584.53</u>	<u>1,01,734.37</u>
<b>Particulars of materials consumed are as under:</b>		
Sugarcane	66,027.76	66,084.56
Wood pulp	7,753.43	8,519.70
Others	23,803.34	27,130.11
<b>Total</b>	<u>97,584.53</u>	<u>1,01,734.37</u>

## 33. Purchase of traded goods

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
Grain spirits	20,514.47	13,151.74
<b>Total</b>	<u>20,514.47</u>	<u>13,151.74</u>

## 34. Changes in inventories of finished goods and work-in-progress

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>Opening stock</b>		
Finished goods	50,737.21	40,278.01
Work-in-progress	1,651.02	1,416.82
<b>Total</b>	<u>52,388.23</u>	<u>41,694.83</u>
<b>Closing stock</b>		
Finished goods	54,446.76	50,737.21
Work-in-progress	1,378.96	1,651.02
<b>Total</b>	<u>55,825.72</u>	<u>52,388.23</u>
	<u>(3,437.49)</u>	<u>(10,693.40)</u>

Particulars of stocks of finished goods and work-in-progress are as under :

<b>Finished goods</b>		
Sugar	48,768.12	47,751.22
Alcohol	1,296.28	247.57
Organic/ Fine chemicals	753.54	1,072.35
Industrial fibers	3,628.82	1,666.07
<b>Total</b>	<u>54,446.76</u>	<u>50,737.21</u>
<b>Work-in-progress</b>		
Sugar	465.18	641.06
Alcohol	45.94	18.72
Organic/ Fine chemicals	533.69	581.81
Industrial fibers	334.15	409.43
<b>Total</b>	<u>1,378.96</u>	<u>1,651.02</u>



### 35. Employee benefits expense

	For the year ended 31.03.2019 Rs. lakhs	For the year ended 31.03.2018 Rs. lakhs
Salaries, wages and bonus	12,409.24	11,659.45
Contribution to provident and other funds	1,495.74	1,370.81
Staff welfare expenses	331.12	449.91
<b>Total</b>	<b>14,236.10</b>	<b>13,480.17</b>

Refer note 45 for disclosure on gratuity.

### 36. Finance costs

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
Interest expense*	4,335.72	2,301.55
Other borrowing costs	118.37	98.64
<b>Total</b>	<b>4,454.09</b>	<b>2,400.19</b>

\* Refer note 53

### 37. Depreciation and amortisation expense

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
Depreciation on property, plant and equipment	2,272.73	2,047.10
Amortisation on intangible assets	43.40	32.44
Amortisation on right-of-use assets	444.82	-
<b>Total</b>	<b>2,760.95</b>	<b>2,079.54</b>

### 38. Other expenses

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
Stores and spares	9,637.04	8,848.24
Power and fuel	9,948.41	10,984.47
Repair and maintenance		
- Buildings	975.67	674.33
- Plant and machinery	4,514.10	4,375.68
Rent *	238.39	626.53
Payment to auditors		
- As auditors	26.30	25.59
- Limited review of unaudited financial results	22.50	22.50
- Verification of statements and other records	7.50	12.50
- Out-of-pocket expenses	4.21	4.18
Insurance	270.97	164.19
Rates and taxes	71.97	182.04
Freight and transport	1,515.57	1,273.23
Commission to selling agents	1,869.73	2,180.83
Loss on Export obligation**	72.41	4,125.87
Loss on sale of property, plant and equipment (net)	179.91	-
Donation	0.10	0.20
Corporate social responsibility (refer note below)	170.65	172.00
Bad debts and advances provided / written off	2.60	-
Miscellaneous expense#	6,542.19	5,856.03
<b>Total</b>	<b>36,070.22</b>	<b>39,528.41</b>

#### Note: Details of corporate social responsibility expenditure

a) Amount required to be spent by the Group during the year	204.75	171.66
b) Amount spent during the year (in cash)		
(i) Construction/acquisition of any asset	-	31.44
(ii) On purposes other than (i) above***	170.65***	140.56

\* Refer note no 41.

\*\* Consequent to Orders of Central Government allocating sugar factory-wise Minimum Indicative Export Quotas (MIEQ) of sugar for export.

\*\*\* Rs. 34.10 lakhs was spent subsequently to March 31, 2020 due to lockdown.

# Refer note 53

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)

### 39. Income tax expense

#### A. Amounts recognised in statement of profit and loss

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

	For the year ended 31.03.2020	For the year ended 31.03.2019
	Rs. lakhs	Rs. lakhs
Current tax expense	2,344.68	1,969.75
Deferred tax charge/ (credit)	(2,222.50)	87.68
Tax relating to earlier years		
- Income tax	-	(0.14)
- Deferred tax charge/ (credit)	-	(335.05)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>122.18</b>	<b>1,722.24</b>

#### B. Amounts recognised in other comprehensive Income/ (expense)

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

	For the year ended 31.03.2020	For the year ended 31.03.2019
	Rs. lakhs	Rs. lakhs
<b>Income tax</b>		
Remeasurement of post employment benefit obligation	204.29	43.34
<b>Income tax charged to other comprehensive income/(expense)</b>	<b>204.29</b>	<b>43.34</b>

#### C. Reconciliation of effective tax rate

Reconciliation of tax expense and the accounting profit/ (loss) multiplied by India's domestic tax rate for the year ended March 31, 2020 and March 31, 2019:

	For the year ended 31.03.2020		For the year ended 31.03.2019	
	Rate	Amount	Rate	Amount
<b>Profit before tax from continuing operations, including OCI</b>				
- Holding company	34.94%	9,037.15	34.94%	8,915.28
- Subsidiary company	26.00%	83.32	26.00%	83.53
Tax using the Company's domestic tax rate	34.86%	3,179.60	34.86%	3,137.07
Tax effect of:				
Non-deductible expenses	0.73%	66.52	0.63%	57.00
Tax-exempt income	-0.77%	(69.89)	-17.47%	(1,572.48)
Change in estimates*	-25.52%	(2,327.36)	0.25%	22.39
Others#	-10.21%	(930.99)	0.39%	34.92
<b>Effective tax rate</b>	<b>-0.90%</b>	<b>(82.11)</b>	<b>18.66%</b>	<b>1,678.90</b>

\* Section 115 BAA of the Income Tax Act, 1961, introduced by Taxation Laws (Amendment) Ordinance, 2019 gives a one-time irreversible option to domestic companies for payment of corporate tax at reduced rates. As per CBDT Circular, in case this option is exercised, the Company shall not be able to utilise the outstanding MAT credit. The Holding Company is likely to exercise the option at a later date. Consequently, during the year, the Company has remeasured the deferred tax assets / liabilities likely to be reversed at the time the Holding Company would opt for new tax regime, which has resulted in write back of deferred tax liability amounting to Rs. 2,053.83 lakhs pertaining to previous years.

# Includes Rs.1,032.89 lakhs recognised during the year with the credit to profit and loss on the basis of reassessment of a MAT credit charged-off in the previous years.

**D. Deferred tax assets/liabilities**

(Rs. lakhs)

Particulars	Deferred tax assets		Deferred tax liabilities		Net deferred tax assets/ (liabilities)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Accrued expense deductible on payment	240.35	275.17	-	-	240.35	275.17
Provision for gratuity, compensated absences	658.25	509.11	-	-	658.25	509.11
Loss allowance for trade receivables	10.47	10.47	-	-	10.47	10.47
Loss allowance for other assets	0.45	0.45	-	-	0.45	0.45
Difference in book written down value and tax written down value of property, plant and equipment/ intangible assets	-	-	6,383.90	7,701.85	(6,383.90)	(7,701.85)
Others	46.88	22.51	268.80	178.07	(221.92)	(155.56)
	956.40	817.71	6,652.70	7,879.92	(5,696.29)	(7,062.21)
<b>MAT credit entitlement**</b>	4,367.23	4,034.08	-	-	4,367.23	4,034.08
<b>Net Deferred tax liabilities</b>	5,323.63	4,851.79	6,652.70	7,879.92	(1,329.06)	(3,028.13)

\*\* MAT credit entitlement in the Statement of profit and loss forms part of Deferred tax ( credit ) / charge for the year.

