

# Board's Report

The Directors have pleasure in presenting the 32<sup>nd</sup> Annual Report of the Company along with Audited Financial Statements, both standalone and consolidated, for the year ended 31<sup>st</sup> March, 2021.

## Financial Highlights

The results for the year ended 31.3.2021 and 31.3.2020 are as under:

(Rs. in Crores)

Particulars	Standalone		Consolidated	
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
Revenue from operations	8,211.99	7,671.96	8,308.16	7,767.13
Profit before finance cost, depreciation and tax	1,227.42	1,298.29	1,244.28	1,294.87
Profit before exceptional item and tax	875.77	923.30	889.17	912.01
Exceptional item	-	-	-	14.76
Profit after tax	662.48	743.67	672.26	719.42
Share of profit/(loss) of joint venture	-	-	1.73	2.78
Non-controlling interest	-	-	(0.71)	(5.49)
Other comprehensive income (after tax)	6.84	(10.42)	4.39	(11.98)
Total comprehensive income (after tax)	669.32	733.25	677.67	704.73
Basic/Diluted - EPS (Rs. per equity share)	42.48	47.69	43.17	45.96
Retained earnings- opening balance	4,072.45	3,517.72	3,963.29	3,436.17
Add/(less):				
Profit for the year	662.48	743.67	673.28	716.71
Dividends paid during the year	(85.77)	(184.24)	(85.77)	(184.24)
Others	6.53	(4.70)	9.12	(5.35)
Retained earnings - closing balance	4,655.69	4,072.45	4,559.92	3,963.29

## State of Company's Affairs/Performance

The overall operating and financial performance of the Company was stable, in a year which had significant uncertainties driven by Covid-19 pandemic. Q1 FY'21 earnings were low because of nationwide lockdowns, however post easing of lockdowns the overall business performance improved. The Agri and related businesses were not impacted by lockdowns, Sugar and Shriram Farm Solutions business delivered good growth led by volumes and enhanced product portfolio. In Chloro-vinyl business, Chemicals was impacted by lower realisations and volumes, however the Vinyl (PVC & Carbide) witnessed strong realisations that helped mitigate the impact. Fenesta business witnessed de-growth as operations were impacted in Q1 but recovered well during H2 of FY'21.

The Company's total revenues from operation at a standalone level stood at Rs.8,212 Crores in FY21 vs. Rs.7,672 Crores last year. Revenue of Sugar business was up by 34% led by higher sugar domestic and export volumes and higher ethanol volumes. Vinyl business also registered a growth in revenue of about 32% driven by higher realizations for PVC. Shriram Farm Solutions also registered a 13% increase in revenue. Revenue of Chemicals business was down by 26% driven mainly by lower realizations and volumes.

Profit before depreciation, interest and tax, declined to Rs.1,227 Crores down ~5% over last year. The same was down ~4% on a consolidated basis. This decline was led by ~48% decline in PBDIT of Chlor-Alkali business due to lower realizations and volumes. Plastics business recorded an increase of ~157% driven by higher realizations. Sugar business recorded an increase of ~11% in PBDIT led by higher volumes of

Sugar and Ethanol. Agri-input business of Shriram Farm Solutions recorded ~60% growth in PBDIT led by better volumes and margins for value added business. Bioseed, Fenesta, Fertilizer and Cement businesses registered de-growth in PBDIT. Overall PBDIT margins declined to ~15% from ~17% last year mainly due to lower margins in Chlor-Alkali business due to lower realizations and lower volumes.

Net Profit on standalone basis for FY21 was down by 11% to Rs.662 Crores from Rs.743 Crores in FY20. It was lower by ~6% on a consolidated basis. Net Debt as on March 31, 2021 stood at Rs. 180 Crores vis-à-vis Rs. 1623 Crores as on March 31, 2020. Net Debt to equity stood at 0.04x as on March 31, 2021 vs 0.40x as on March 31, 2020.

