

To,  BSE Ltd. Pheroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001  <b>Scrip Code: 523369</b>	To,  National Stock Exchange of India Ltd Exchange Plaza, 5th Floor, Plot No. C-1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai- 400 051  <b>Symbol: DCMSRIND</b>
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**Subject: Outcome of the Board Meeting held on 14.11.2023**

**Ref: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("Listing Regulations") read with the SEBI master circular dated July 11, 2023 bearing reference no. SEBI/HO/CFD/PoD2/CIR/P/2023/120 ("LODR Master Circular") and SEBI circular dated July 13, 2023 bearing reference no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 ("Disclosure Circular")**

1. This intimation is made further to the meeting of the Board of Directors ("**Board**") of DCM Shriram Industries Limited (the "**Company**") held on 14 August 2023, where based on the recommendations of the Restructuring/Re-organisation Committee (through the Audit Committee), the Board *inter alia* provided its in-principle approval for restructuring of the Company's operations through a composite scheme of arrangement, which would include merger of Lily Commercial Private Limited ("**Transferor Company**") into the Company followed by demerger of two business verticals of the Company, i.e., chemical undertaking and rayon undertaking (including defence and engineering projects) into two existing companies, on a going concern basis, while the residual undertaking *inter alia* comprising of sugar, alcohol and power would be retained in the Company.

Further to the above, the Board of Directors in its meeting held today i.e. 14<sup>th</sup> November, 2023, on the recommendation of the Committee of Independent Directors and the Audit Committee, has *inter alia* considered and approved a composite scheme of arrangement amongst the Transferor Company, the Company, DCM Shriram Fine Chemicals Limited ("**Resultant Company 1**"), DCM Shriram International Limited ("**Resultant Company 2**", and together with the Resultant Company 1, the "**Resultant Companies**") and their respective shareholders and creditors, under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "**Act**"), Section 2(19AA) of the Income-tax Act, 1961, and the rules and regulations issued thereunder and the Master Circular dated 20<sup>th</sup> June, 2023 bearing reference no. SEBI /HO/CFD/POD-2/P/CIR/2023/93, as amended from time to time, that *inter alia* seeks:

Master Circular dated 20<sup>th</sup> June, 2023 bearing reference no. SEBI /HO/CFD/POD-2/P/CIR/2023/93, as amended from time to time, that *inter alia* seeks:

- a) amalgamation of the Transferor Company into and with the Company;
- b) subsequent to this amalgamation, demerger of the chemical undertaking of the Company into Resultant Company 1 and demerger of the rayon undertaking of the Company (including defence and engineering projects) into Resultant Company 2; and
- c) retention of the remainder undertaking (i.e. sugar, alcohol and power businesses) into and with the Company, after the aforesaid demergers;

(together, the “**Scheme**”).

2. The Scheme is subject to the receipt of approval from the requisite majorities of shareholders and creditors of the companies involved in the Scheme as applicable, approvals from the respective jurisdictional Hon’ble National Company Law Tribunal, Securities and Exchange Board of India, BSE Limited and the National Stock Exchange of India Limited and such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary, and sanction of the composite scheme of amalgamation for the merger of Versa Trading Private Limited, Bantam Enterprises Private Limited, Hi-Vac Wares Private Limited and HR Travels Private Limited into and with the Transferor Company with effect from 1 April 2023 (the appointed date under such scheme of amalgamation), filed with the National Company Law Tribunal, Delhi bench on 18.05.2023 and currently pending sanction.
3. The disclosures in respect of the Scheme as required under Regulation 30 of the Listing Regulations read with the LODR Master Circular and the Disclosure Circular, are enclosed herewith as **Annexure 1**.
4. The Scheme shall be filed with BSE Limited and the National Stock Exchange of India Limited in terms of the provisions of Regulation 37(6) of the Listing Regulations, in due course.
5. The Board meeting commenced at 12.15 PM and concluded at 02:00 PM.