**E. Movement in temporary differences**

FY 2019-20

(Rs.Lakhs)

Particulars	Opening balance	Recognised in statement of Profit & Loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets</b>				
Accrued expense deductible on payment	275.17	(34.82)	-	240.35
Provision for gratuity, compensated absences and other employee benefits	509.11	(55.15)	204.29	658.25
Loss allowance for trade receivables	10.47	-	-	10.47
Loss allowance for other assets	0.45	-	-	0.45
Others	22.51	24.37	-	46.88
	817.71	(65.60)	204.29	956.41
<b>Deferred tax liabilities</b>				
Difference in book written down value and tax written down value of property, plant and equipment/ intangible assets	(7,701.85)	1,317.95	-	(6,383.90)
Others	(178.07)	(90.73)	-	(268.80)
	(7,879.92)	1,227.23	-	(6,652.70)
<b>Total</b>	(7,062.21)	1,161.63	204.29	(5,696.29)

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)

FY 2018-19

(Rs.Lakhs)

Particulars	Opening balance	Recognised in statement of Profit & Loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets</b>				
Accrued expense deductible on payment	742.12	(466.95)	-	275.17
Provision for gratuity, compensated absences and other employee benefits	322.17	143.60	43.34	509.11
Loss allowance for trade receivables	10.37	-	-	10.47
Loss allowance for other assets	0.45	-	-	0.45
Others	22.29	0.22	-	22.51
	<b>1,097.40</b>	<b>(323.13)</b>	<b>43.34</b>	<b>817.71</b>
<b>Deferred tax liabilities</b>				
Difference in book written down value and tax written down value of property, plant and equipment/ intangible assets	(7,226.57)	(475.28)	-	(7,701.85)
Others	-	(178.07)	-	(178.07)
	<b>(7,226.57)</b>	<b>(653.35)</b>	<b>-</b>	<b>(7,879.92)</b>
<b>Total</b>	<b>(6,129.17)</b>	<b>(976.49)</b>	<b>43.34</b>	<b>(7,062.21)</b>

## F. Availability of MAT Credit is upto:

Financial year	As at 31.03.2020 Rs. lakhs	As at 31.03.2019 Rs. lakhs
	Amount	Amount
2024-25	313.82	-
2026-27	-	6.49
2027-28	289.92	292.56
2028-29	993.71	993.71
2029-30	298.77	298.77
2030-31	851.08	851.08
2032-33	996.93	702.77
2033-34	623.00	888.70
	<b>4,367.23</b>	<b>4,034.08</b>

## 40. Operating segments

### A. Basis for segmentation

In accordance with Ind AS 108 'Segment Reporting' as specified in section 133 of the Companies Act, 2013, the Group has identified three business segments viz. Sugar, Industrial fibres and related products, and Chemicals. The above segments have been identified and reported taking into account the differing risks and returns, and the current internal financial reporting systems. For each of the segments, the Chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The CODM monitors the operating results separately for the purpose of making decisions about resource allocation and performance measurement (Refer Note 2A (O)).

Segment revenue, results and capital employed include the respective amounts identifiable to each of the segments. Other unallocable expenditure includes expenses incurred on common services provided to the segments, which are not directly identifiable.

In addition to the significant accounting policies applicable to the business segments as set out in note 2A(o) above, the accounting policies in relation to segment accounting are as under:

#### a) Segment revenue and expenses

Segment revenue and expenses are, generally, directly attributable to the segments. Joint revenue and expenses of segments are allocated amongst them on a reasonable basis.

#### b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating, trade receivables, inventories and property plant and equipment and intangible assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities and do not include deferred income taxes and borrowings. While most of the assets / liabilities can be directly attributed to individual segments, the carrying amount of certain assets / liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

The following summary describes the operations in each of the Group's reportable segments:

Sugar	Comprising sugar, power and alcohols
Industrial fibres and related products	Comprising rayon, synthetic yarn, cord, fabric etc.
Chemicals	Comprising organics & fine chemicals

**B. Information about reportable segments**

Rs. lakhs

Particulars	Reportable segments						Elimination		Total
	Sugar		Industrial fibres and related products		Chemicals		For the year ended 31.03.2020	For the year ended 31.03.2019	
	For the year ended 31.03.2020	For the year ended 31.03.2019	For the year ended 31.03.2020	For the year ended 31.03.2019	For the year ended 31.03.2020	For the year ended 31.03.2019			
<b>Segment revenue</b>									
- External revenues	1,02,105.03	92,680.41	31,836.25	38,344.59	33,644.21	33,527.01	-	-	1,67,585.49
- Inter segment revenue	-	-	-	-	-	-	-	-	-
- Other operating revenue	10,345.30	2,384.25	1,065.38	1,450.38	498.73	513.54	-	-	11,909.41
<b>Subtotal</b>	1,12,450.33	95,064.66	32,901.63	39,794.97	34,142.94	34,040.55	(2.84)	(3.06)	1,79,494.90
- Other income	75.39	210.52	840.80	597.12	285.41	261.39	-	-	1,194.30
- Unallocable income	-	-	-	-	-	-	-	-	837.70
<b>Total Segment revenue</b>	1,12,525.72	95,275.18	33,742.43	40,392.09	34,428.35	34,301.94	(2.84)	(3.06)	1,81,887.96
Unallocated expenses (net of unallocated income)	9,101.89	7,259.24	3,299.40	3,986.78	4,399.13	3,204.39	-	-	16,800.42
Operating profit									2,641.24
Finance costs									14,159.18
<b>Profit before share of profit of equity</b>									4,454.09
accounted investees and tax									9,705.09
Share of profit of equity accounted investees (net of tax)									6.02
<b>Profit before tax</b>									85.93
Current tax expense									9,711.11
Deferred tax (credit)/ charge									2,344.69
Tax relating to earlier years									(2,222.51)
<b>Net profit after tax</b>									9,588.93
Capital expenditure during the year	3,463.56	4,754.98	3,757.90	2,523.64	561.60	1,232.44	-	-	7,783.06
Unallocated capital expenditure during the year									314.48
<b>Total capital expenditure during the year</b>									8,511.06
Depreciation	868.91	677.98	986.63	921.91	451.15	424.42	-	-	3,148.48
Unallocated depreciation during the year									8,553.31
<b>Total depreciation during the year</b>									2,024.31
Non cash expense other than depreciation	91.25	-	71.98	-	19.64	-	-	-	454.26
Unallocated non cash expense other than depreciation during the year									55.23
<b>Total non cash expense other than depreciation during the year</b>									2,079.54
									182.87
									182.87

Particulars	Reportable segments						Elimination		Total
	Sugar		Industrial fibres and related products		Chemicals		As at 31.03.2020	As at 31.03.2019	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019			
Segment assets	93,337.36	74,583.29	35,583.77	34,443.90	18,064.49	16,851.40	-	-	1,46,985.62
Unallocated assets									13,912.69
<b>Total assets</b>	93,337.36	74,583.29	34,973.83	34,443.90	18,057.96	16,851.40	-	-	1,60,898.31
Segment liabilities	25,853.96	18,349.33	10,003.99	10,066.23	4,620.97	4,258.18	-	-	40,478.92
Share capital and reserves									55,953.70
Unallocated liabilities									64,465.69
<b>Total liabilities</b>	25,853.96	18,349.33	10,003.99	10,066.23	4,620.97	4,258.18	-	-	1,60,898.31
									1,25,878.59
									8,546.06
									1,34,424.65
									32,673.74
									49,827.28
									51,923.63
									1,34,424.65

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## C. Reconciliations of information on reportable segments to Ind AS measures