The Company commissioned following projects in FY '21 at an investment of ~ Rs. 35 Crores:

- Stable Bleaching Powder expansion project (43 TPD) at Kota was commissioned in March'2021 at an expenditure of ~ Rs. 10 Crores.
- Country Liquor project (6400 cases per day) was commissioned in March '21 at Hariawan Sugar unit at an expenditure of ~ Rs. 25 Crores.

New Projects – The following projects are currently underway (at Bharuch Chemical Complex):

- 120 MW coal based new power plant is underway and is expected to be commissioned in Q4 FY'22.
- Hydrogen Compressors with total capacity of 60398 NM3 per day expected to be commissioned in Q1 FY'22.
- During the year, the Board has approved projects worth Rs. 1000 Crores and are progressing as per plan. The projects include:
  - Hydrogen Peroxide facility with a capacity of 52500 TPA,
  - Epichlorohydrine (ECH) facility with a capacity of 51000 TPA along with Glycerin purification facility,
  - Expansion of Anhydrous Aluminum Chloride capacity by 32850 TPA,
  - A multipurpose Product Research & Development Center.
- The decision on implementation of 700 TPD Caustic Soda plant and 500 TPD flaker will be taken in due course.

## Dividend

Your Directors are pleased to recommend a final dividend @ 190% i.e. Rs.3.80/- per equity share of Rs.2/- each for the year ended 31.3.2021, which if declared by the Members, the total dividend for the financial year 2020-21 will aggregate to 465% i.e. Rs.9.30/- per equity share of Rs.2/- each (including an interim dividend @ 275% i.e. Rs.5.50 per equity share paid during the year).

Further, as per the requirement of Regulation 43A of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 [SEBI Listing Regulations, 2015], Dividend Distribution Policy of the Company approved by Board is attached as Annexure-1 to this Board's Report.

## Number of Meetings of the Board

The Board met 6 times during the financial year on 19.5.2020, 3.6.2020, 21.7.2020, 22.7.2020, 20.10.2020 & 19.1.2021.

### Report on Performance and Financial Position of Subsidiaries, Associate and JV Company

The details regarding the performance and financial position of Company's Subsidiaries, Associate and JV are given in Annexure-2 of this Board's Report.

As on the date of this report:

- (i) The liquidation of Shriram Bioseed (Thailand) Limited, a step down subsidiary of the Company, and
- (ii) The merger of Bioseeds Limited, Mauritius into Shriram Bioseed Ventures Limited (both wholly owned subsidiaries of the Company) are under process.

### Risk Management Framework

The Company has in place a Risk Management Framework which is updated periodically to make it more contemporary and suit the requirements of changing business scenarios and regulations. The current Risk Management Framework was approved by the Board on 23.7.2019 after it was reviewed and recommended by the Risk Management Committee and Audit Committee. The said framework includes risk identification, assessment, response and monitoring system for mitigation of risk.

### Company's Policy on Directors' Appointment and Remuneration

The criteria for Directors' appointment has been set up by the Nomination, Remuneration and Compensation Committee (NRCC), which, inter-alia, includes criteria for determining qualifications, positive attributes, independence of a Director, basis/criteria of remuneration to Directors/KMPs and other matters provided under Sub-section (3) of Section 178 of the Companies Act, 2013.

The Company has a remuneration Policy in place which deals in the remuneration of the Directors, Key Managerial Personnel (KMPs), Senior Management Personnel (SMPs) and other employees of the Company. The remuneration policy of the Company is available on the Company's website at the following web link :

[https://www.dcmshriram.com/sites/default/files/Remuneration%20Policy\\_0.pdf](https://www.dcmshriram.com/sites/default/files/Remuneration%20Policy_0.pdf)

### Corporate Social Responsibility (CSR)

The details of the programs/activities undertaken as CSR, Annual Report on CSR activities and the composition of CSR Committee are provided in a separate section, which forms part of this Board's Report. The Company has a policy on CSR which includes the guidelines on the major area in which the Company engages itself with the CSR activities/projects and the manner of implementation and monitoring the activities/projects. The composition of CSR Committee, CSR policy and details of activities/projects approved by the Board are available on the Company's website at the following web link:

<https://www.dcmshriram.com/social-responsibility>

### Business Responsibility Report

In compliance with SEBI Listing Regulations, 2015, Business Responsibility Report (BRR) forms part of this Annual Report and is provided in a separate section. The report, inter-alia, describes the initiatives taken by the Company from environmental, social and governance perspective.