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>i Revenues</b>		
Total revenue for reportable segments	1,80,696.50	1,69,969.21
Unallocated amounts:		
Revenue for other segments	1,194.30	837.70
Inter-segment elimination	<u>(2.84)</u>	<u>(3.06)</u>
<b>Total revenue</b>	<u>1,81,887.96</u>	<u>1,70,803.85</u>
	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>ii Profit before tax</b>		
Total profit before tax for reportable segments	16,800.42	14,450.41
<b>Unallocated cost:</b>		
Finance costs	(4,454.09)	(2,400.19)
Other unallocated amounts	<u>(2,641.24)</u>	<u>(2,927.39)</u>
<b>Profit before tax as per statement of profit and loss</b>	<u>9,705.09</u>	<u>9,122.83</u>
	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>iii Assets</b>		
Total assets for reportable segments	1,46,985.62	1,25,878.59
<b>Unallocated amounts:</b>		
Investments	2,686.31	4,004.41
Corporate assets	<u>11,226.38</u>	<u>4,541.65</u>
<b>Total assets as per the balance sheet</b>	<u>1,60,898.31</u>	<u>1,34,424.65</u>
	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>iv Liabilities</b>		
Total liabilities for reportable segments	40,478.92	32,673.74
<b>Unallocated amounts:</b>		
Share capital	1,739.84	1,739.84
Reserves and Surplus	54,213.86	48,087.44
Unallocated corporate liabilities	<u>64,465.69</u>	<u>51,923.63</u>
<b>Total liabilities as per the balance sheet</b>	<u>1,60,898.31</u>	<u>1,34,424.65</u>

## D. Geographical information

The geographical information analyses the Group's revenues and assets by the Group's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segment assets which have been based on the geographical location of the assets.

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>i Revenues</b>		
<b>(a) India</b>	1,41,640.09	1,23,652.04
<b>(b) Other countries</b>		
Europe	11,171.23	14,130.72
China	11,271.17	12,514.73
Rest of the World	<u>17,808.31</u>	<u>20,509.42</u>
<b>Total (b)</b>	<u>40,250.71</u>	<u>47,154.87</u>
(c) Inter-segment elimination	(2.84)	(3.06)
<b>Total (a+b+c)</b>	<u>1,81,887.96</u>	<u>1,70,803.85</u>

**Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)**

	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>ii Assets</b>		
<b>(a) India</b>	<b>1,50,294.79</b>	1,20,852.77
<b>(b) Other countries</b>		
Europe	2,918.83	3,365.55
China	3,581.05	5,231.09
Rest of the World	4,103.64	4,975.24
<b>Total (b)</b>	<b>10,603.52</b>	13,571.88
<b>Total (a+b)</b>	<b>1,60,898.31</b>	1,34,424.65

**E. Major customer**

Revenue from transactions with any single customer does not exceed 10 per cent or more of the Group's total revenue.

**41. Leases**

The details of the right-of-use asset held by the Company is as follows:

(Rs.Lakhs)

Particulars	Opening as on April 01, 2019	Additions for the year ended March 31, 2020	Amortisation during the year	Net Carrying amount as at March 31, 2020
Building	646.73	2,297.31	444.82	2,499.22
	<b>646.73</b>	<b>2,297.31</b>	<b>444.82</b>	<b>2,499.22</b>

Effective 1 April 2019, the Group has adopted Ind AS 116 "Leases" using the modified retrospective approach on all the lease contracts existing on that date. Accordingly, the comparative information has not been restated. This resulted in recognising a right-to-use asset of Rs. 647 lakhs with a corresponding lease liability as at 1 April 2019.

In the statement of Profit & Loss for the current year, the nature of expenses in respect of operating leases has changed from lease rent in previous year to depreciation cost of right -to-useasset and finance cost for interest accrued on lease liability.

The impact on the statement of Profit and Loss for the year ended 31 March 2020 is as follows:

Particulars	Year ended 31.03.2020 Rs. lakhs
Rent expense is lower by	527.37
Amortisation is higher by	(444.82)
Finance cost is higher by	(152.27)
<b>Profit before tax is (lower) by</b>	<b>(69.72)</b>
Total cash outflow for leases during the year	<b>527.37</b>

The Group has discounted lease payments using the applicable incremental borrowing rate which is 9.00% for measuring the lease liability. The Group has used hindsight in determining the lease term where the contracts contain options to extend or terminate the lease.

The Group incurred Rs.238.39 Lakhs for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets.

The reconciliation of lease liabilities is as follows:

Particulars	As at 31.03.2020 Rs. lakhs
Balance as at April 01, 2019	646.73
Additions	2,297.31
Amount recognised in statement of profit and loss as interest expense	152.27
Payment of lease liability	(527.37)
<b>Balance as at March 31, 2020</b>	<b>2,568.94</b>

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The following table presents a maturity analysis of expected cash flows for lease liabilities:

Particulars	As at 31.03.2020
	Rs. lakhs
Within one year	414.40
Within one-five years	1,776.31
Above five years	378.23
<b>Balance as at March 31, 2020</b>	<b>2,568.94</b>

## 42. Contingent liabilities and commitments

### A. Contingent liabilities\*

Particulars	As at 31.03.2020	As at 31.03.2019
	Rs. lakhs	Rs. lakhs
Income tax matters	5,340.58	1,728.57
Excise and Service tax matters	68.15	108.18
Claims against the Group not acknowledged as debts (excluding claims by employees, where amount is not ascertainable)	750.17	755.16
Sales tax matters	55.06	55.06
Sugarcane related matters	4,545.26	4,545.26
Share in contingent liabilities of associate company	194.65	201.56
<b>Total</b>	<b>10,953.87</b>	<b>7,393.79</b>

\* Matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position.

### B. Commitments

- Capital commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs. 896.83 lakhs (March 31, 2019: Rs. 3,910.68 lakhs).
  - Other commitments: The Group has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits including union agreement in normal course of business. The group does not have any long term commitments / contracts including derivative contracts for which there will be any material foreseeable losses.
43. Proceedings in a Petition challenging the Preferential Issue of equity warrants by the Group filed by a shareholder before the Hon'ble Company Law Board (now National Company Law Tribunal) are continuing since November, 2007.

## 44. Earnings per share

### Basic and diluted earnings/ (loss) per share

Basic and diluted earnings/ (loss) per share is calculated by dividing the profit/ (loss) during the year attributable to equity shareholders of the Group by the weighted number of equity shares outstanding during the year.

Particulars	Unit	For the year ended 31.03.2020	For the year ended 31.03.2019
		Profit/ (loss) after tax attributable to equity shareholders	Rs. Lakhs
Weighted average number of equity shares outstanding during the year	Numbers	1,73,98,437	1,73,98,437
Nominal value per share	Rs.	10	10
Basic and diluted earnings/ (loss) per share	Rs.	55.11	43.03

## 45. Employee benefits

### A. Defined Contribution plans

Rs. 799.11 lakhs (March 31, 2019: Rs. 754.04 lakhs) for provident fund contribution and Rs. 185.85 lakhs (March 31, 2019: Rs. 178.92 lakhs) for superannuation fund contribution have been charged to the Statement of Profit and Loss. The contributions towards these schemes are at rates specified in the rules of the schemes. In case of provident fund administered through a trust, shortfall if any, shall be made good by the Group.



## Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)

### B. Defined benefit plans

- a) Liability for gratuity, privilege leaves and medical leaves is determined on actuarial basis. Gratuity liability is provided to the extent not covered by the funds available in the gratuity fund.

#### Gratuity:

Gratuity scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service, except death while in employment.

#### The following table sets out the status of gratuity obligation

Particulars	As at	As at
	31.03.2020	31.03.2019
	Rs. lakhs	Rs. lakhs
Net Gratuity liability / (asset)	436.52	196.58
Non current	436.52	196.58
Current	-	-
	436.52	196.58

#### (i) Reconciliation of the gratuity benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for gratuity liability and its components

Particulars	For the year ended	For the year ended
	31.03.2020	31.03.2018
	Rs. lakhs	Rs. lakhs
Balance at the beginning of the year	3,855.14	3,558.15
Current service cost	235.54	209.29
Interest cost	295.73	275.76
Actuarial (gain) / loss arising from changes in financials assumptions	99.63	22.99
Actuarial (gain) / loss arising from changes in experience adjustments	97.51	138.70
Benefits paid	(591.63)	(349.75)
<b>Balance at the end of the year</b>	<b>3,991.92</b>	<b>3,855.14</b>

#### (ii) Reconciliation of the plan assets

The following table shows a reconciliation from the opening balances to the closing balances for the plan assets and its components

Particulars	For the year ended	For the year ended
	31.03.2020	31.03.2019
	Rs. lakhs	Rs. lakhs
Balance at the beginning of the year	3,658.56	3,378.36
Expected return on plan assets	279.88	261.82
Contribution by the Holding Company	12.26	11.65
Benefits paid	(136.81)	(30.94)
Actuarial (gains) / losses recognised in other comprehensive income	(258.49)	37.67
<b>Balance at the end of the year</b>	<b>3,555.40</b>	<b>3,658.56</b>

#### (iii) Expense recognized in profit or loss

Particulars	For the year ended	For the year ended
	31.03.2020	31.03.2019
	Rs. lakhs	Rs. lakhs
Current service cost	235.54	209.29
Interest cost	295.73	275.76
Expected return on plan assets	(279.88)	(261.82)
Actuarial (gains) / losses recognised in other comprehensive income	455.62	124.02
	707.01	347.25

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## (iv) Constitution of plan assets

Particulars	For the year ended	For the year ended
	<u>31.03.2020</u>	<u>31.03.2019</u>
	Rs. lakhs	Rs. lakhs
<b>Other than equity, debt, property and bank account</b>		
Funded with Life Insurance Corporation of India*	3,555.40	3,658.56

\* The plan assets are maintained with Life Insurance Corporation of India Gratuity Scheme. The details of Investments maintained by Life Insurance Corporation are not made available and have therefore not been disclosed.

## (v) Remeasurements recognized in other comprehensive income

Particulars	For the year ended	For the year ended
	<u>31.03.2020</u>	<u>31.03.2019</u>
	Rs. lakhs	Rs. lakhs
Actuarial (gain) / loss plan assets	258.49	(37.67)
Actuarial (gain) / loss arising from changes in financials assumptions	99.63	22.99
Actuarial (gain) / loss on arising from changes in experience adjustments	97.51	138.70

## (vi) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	As at	As at
	<u>31.03.2020</u>	<u>31.03.2019</u>
<b>Financial assumptions</b>		
Discount rate	6.80%	7.65%
Future salary growth	5.00%	5.00%
Rate of return on plan assets	7.65%	7.75%
Expected average remaining working lives of employees (years)	16.85	16.69
<b>Demographic assumptions</b>		
Mortality rate	IALM (2012-14)	IALM (2012-14)
Withdrawal rate	Up to 30 years- 3%	Up to 30 years- 3%
	31 to 44 years- 2%	31 to 44 years- 2%
	Above 44 years- 1%	Above 44 years- 1%
Retirement age	58 years and 60 years	58 years and 60 years

Expected contributions to post-employment benefit plans for the year ending March 31, 2021 are Rs.291.13 lakhs (March 31, 2020: Rs. 247.35 lakhs).

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

## Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)

### (vii) Sensitivity analysis

The significant actuarial assumption for the determination of defined benefit obligations are discount rate and expected salary increase.

Sensitivity of gross benefit obligation as mentioned above, in case of change in significant assumptions would be as under:

Particulars	For the year ended		For the year ended	
	31.03.2020		31.03.2019	
	Increase	Rs. lakhs Decrease	Increase	Rs. lakhs Decrease
Discount rate (0.50%)	(405.88)	106.24	(449.96)	176.32
Future salary growth (0.50%)	109.11	(416.84)	181.08	(462.11)

Although the analysis does not take into account of the full distribution of the cash flows expected under the plan, it does not provide an approximation of the sensitivity of the assumptions shown.

Sensitivities due to mortality & withdrawals are insignificant & hence not considered in sensitivity analysis disclosed.

### (viii) Maturity profile

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

Particulars	As at	
	31.03.2020	31.03.2019
	Rs. lakhs	Rs. lakhs
Within 1 year	704.33	75.66
1 year to 5 years	1,659.85	1,716.74
More than 5 years	2,299.46	2,123.22

### C. Compensated absences:

The obligation of compensated absence in respect of the employees of the Group as at 31 March 2020 works out to Rs.1,347.06 lakhs (31 March 2019: Rs. 1,260.35 lakhs)

### D. Provident fund:

The Holding Company manages the Provident Fund plan through Provident Fund Trusts for a majority of its employees which is permitted under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by the employer and employees and guarantees interest at the rate notified by the Provident Fund authority. For other employees contributions are made to the Regional Provident Fund Commissioners. The Government mandates the annual yield to be provided to the employees on their corpus. This plan is considered as a Defined Contribution Plan. For the first category of employees (covered by the Trust), the Holding Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. Based on actuarial estimate by an approved actuary of the provident fund liabilities the Holding Company has provided an amount of Rs. 126.87 lakhs for possible shortfall on the yield of the trust's investments over the administered interest rates.

### E. Risk exposure

These defined benefit plans typically expose the Group to actuarial risks as under:

#### a) Investment Risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

#### b) Interest rate risk

A decrease in bond interest rate will increase the plan liability. However, this shall be partially off-set by increase in return as per debt investments.

#### c) Longevity risk

The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy will increase the plan's liability.

#### d) Salary risk

Higher than expected increase in salary will increase the defined benefit obligation.

## 46. Related party disclosures:

In accordance with the requirements of Ind AS 24 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management are:

### A. Names of related parties and nature of related party relationship

#### Key management personnel

Mr. S. B. Mathur, Chairman  
Mr. Tilak Dhar, Senior Managing Director (upto 30.06.2019)  
Mr. Alok B. Shriram, Managing Director  
Mr. Madhav B. Shriram, Sr. Managing Director  
Mrs. Urvashi Tilak Dhar, Director (w.e.f. 13.08.2019)  
Mr. N. K.Jain, Director & CFO (Director w.e.f. 01.11.2019)  
Mr. P. R. Khanna, Independent Director  
Mr. Ravinder Narain, Independent Director  
Mr. S. C. Kumar, Independent Director  
Mr. C. Vikas Rao, Independent Director  
Ms. V. Kavitha Dutt, Independent Director  
Mr. Sanjay C. Kirloskar, Independent Director  
Mr. K.N.Rao Director & CEO Rayons (upto 31.10.2019 )  
Mr. Y. D. Gupta, Vice President & Company Secretary

#### Relatives/HUF of key management personnel

M/s. Banshi Dhar & Sons - HUF  
Mr. Akshay Dhar  
Ms. Kanika Shriram  
Mr. Rudra Shriram  
Mr. Rohan Shriram  
Mr. Uday Shriram  
Mrs. K. Rao  
Mrs. Anita Gupta  
Mrs. Manju Jain  
Mr. Nirmal Kumar Jain  
Mrs. Maya Rani Jain  
Mr. Rajat Jain  
Mrs. Kiran Khanna  
Mr. P. R. Khanna (HUF)  
Mrs. Suman Banshi Dhar  
Mrs. Divya Shriram  
Mrs. Karuna Shriram  
Ms. Aditi Dhar  
Mrs. Manju Narain  
Mr. Rohit Gupta

#### Trusts

Employees' Provident Fund Trust, DCM Shriram Industries Limited  
Daurala Organics Limited Employees' Provident Fund Trust  
DCM Shriram Industries Limited Superannuation Trust

#### Others (Enterprises over which key management personnel or their relatives are able to exercise significant influence)

Bantam Enterprises Private Limited  
H.R. Travels Private Limited  
Hindustan Vaccum Glass Private Limited  
Kirloskar Corrocoat Private Limited  
Lily Commercial Private Limited  
Divine Investments Private Limited  
Hi-Vac Wares Private Limited  
Quick Lithographers Private Limited  
Peekay Alkalies Private Limited  
Super Wares Private Limited  
Gentech Chemicals Private Limited  
Meridian Marketing Private Limited

**Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)**
**B. Transactions with related parties:**

Particulars	For the year ended <b>31.03.2020</b> Rs. lakhs	For the year ended <b>31.03.2019</b> Rs. lakhs
<b>Rent expenses</b>		
Relatives/HUF of key management personnel	188.39	167.51
Others	40.95	39.74
<b>Total</b>	<b>229.34</b>	<b>207.25</b>
<b>Interest expense</b>		
Key management personnel	-	2.01
Relatives of Key management personnel	20.59	17.98
Independent Directors & their relatives/HUF	3.78	3.89
<b>Total</b>	<b>24.37</b>	<b>23.88</b>
<b>Other expenses</b>		
Others	-	46.27
<b>Purchase of property, plant and equipment</b>		
<b>Others</b>	<b>4.22</b>	<b>11.01</b>
<b>Equity dividend paid</b>		
Associate	245.18	89.16
Key management personnel	2.53	0.45
Relatives/HUF of key management personnel	13.24	5.29
Others	635.20	225.05
	<b>896.15</b>	<b>319.95</b>
<b>Public deposits received</b>		
Key management personnel	100.00	-
<b>Security deposit paid</b>		
Relatives/HUF of key management personnel	1.17	7.01
<b>Public Deposits paid</b>		
Key Management Personnel	-	75.00
Relatives of Key Management Personnel	-	8.00
<b>Compensation of key management personnel</b>		
<b>Salaries and bonus including contributions made to provident fund</b>		
Mr. Tilak Dhar	76.11	296.20
Mr. Alok B. Shriram	306.11	296.20
Mr. Madhav B. Shriram	306.11	296.20
Mrs. Urvashi Tilak Dhar	161.70	-
Mr. K.N. Rao	43.28	61.93
Mr. N. K. Jain	50.33	41.03
Mr. Y. D. Gupta	29.93	26.76
Relatives of key management personnel	90.31	82.15
<b>Total</b>	<b>1,063.88</b>	<b>1,100.47</b>

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<b>Post-employment defined benefit plan</b>		
<b>Gratuity</b>		
Mr. Tilak Dhar	-	56.10
Mr. Alok B. Shriram	6.56	41.65
Mr. Madhav B. Shriram	6.45	43.04
Mrs. Urvashi Tilak Dhar	3.08	-
Mr. K.N. Rao	4.32	4.81
Mr. N.K. Jain	8.24	3.18
Mr. Y.D. Gupta	4.89	2.76
Relatives of key management personnel	2.45	2.21
<b>Total</b>	<b>35.99</b>	<b>153.75</b>
<b>Other long term defined benefit plan</b>		
<b>Compensated absences</b>		
Mr. Tilak Dhar	-	21.03
Mr. Alok B. Shriram	10.86	20.70
Mr. Madhav B. Shriram	8.75	21.60
Mrs. Urvashi Tilak Dhar	4.53	-
Mr. K.N. Rao	1.62	1.24
Mr. N. K. Jain	1.84	1.40
Mr. Y. D. Gupta	1.25	0.65
Relatives of key management personnel	3.47	2.84
<b>Total</b>	<b>32.32</b>	<b>69.46</b>
<b>Commission to Independent Directors</b>		
Mr. P. R. Khanna	16.29	17.05
Mr. S. B. Mathur	17.29	17.05
Mr. Ravinder Narain	14.29	14.95
Mr. S. C. Kumar	16.29	17.05
Mr C Vikas Rao	11.29	12.85
Ms. V. Kavitha Dutt	13.29	12.85
Mr. Sanjay C. Kirloskar	13.30	6.96
<b>Total</b>	<b>102.04</b>	<b>98.76</b>
<b>Total compensation paid to key management personnel</b>	<b>1,234.23</b>	<b>1,422.44</b>
<b>Post-employment defined benefit plan</b>		
<b>Contribution paid to provident fund</b>		
Trusts	1,353.88	1,274.33
<b>Other long term defined benefit plan</b>		
<b>Superannuation</b>		
Trusts	185.85	178.92

**Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)**
**Balances with related parties**

Particulars	For the year ended 31.03.2020 Rs. lakhs	For the year ended 31.03.2019 Rs. lakhs
<b>Security deposit receivable</b>		
Relatives/HUF of key management personnel	49.71	49.56
<b>Other advances</b>		
Others	27.80	-
<b>Payables</b>		
<b>Public deposits including interest accrued</b>		
Relatives/HUF of key management personnel	274.34	171.50
Independent Directors & their relatives	37.50	37.50
<b>Total</b>	<b>311.84</b>	<b>209.00</b>
<b>Trade payables</b>		
Others	1.59	23.95
Commission to Independent Directors	102.04	98.76
<b>Remuneration</b>		
Key management personnel	469.99	576.99
<b>Total</b>	<b>573.62</b>	<b>699.70</b>

Note:

Transactions with the related parties are made on normal commercial terms and conditions and at market rates.

**47. Financial instruments – Fair values and risk management**
**a. Financial instruments – by category and fair values hierarchy**

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**i. As on March 31, 2019**

(Rs. lakhs)

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>							
<b>Non-current</b>							
(i) Loans*	-	-	500.24	500.24	-	-	-
(ii) Other financial assets*	-	-	99.67	99.67	-	-	-
<b>Current</b>							
(i) Investments*							
Equity instrument (Mutual funds)	1,710.18	-	-	1,710.18	1,710.18	-	-
(ii) Trade receivables*	-	-	19,053.59	19,053.59	-	-	-
(iii) Cash and cash equivalents*	-	-	615.02	615.02	-	-	-
(iv) Other bank balances *	-	-	1,425.02	1,425.02	-	-	-
(v) Loans*	-	-	317.11	317.11	-	-	-
(vi) Other financial assets*	-	-	344.25	344.25	-	-	-
<b>Total</b>	<b>1,710.18</b>	<b>-</b>	<b>22,354.90</b>	<b>24,065.08</b>			
<b>Financial liabilities</b>							
<b>Non-current</b>							
(i) Borrowings (including current maturities)#	-	-	11,796.65	11,796.65	-	-	11,790.46
(ii) Other financial liabilities*	-	-	73.93	73.93	-	-	-
<b>Current</b>							
(i) Borrowings#	-	-	34,791.90	34,791.90	-	-	-
(ii) Trade payables*	-	-	30,433.45	30,433.45	-	-	-
(iii) Other financial liabilities*	-	-	1,388.64	1,388.64	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>78,484.57</b>	<b>78,484.57</b>			

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ii. As on March 31, 2020

(Rs. lakhs)

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amor- tised cost	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>							
<b>Non-current</b>							
(i) Loans*	-	-	532.74	<b>532.74</b>	-	-	-
(ii) Other financial assets*	-	-	445.56	<b>445.56</b>	-	-	-
<b>Current</b>							
(i) Investments*							
Debt instrument (Mutual funds)	1,161.03	-	-	<b>1,161.03</b>	1,161.03	-	-
(ii) Trade receivables*	-	-	18,457.16	<b>18,457.16</b>	-	-	-
(iii) Cash and cash equivalents*	-	-	4,362.68	<b>4,362.68</b>	-	-	-
(iv) Other bank balances*	-	-	1,326.98	<b>1,326.98</b>	-	-	-
(v) Loans*	-	-	222.98	<b>222.98</b>	-	-	-
(vi) Other financial assets*	-	-	13,390.97	<b>13,390.97</b>	-	-	-
<b>Total</b>	<b>1,161.03</b>	<b>-</b>	<b>38,739.07</b>	<b>39,900.10</b>			
<b>Financial liabilities</b>							
<b>Non-current</b>							
(i) Borrowings (including current maturities)#	-	-	23,560.39	<b>23,560.39</b>	-	-	22,561.49
(ii) Lease liabilities*	-	-	<b>2,154.54</b>	<b>2,154.54</b>	-	-	-
(iii) Other financial liabilities*	-	-	87.79	<b>87.79</b>	-	-	-
				-	-	-	-
<b>Current</b>							
(i) Borrowings#	-	-	35,212.30	<b>35,212.30</b>	-	-	-
(ii) Lease liabilities*	-	-	414.40	<b>414.40</b>	-	-	-
(iii) Trade payables*	-	-	27,373.23	<b>27,373.23</b>	-	-	-
(iv) Other financial liabilities*	-	-	1,732.63	<b>1,732.63</b>	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>90,535.28</b>	<b>90,535.28</b>			

# The Group's borrowings have been contracted at both floating and fixed rates of interest. The borrowings at floating rates reset at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value. The fair value of long-term borrowings with fixed rates of interest is estimated by discounting future cash flows using current rates (applicable to instruments with similar terms, currency, credit risk and remaining maturities to discount the future payout).