### Vigil Mechanism/Whistle Blower Policy

The Company has established a Vigil Mechanism/Whistle Blower Policy as per the requirement of the SEBI Listing Regulations, 2015 and the Companies Act, 2013, which is available on the Company's website at the following web link:

<https://www.dcmshriram.com/sites/default/files/VIGIL%20MECHANISM%20-WHISTLE%20BLOWER%20POLICY-converted%20%281%29.pdf>

### Internal Complaint Committee on POSH

The Company has complied with the provisions relating to constitution of Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH"). One case was reported on sexual harassment during the year, which has been disposed off. There are no complaints pending at the end of financial year under review.

### Cost Records

The Company is required to maintain Cost Records as directed by the Central Government pursuant to Section 148(1) of the Companies Act, 2013 and accordingly such accounts and records are made and maintained by the Company.

### Related Party Transactions

During the year, there has been no materially significant related party Transaction between the Company and its related parties which requires disclosure in Form AOC-2.

The Company has formulated a Policy on dealing with Related Party Transactions, which is available on the Company's website at the following web link:

[https://www.dcmshriram.com/sites/default/files/Related%20Party%20Transaction%20Policy%20-%20FINAL\\_0.pdf](https://www.dcmshriram.com/sites/default/files/Related%20Party%20Transaction%20Policy%20-%20FINAL_0.pdf)

### Material Subsidiary Policy

The Company has formulated a Policy for determining 'Material' Subsidiaries, which is available on the Company's website at the following web link:

<https://www.dcmshriram.com/sites/default/files/MATERIAL%20SUBSIDIARY%20POLICY%20-%20FINAL.pdf>

### Particulars of Loans, Guarantees or Investments

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 and relevant rules thereunder are given in the notes to Financial Statements.

### Fixed Deposits

1. The details relating to deposits, covered under Chapter V of the Companies Act, 2013:
  - a) accepted including renewals during the year: Rs.8,08,21,821/-
  - b) remained unclaimed as at the end of the year : Rs.1,97,248/-
  - c) there has been no default in repayment of deposits or payment of interest thereon during the financial year ended on 31<sup>st</sup> March, 2021.
2. All the deposits are in the Compliance with the requirements of Chapter V of the Companies Act, 2013.

### Internal Financial Control with respect to Financial Statements

The Company has in place adequate Internal Financial Controls with respect to financial statements. No material weakness in the design or operation of such controls was observed during the year.

### DCM Shriram Employee Stock Purchase Scheme

The Company has an Employee Stock Purchase Scheme (DCM Shriram ESPS) duly approved by Members, vide Special Resolution passed on August 13, 2013 and later aligned in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014. DCM Shriram ESPS provides for grants of equity shares through Trust, purchased from secondary market, to the eligible Employees as may be decided by the

Nomination, Remuneration and Compensation Committee from time to time. DCM Shriram ESPS is a secondary market scheme and hence no fresh issue of shares was made. There are no voting rights exercised on the shares held by the Trust. Further, there are no material changes in the DCM Shriram ESPS and it is in compliance with the applicable regulations. The details required as per SEBI (Share Based Employee Benefits) Regulations, 2014 is available on the Company's website at the following web link:

<https://www.dcmshriram.com/sites/default/files/ESPS%20Disclosure%20-%202020-21.pdf>

**Directors and Key Managerial Personnel (KMP)**

Mr. Ajit S. Shriram and Mr. K.K. Sharma, Directors liable to retire by rotation at the ensuing Annual General Meeting (AGM), and being eligible, offer themselves for re-appointment.