\* The carrying amounts of trade receivables, trade payables, lease liabilities, cash and cash equivalents, investments, bank balances other than cash and cash equivalents and other financial assets and liabilities, approximates the fair values, due to their short-term nature. The other non-current financial assets represents security deposits given to various parties, loans and advances to employees and bank deposits (due for maturity after twelve months from the reporting date), lease liabilities and other non-current financial liabilities, the carrying value of which approximates the fair values as on the reporting date.

There have been no transfers between Level 1, Level 2 and Level 3 for the years ended March 31, 2020 and March 31, 2019.

## Valuation

Following financial instruments are remeasured at fair value as under :

- The fair value of investments in quoted Equity Shares and Mutual Funds are measured at quoted price or NRV.
- The fair value of all derivative contracts is determined using forward exchange rate at the balance sheet.



## Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)

### Risk Management

The Group manages risk arising from financial instruments as under :

#### b. Financial risk management (continued)

##### (i) Credit risk

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet:

Particulars	As at	As at
	31.03.2020	31.03.2019
	Rs. lakhs	Rs. lakhs
Investments	1,161.03	1,710.18
Trade receivables	18,457.16	19,053.59
Cash and cash equivalents	4,362.68	615.02
Other bank balances	1,326.98	1,425.02
Loans	755.73	817.35
Other financial assets	13,836.54	443.92

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due causing financial loss to the Group. It arises from cash and cash equivalents, financial instruments and principally from credit exposure to customers relating to outstanding receivables. The Group continuously reviews the credit to be given and the recoverability of amounts due. Majority of the trade receivables are from parties with whom the Group had long standing satisfactory dealings.

The Group's exposure to credit risk for trade receivables is as follows:

Particulars	Gross carrying amount	
	As at	As at
	31.03.2020	31.03.2019
	Rs. lakhs	Rs. lakhs
1-90 days past due *	2,286.69	7,183.28
91 to 180 days past due	551.86	19.32
More than 180 days past due #	27.78	12.59
Not due	15,590.83	11,838.40
	18,457.16	19,053.59

\* The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour.

# The Group continuously reviews the credit to be given and the recoverability of amounts due. Majority of the trade receivables both domestic and overseas, are from parties with whom the group had long standing satisfactory dealings.

Movement in the allowance for impairment in respect of trade receivables is given below:

Particulars	For the year ended	For the year ended
	31.03.2020	31.03.2019
	Rs. lakhs	Rs. lakhs
Balance at the beginning of the year	29.97	29.97
Impairment loss recognised / (reversed)	-	-
Amount written off	-	-
<b>Balance at the end of the year</b>	<b>29.97</b>	<b>29.97</b>

### Note

#### Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as the Group generally transacts with the Banks with high credit ratings assigned by domestic and international credit rating agencies.

#### Other financial assets

Other financial assets do not have any significant credit risk.

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## b. Financial risk management (continued)

### (ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group believes that its liquidity position, including total cash and cash equivalent and bank balances other than cash and cash equivalent of Rs.5,689.66 lakhs as at March 31, 2020 (March 31, 2019 Rs. 2,040.04 lakhs), anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility will enable it to meet its future known obligations in the ordinary course of business. However, if liquidity needs were to arise, the Group believes it has access to financing arrangements, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Group will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

The Group's liquidity management process as monitored by management, includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecasts of the Group's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

### I. Financial arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at	As at
	31.03.2020	31.03.2019
	Rs. lakhs	Rs. lakhs
From banks	10,713.69	9,281.73

### II. Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

(Rs. lakhs)

As at March 31, 2019	Carrying amount	Contractual cash flows			
		0-1 year	1-5 years	More than 5 years	Total
<b>Non-current liabilities</b>					
Borrowings*	8,321.62	-	7,973.47	348.15	8,321.62
Other financial liabilities	73.93	-	73.93	-	73.93
<b>Current liabilities</b>					
Borrowings	34,791.90	34,791.90	-	-	34,791.90
Trade payables	30,433.45	30,433.45			30,433.45
Other financial liabilities	4,863.67	4,863.67			4,863.67
<b>Total</b>	<b>78,484.57</b>	<b>70,089.02</b>	<b>8,047.40</b>	<b>348.15</b>	<b>78,484.57</b>

(Rs. lakhs)

As at March 31, 2020	Carrying amount	Contractual cash flows			
		0-1 year	1-5 years	More than 5 years	Total
<b>Non-current liabilities</b>					
Borrowings*	17,782.29	-	17,584.49	197.80	17,782.29
Lease liabilities*	2,154.54	-	1,776.31	378.23	2,154.54
Other financial liabilities	87.79	-	87.79	-	87.79
<b>Current liabilities</b>					
Borrowings	35,212.30	35,212.30	-	-	35,212.30
Lease liabilities	414.40	414.40	-	-	414.40
Trade payables	27,373.23	27,373.23	-	-	27,373.23
Other financial liabilities	7,510.73	7,510.73	-	-	7,510.73
<b>Total</b>	<b>90,535.28</b>	<b>70,510.66</b>	<b>19,448.59</b>	<b>576.03</b>	<b>90,535.28</b>

\* Contractual cash flows does not include interest expense

## Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)

### b. Financial risk management (continued)

#### III. Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Board of directors is responsible for setting up of policies and procedures to manage market risks of the Group.

#### Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Group's operating, investing and financing activities.

#### Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk, as expressed in Indian Rupees (Lakhs) as at March 31, 2020 and March 31, 2019.

(Rs. Lakhs)

Particulars	As at March 31, 2020		
	USD	EURO	GBP
<b>Financial assets</b>			
Trade receivables*	7,657.76	943.87	-
Sundry Advances	15.26	5.06	-
Cash and cash equivalents	0.16		
	<b>7,673.18</b>	<b>948.93</b>	<b>-</b>
<b>Financial liabilities</b>			
Borrowings	271.38	251.82	-
Trade payables	1,006.02	183.04	0.82
Commission & discount	1,320.19	275.25	-
Acceptances	3,233.86	48.57	-
Royalty			
	<b>5,831.45</b>	<b>758.68</b>	<b>0.82</b>

(Rs. Lakhs)

Particulars	As at March 31, 2020		
	USD	EURO	GBP
<b>Financial assets</b>			
Trade receivables*	3,442.84	23.31	-
Sundry Advances	2.70	3.75	-
	<b>3,445.54</b>	<b>27.06</b>	<b>-</b>
<b>Financial liabilities</b>			
Borrowings	1,483.01	4.81	-
Trade payables	767.45	18.20	-
Commission & discount	18.13	3.99	-
Acceptances	88.81	-	-
Royalty	-	8.31	-
Consultancy			
	<b>2,357.40</b>	<b>35.31</b>	<b>-</b>

\* Trade receivables are net of corresponding foreign exchange contracts.

#### Sensitivity analysis

A reasonably possible strengthening / weakening of the Indian Rupee against below currencies at March 31, 2020 (previous year ended as on March 31, 2019) would have affected the measurement of financial instruments denominated in functional currency and affected equity and profit or loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(Rs. lakhs)

Particulars	Profit or loss		Equity, net of tax	
	Weakening	Strengthening	Strengthening	Weakening
1% depreciation / appreciation in Indian Rupees against following foreign currencies:				
<b>For the year ended March 31, 2020</b>				
USD	18.42	(18.42)	11.98	(11.98)
EUR	1.90	(1.90)	1.24	(1.24)
GBP	(0.01)	0.01	(0.01)	0.01
	<b>20.31</b>	<b>(20.31)</b>	<b>13.21</b>	<b>(13.21)</b>
<b>For the year ended March 31, 2019</b>				
USD	10.88	(10.88)	7.08	(7.08)
EUR	(0.08)	0.08	(0.05)	0.05
	<b>10.80</b>	<b>(10.80)</b>	<b>7.03</b>	<b>(7.03)</b>

USD: United States Dollar, EUR: Euro, GBP: Great British Pound

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## b. Financial risk management (continued)

### III. Market risk

#### Foreign exchange derivative contracts

The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The Group's Corporate Treasury team manages its foreign currency risk by hedging transactions that are expected to occur within of 1 to 24 months for hedges of forecasted sales, purchases and capital expenditures. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. All identified exposures are managed as per the policy duly approved by the Board of Directors.