Approval for re-appointment of Mr. K.K. Kaul, Whole Time Director, is being sought in the ensuing AGM of the members of the Company for a period of 2 years w.e.f. 2.7.2021 as recommended by NRCC and Board.

Approval for re-appointment of Justice (Retd.) Vikramajit Sen, Non-Executive Independent Director, is being sought in the ensuing AGM of the members of the Company for second term of 5 consecutive years w.e.f. 9.8.2021 as recommended by NRCC and Board. The existing term of Justice Sen is upto 8.8.2021.

Approval for re-appointment of Mr. Pravesh Sharma, Non-Executive Independent Director, is also being sought in the ensuing AGM of the members of the Company for second term of 5 consecutive years w.e.f. 9.8.2021 as recommended by NRCC and Board. The existing term of Mr. Sharma is upto 8.8.2021.

During the year, Mr. Sharad Shrivastva, Director nominated by LIC of India (LIC), on the Board of the Company, has retired from LIC and also resigned from the directorship of the Company w.e.f. 7.8.2020. Thereafter, LIC had nominated Ms. Sarita Garg as its nominee on the Board of the Company. Ms. Garg was appointed by the Board on 20.10.2020 as an Additional Director to hold office till the date of ensuing AGM. The appointment of Ms. Sarita Garg, as Director is being sought for the approval of Members in the ensuing AGM.

The requisite details in connection with the appointment / re-appointment of Directors as above are provided in the Notice of said AGM.

The Company has received declaration from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the said Act and Regulation 16 of SEBI Listing Regulations, 2015.

The details of familiarization programme for Independent Directors are available on the Company's website at the following web link:

<https://www.dcmshriram.com/sites/default/files/Familiarization-Programme-for-Independent-Director-2020-21.pdf>

During the year, Mr. Amit Agarwal was appointed as Chief Financial Officer (CFO) and Key Managerial Personnel (KMP) of the Company w.e.f. 1.11.2020 in place of Mr. J.K. Jain who retired from the services of the Company from the close of 31.10.2020 after a distinguished service of nearly 30 years.

**Manner & Criteria of formal annual evaluation of Board's performance and that of its Committees and Individual Directors**

In compliance with requirements of the Companies Act, 2013 and SEBI Listing Regulations, 2015 the formal annual performance evaluation of the Board, its Committees and Individual Directors has been conducted as under:

A. Manner of evaluation as recommended to the Board by the Nomination, Remuneration and Compensation Committee ("NRCC")

1. The Chairman of the Board consulted each Director separately about the performance of Board, Committees and other Directors and sought inputs in relation to the above. The Chairman then collated all the inputs and shared the same with the Board.
2. In respect of the evaluation of Chairman of the Board, the Chairman of NRCC collated the inputs from Directors about his performance as a Director and as Chairman of the Board and the Member of the Board Committees and shared the same with the Board.

The Board as a whole discussed the inputs on performance of Board/Committees/Individual Directors and performed the evaluation.

B. Criteria of evaluation as approved by the NRCC

The aforesaid evaluation was conducted as per the criteria laid down by the NRCC as follows:

Performance of	Evaluation Criteria
(i) Board as a whole	<ul style="list-style-type: none"> <li>• Structure of Board including Composition/Diversity /Process of appointment/qualifications/experience, etc;</li> <li>• Fulfillment of functions of the Board (for instance guiding corporate strategy, risk policy, business plans, corporate performance, monitoring Company's governance practices etc., as per the Companies Act and Listing Regulations);</li> <li>• Meetings of Board (Number/Manner of board meetings) held during the year including quality/quantity/timing of circulation of agenda for Board Meetings, approval process/recording of minutes and timely dissemination of information to Board; and</li> <li>• Professional Development and Training of Board of Directors as required.</li> </ul>
(ii) Board Committees	<ul style="list-style-type: none"> <li>• Composition of Committee;</li> <li>• Fulfillment of functions of the Committee with reference to its terms of reference, the Companies Act and the Listing Regulations; and</li> <li>• Number of Committee meetings held during the year.</li> </ul>
(iii) Individual Directors	<ul style="list-style-type: none"> <li>• Fulfillment of responsibilities as a director as per the Companies Act, the Listing Regulations and applicable Company policies and practices;</li> <li>• In case of the concerned director being Independent Director, Executive Director, Chairperson of the Board or Chairperson or member of the Committees, with reference to such status and role;</li> <li>• In case of Independent Directors fulfillment of the independence criteria as specified under applicable Regulations and their independence from the management;</li> <li>• Board and/or Committee meetings attended; and</li> <li>• General meetings attended.</li> </ul>

#### Particulars of Employees and Managerial Remuneration

The details required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of Directors, KMPs and other employees of the Company, are given in Annexure-3 of this Board's Report.

However, in terms of Section 136(1) of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the Statement of Particulars of Employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended. The said statement is available for inspection by the Members at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting.

#### Composition of Audit Committee

As on the date of this report, the Audit Committee comprises of 4 Non-Executive Independent Directors, viz., Mr. Pradeep Dinodia as Chairman and Ms. Ramni Nirula, Mr. Sunil Kant Munjal & Mr. Pravesh Sharma as Members.

#### Composition of other Committees

Details regarding Composition of other Committees of the Board are mentioned in the Corporate Governance Report forming part of this Annual Report.

#### Annual Return

In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the annual return of the Company is available on the Company's website at the following web link:-

<https://www.dcmshriram.com/annual-reports>

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure-4 of this Board's Report.

#### Secretarial Audit Report

The Board appointed M/s. Sanjay Grover & Associates, Company Secretaries, to conduct the Secretarial Audit for the financial year 2020-21. The Secretarial Audit Report for the above financial year is attached as Annexure-5 to this Board's Report. The Secretarial Audit Report does not contain any qualification or reservation or adverse remark or disclaimer.

#### Secretarial Standards

The Company is in Compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

#### Corporate Governance

The Company is committed to adhere to best corporate governance practices. The separate sections on Management Discussion and Analysis, Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI Listing Regulations, 2015 forms part of this Annual Report as a separate section.

#### Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013, the Statutory Auditors of the Company, M/s. Price Waterhouse Chartered Accountants LLP (FRN No.012754N/N500016) were appointed by the Members in its 28<sup>th</sup> Annual General Meeting (AGM) held on 1.8.2017 for a period of five years i.e. from the conclusion of 28<sup>th</sup> AGM till the conclusion of 33<sup>rd</sup> AGM.

The Report given by the Statutory Auditors on the financial statements of the Company is part of the Annual Report. The report is unmodified and there are no qualification, reservation, adverse remark or disclaimer in the Report.

#### Directors' Responsibility Statement

Your Directors state that:

- in preparation of annual accounts for the year ended 31<sup>st</sup> March, 2021, the applicable accounting standards have been followed and there are no material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2021 and of the profit of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls as followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### Significant and material orders

There are no significant and material orders passed by any regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

#### Industrial Relations

The Company continued to maintain harmonious and cordial relations with its workmen in all its divisions, which enabled it to achieve this performance level on all fronts.

#### Acknowledgements

The Directors wish to thank Customers, the Government Authorities, Financial Institutions, Bankers, Other Business Associates/Stakeholders and Members for the co-operation and encouragement extended to the Company. The Directors also place on record their deep appreciation for the contribution made by the employees at all levels.

On behalf of the Board

New Delhi  
4.5.2021

AJAY S. SHRIRAM  
Chairman & Senior Managing Director  
DIN: 00027137