The following table details the foreign currency derivative contracts outstanding at the end of the reporting period:

Outstanding contracts	No of deals		Contract value of foreign currency (in lakhs)		Maturity			
					Upto 12 months		More than 12 months	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	Nominal amount (in lakhs)	Nominal amount (in lakhs)	Nominal amount (in lakhs)	Nominal amount (in lakhs)
USD/INR sell forward	21	-	23.00	-	1,689.74	-	-	-
EUR/INR sell forward	3	-	3.00	-	253.54	-	-	-

Impact of depreciation / appreciation in INR against USD/EUR in respect of forward contracts is not material.

#### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

#### Exposure to interest rate risk

The Group's interest rate risk arises majorly from the term loans from banks carrying floating rate of interest. These obligations exposes the Group to cash flow interest rate risk. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period along with the interest rate profile are as follows:

Rs. lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Financial Assets</b>		
<b>Fixed Rate Instruments</b>		
Bank Balances other than Cash & cash Equivalents	1,326.98	1,425.02
Loans	755.74	817.35
Other Financial assets	13,836.55	443.92
<b>Total</b>	<b>15,919.27</b>	<b>2,686.29</b>
<b>Financial Liabilities</b>		
<b>Fixed Rate Instruments</b>		
Term loans	13,202.80	5,645.08
Public Deposits	618.31	557.63
<b>Variable-rate instruments</b>		
Term loans	9,739.28	5,593.94
Cash Credit	35,212.30	34,791.90
<b>Total</b>	<b>58,772.69</b>	<b>46,588.55</b>

#### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points (bps) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(Rs. lakhs)

Particulars	Profit or loss		Equity, net of tax	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
<b>For the year ended March 31, 2020</b>				
Interest on term loans	(72.17)	72.17	(46.95)	46.95
Interest on cash credits	(350.86)	350.86	(228.26)	228.26
<b>For the year ended March 31, 2019</b>				
Interest on term loans	(55.94)	55.94	(36.39)	36.39
Interest on cash credits	(347.92)	347.92	(226.34)	226.34

**Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)**
**48. Capital management**

For the purpose of the Group's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the management of the Group's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Group manages its capital structure and makes adjustments to it in light of changes in the economic/ business conditions and requirements.

The Group's debt to capital ratio, which is calculated as interest-bearing debts (less cash & cash equivalents) divided by total capital (equity attributable to equity share holders plus interest-bearing debt) is as under:

Particulars	(Rs. lakhs)	
	As at 31.03.2020	As at 31.03.2019
Borrowings	58,772.69	46,588.55
Less : Cash and cash equivalent	(4,362.68)	(615.02)
<b>Adjusted net debt (A)</b>	<b>54,410.01</b>	<b>45,973.53</b>
<b>Total equity (B)</b>	<b>55,953.69</b>	<b>49,827.28</b>
<b>Adjusted net debt to adjusted equity ratio (A/B)</b>	<b>97.24%</b>	<b>92.27%</b>

**49. Disclosure as per Ind AS 112 'Disclosure of Interest in Other Entities'**
**(a) Subsidiary company**

The group's subsidiaries at 31 March 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

(Rs.lakhs)

Name of entity	"Place of business/ country of incorporation"	Ownership interest held by the group as at		Ownership interest held by non-controlling interests as at		Principal activities
		As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	
		Daurala Foods and Beverages Private Limited	India	100.00	100.00	

**(b) Summarised financial information for associate company**

The tables below provide summarised financial information for associates of the group. The information disclosed reflects the amounts presented in the financial statements of the associate companies and not the Group's share of those amounts.

**(i) Summarised balance sheet**

(Rs.lakhs)

Particulars	DCM Hyundai Limited	
	As at 31.03.2020	As at 31.03.2019
Current assets		
Cash and cash equivalents	937.57	23.34
Other assets	1,236.93	1,724.36
<b>Total current assets</b>	<b>2,174.50</b>	<b>1,747.70</b>
<b>Total non-current assets</b>	<b>1070.58</b>	<b>5031.46</b>
Current liabilities		
Financial liabilities (excluding trade payables)	17.02	17.72
Other liabilities	68.99	55.80
<b>Total current liabilities</b>	<b>86.01</b>	<b>73.52</b>
Non-current liabilities		
Financial liabilities (excluding trade payables)	-	1,985.00
Other liabilities	1.20	2.40
<b>Total non-current liabilities</b>	<b>1.20</b>	<b>1,987.40</b>
<b>Net assets</b>	<b>3,157.87</b>	<b>4,718.24</b>

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## (ii) Reconciliation to carrying amounts

(Rs.lakhs)

Particulars	DCM Hyundai Limited	
	As at 31.03.2020	As at 31.03.2019
Opening net assets	4,718.24	4,815.79
Profit for the year	12.22	173.97
Other comprehensive income	(1,572.59)	(271.52)
Dividends paid	-	-
<b>Closing net assets</b>	<b>3,157.87</b>	<b>4,718.24</b>
Group's share in %	49.28%	49.28%
Group's share in INR	1,556.25	2,325.43
Goodwill	-	-
Consolidation adjustments	(30.97)	(31.20)
<b>Carrying amount</b>	<b>1,525.28</b>	<b>2,294.23</b>

## (iii) Summarised statement of profit and loss

(Rs.lakhs)

Particulars	DCM Hyundai Limited	
	For the year ended 31.03.2020	For the year ended 31.03.2019
Revenue from operations	101.31	199.54
Other income	100.24	269.16
Depreciation and amortisation	51.25	43.35
Interest expense	-	-
Income tax expense	(21.88)	4.73
Profit for the year	12.22	173.97
Other comprehensive income	(1,572.59)	(271.52)
Total comprehensive income	(1,560.37)	(97.55)
Dividends received	-	-

## 50. Disclosure as per Schedule III to the Companies Act, 2013

(Rs.lakhs)

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities as at		Share in profit or loss for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
<b>Parent</b>								
DCM Shriram Industries Limited								
<b>31 March 2020</b>	<b>95.21%</b>	<b>54,139.46</b>	<b>99.30%</b>	<b>9,595.64</b>	<b>32.92%</b>	<b>(380.33)</b>	<b>108.31%</b>	<b>9,215.31</b>
31 March 2019	93.22%	47,231.37	98.03%	7,357.66	37.62%	(80.68)	99.81%	7,276.98
<b>Subsidiary</b>								
Daurala Foods & Beverages Private Limited								
<b>31 March 2020</b>	<b>2.11%</b>	<b>1,201.34</b>	<b>0.64%</b>	<b>61.65</b>	<b>0.00%</b>	<b>-</b>	<b>0.72%</b>	<b>61.65</b>
31 March 2019	2.25%	1,139.69	0.83%	61.95	0.00%	-	0.85%	61.95
<b>Associate</b>								
DCM Hyundai Limited								
<b>31 March 2020</b>	<b>2.68%</b>	<b>1,525.28</b>	<b>0.06%</b>	<b>6.02</b>	<b>67.08%</b>	<b>(774.97)</b>	<b>-9.04%</b>	<b>(768.95)</b>
31 March 2019	4.53%	2,294.23	1.14%	85.93	62.38%	(133.80)	-0.66%	(47.87)
<b>Total</b>								
<b>31 March 2020</b>	<b>100.00%</b>	<b>56,866.08</b>	<b>100.00%</b>	<b>9,663.32</b>	<b>100.00%</b>	<b>(1,155.30)</b>	<b>100.00%</b>	<b>8,508.01</b>
31 March 2019	100.00%	50,665.29	100.00%	7,505.54	100.00%	(214.48)	100.00%	7,291.06
<b>Adjustment due to consolidation</b>								
<b>31 March 2020</b>		<b>912.39</b>		<b>74.39</b>		<b>-</b>		<b>74.38</b>
31 March 2019		838.01		19.01		-		19.02
<b>Consolidation Net Asset / Profit after Tax</b>								
<b>31 March 2020</b>		<b>55,953.69</b>		<b>9,588.93</b>		<b>(1,155.30)</b>		<b>8,433.63</b>
31 March 2019		49,827.28		7,486.53		(214.48)		7,272.04

**Notes to the Consolidated financial statements for the year ended March 31, 2020 (continued)**

51. Research and development expenses amounting to Rs. 549.23 lakhs (March 31, 2019: Rs. 552.33 lakhs) have been charged to the respective revenue accounts. Capital expenditure relating to research and development amounting to Rs. 47.04 lakhs (March 31, 2019: Rs. Nil lakhs) has been included in property, plant and equipment.
52. Parties covered under "The Micro, Small and Medium Enterprise Development Act, 2006" (MSMED Act, 2006) have been identified on the basis of confirmation received. The disclosures pursuant to the said MSME Act are as follows:

(Rs.Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.	<b>397.88</b>	337.19
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

**53. Disclosures related to government grant**

The government grants/government assistance recognised are as under:

Rs. lakhs

Nature of Grant/assistance	Income/ expense head	For the year ended <u>31.03.2020</u>	For the year ended <u>31.03.2019</u>
Subvention on loan interest	Other income	<b>677.64</b>	172.31
Interest subsidy in respect of loan at concessional rate	Other income	<b>285.84</b>	113.74
Grant against cane purchased	Cost of material consumed	-	990.69
Grant for payment of cane dues subject to fulfillment of sugar export obligation and other conditions	Other operating revenue	<b>9,321.56</b>	1,187.19
Duty drawback and other incentive	Other operating revenue	<b>1,282.30</b>	1,520.22
Subsidy against maintenance of buffer stock	Miscellaneous expense	<b>100.07</b>	72.72
Subsidy against maintenance of buffer stock	Interest expense	<b>604.90</b>	431.39

# CONSOLIDATED FINANCIAL STATEMENTS - DCM SHRIRAM INDUSTRIES LIMITED

## 54. Immovable properties of Rs. 888.99 lakhs yet to be endorsed in the name of Group are as under :

(Rs. lakhs)

Particulars	Amount as on March 31, 2020	Amount as on March 31, 2019	Remarks
Land situated at Daurala, Uttar Pradesh (UP) and Kota, Rajasthan	844.04 *	844.04 *	Vested in the Holding Company pursuant to a Scheme of Arrangement of erstwhile DCM Limited.
Land situated at Daurala, UP	44.95	44.95	The title deeds are in the name of Daurala Organics Limited which was merged with the Holding Company under section 391 to 394 of the Companies Act, 1956 in terms of approval of Honorable High Court.

\* Includes leasehold land Rs. 465.35 lakhs at Kota, Rajasthan.

55 Consequent to introduction of GST with effect from July 1, 2017, there has been ambiguity with regard to chargeability of tax, i.e. UP VAT or GST or any other tax, on certain supplies made to a party and, therefore, no tax has been charged on such supplies. The buyer has undertaken to indemnify the Company for any tax/interest, or any other related expenses, as may be finally incurred in this regard.

UP VAT Authorities have completed ex-parte assessments for the nine months ended March 31, 2018 and year ended March 31, 2019 and have raised demands in that context. The Holding Company has filed applications with the authorities for opening of such assessments. Pending clarity, the Group has, during the year, made a provision for contingencies under Provisions (current) of Rs. 9,427.42 lakhs with a recognition of corresponding Reimbursement Assets (net of advance received of Rs. 2,440.34 lakhs) under "Other financial assets (current)". This does not have impact on the profit of the Group.

56 The Group has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92D for its specified domestic transactions. Based on the transfer pricing regulations/policy, the transfer pricing study for the year ended March 31, 2020 is to be conducted on or before due date of the filing of return and the Company will further update above information and records based on the same and expects these to be in existence latest by that date. Management believes that all the above transactions are at arm's length price and the aforesaid legislations will not have impact on the financial statement, particularly on the amount of tax expense and provision for taxation.

57 In March, 2020, the World Health Organisation declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lockdown on March 25, 2020. Though the lockdown did not have any material impact in the operations of the Group in the year ended March 31, 2020, it may impact the business activities of the Company in the financial year 2020-21. The Group has evaluated the impact of the pandemic on its business operations, business projections and on the carrying amounts of receivables, inventories, tangible and intangible assets and other assets / liabilities and has not identified any material impact. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of the pandemic, the Group has considered internal and external information available till the date of approval of these financial results. In the above context and based on the current estimates, the Group does not foresee any material adverse impact in the medium to long term on the business, its liquidity and the ability to service its debt or other obligations. The overall economic situation being uncertain due to the evolving scenario of the pandemic, the Group would continue to closely monitor any developments in future economic conditions as they emerge and consider their impact on the financial statements of the relevant periods.

As per our report of even date attached

**For BSR & CO. LLP**

Chartered Accountants  
ICAI Firm Registration No.:  
101248W/W-100022

**Kaushal Kishore**

Partner  
Membership No.: 090075  
Place : New Delhi  
Date : 27.06.2020

N.K. Jain  
Director Finance & Chief  
Financial Officer

Y.D. Gupta  
Vice President &  
Company Secretary  
Place : New Delhi  
Date : 27.06.2020

**For and on behalf of the Board of Directors  
DCM Shriram Industries Limited**

S.B Mathur  
Chairman

P.R. Khanna  
Director

Alok B. Shriram  
Sr. Managing Director

Madhav B. Shriram  
Managing Director



**Form AOC-I**

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

1. Sl. No.	-
2. Name of the subsidiary	Daurala Foods & Beverages Pvt. Ltd.
3. The date since when subsidiary was acquired	6th February, 2007
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
6. Share capital	7,50,00,000
7. Reserves & surplus	4,51,34,284
8. Total assets	12,02,28,684
9. Total Liabilities	12,02,28,684
10. Investments	-
11. Turnover	86,69,071
12. Profit before taxation	83,31,784
13. Provision for taxation	21,66,449
14. Profit after taxation	61,65,335
15. Proposed Dividend	-
16. % of shareholding	100%

Note: There is no subsidiary which is yet to commence operations or which has been liquidated or sold during the year.

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:**

(Rs.)

Name of Associates /Joint Ventures	DCM Hyundai Ltd.
1. Latest audited Balance Sheet Date	March 31, 2020
2. Date on which the Associate was associated	July 17, 1995
3. Shares of Associate/Joint Ventures held by the company on the year end:	
- No.	19,72,000
- Amount of Investment in Associates/Joint Venture	Rs. 1,66,00,005/-
- Extent of Holding %	49.28%
4. Description of how there is significant influence	Holding more than 20% Equity Share Capital
5. Reason why the associate/joint venture is not consolidated	N.A.
6. Networth attributable to Shareholding as per latest audited Balance Sheet	15,56,19,409/-
7. Profit / Loss for the year	
i) Considered in Consolidation	6,02,488/-
ii) Not Considered in Consolidation	6,20,094/-

Note : There is no associate or joint venture which is yet to commence operations or which has been liquidated or sold during the year.

**For and on behalf of the Board of Directors  
DCM Shriram Industries Limited**

N.K. Jain  
Director Finance & Chief  
Financial Officer

S.B Mathur  
Chairman  
Alok B. Shriram  
Sr. Managing Director  
Madhav B. Shriram  
Managing Director

P.R. Khanna  
Director

Place : New Delhi  
Date : 27.06.2020

Place : New Delhi  
Date : 27.06.2020