This is for your information and records.

Thanking you,

Yours faithfully,

(Y.D. Gupta)

**Company Secretary &  
Compliance Officer**

**FCS: 3405**



Encl: As above

**Brief details of the Scheme**

1.	Name of the entity(ies) forming part of the <b>amalgamation/merger</b> , details in brief such as, size, turnover etc.	<p>Lily Commercial Private Limited ("<b>Transferor Company</b>")</p> <p>As per the audited financials for the quarter and half year ended 30 September 2023, the Transferor Company has total assets of Rs. 3,627.71 lakhs and turnover of Rs. 1.62 lakhs. Equity shares of the Transferor Company are not listed on any stock exchange.</p> <p>DCM Shriram Industries Limited ("<b>Company</b>")</p> <p>As per the audited financials for the quarter and half year ended 30 September 2023, the Company has total assets of Rs. 173,805 lakhs and turnover of Rs. 110,290 lakhs. Equity shares of the Company are listed on BSE Limited and the National Stock Exchange of India Limited.</p> <p>Please see # 6 for details of undertaking being de-merged, pursuant to the Scheme.</p>
2.	Whether the <b>amalgamation/merger</b> transaction would fall within related party transactions? If yes, whether the same is done at "arm's length"	<p>The amalgamation is between the Company and its promoter group holding company, i.e., the Transferor Company.</p> <p>The Ministry of Corporate Affairs has clarified vide its General Circular No. 30/ 2014 dated 17 July 2014 that transactions arising out of compromise, arrangements and amalgamations dealt with under specific provisions of the Companies Act, 2013, will not fall within the purview of related party transaction in terms of Section 188 of the Companies Act, 2013.</p> <p>The consideration for the amalgamation will be discharged on an 'arm's length' basis. The share entitlement ratio for the amalgamation is based on the share exchange ratio report dated 14.11.2023 issued by Mr. Mukesh Chand Jain, Registered Valuer (registration number: IBBI/RV/05/2020/13666) and TRC Corporate Consulting Private Limited (registration number U74140DL1999PTC101355) has provided the fairness opinion vide report dated 14.11.2023 on the fairness of the aforesaid.</p>
3.	Area of business of the entity(ies) involved in the <b>amalgamation/merger</b>	<p>The Transferor Company is a private limited company engaged in investment business.</p> <p>The Company is a public listed company engaged in the business of manufacturing of Sugar (including power and alcohol), Chemicals and Rayons (including defence and engineering projects).</p>
4.	Rationale for the Scheme	<p>Following is the broad rationale for the proposed Scheme (including merger and demergers):</p> <p>(i) greater management focus on each business vertical (being</p>



		<p>Chemical Undertaking, Rayon Undertaking and Residual Undertaking (each as defined in #6 below));</p> <p>(ii) better administrative efficiency;</p> <p>(iii) operational rationalisation, organisational efficiency and optimum utilisation of resources;</p> <p>(iv) focused approach to respective line/stream of business;</p> <p>(v) ability to leverage financial and operational resources for each business;</p> <p>(vi) allows shareholder to have a choice of investment in some and not all the businesses;</p> <p>(vii) better price discovery as performance of each business can be evaluated and projected without counter balancing of other businesses;</p> <p>(viii) unlocking shareholder value and opportunity for the public shareholders to exploit the individual potential of the Company and each of the Resultant Companies, pursuing options of independent joint ventures, collaborations on a sectoral basis i.e., separate ventures for sugar, chemical and rayon and creating a strong and distinctive platform with more focused management teams, which will enable greater flexibility to pursue long term objectives and independent business strategies;</p> <p>(ix) providing scope for independent growth, collaboration and expansion of the three segregated business verticals, including for enhancing their valuations and efficient capital allocation;</p> <p>(x) provide diversity in decisions regarding use of cash flows and exploring various opportunities;</p> <p>(xi) allowing the Chemical Undertaking, the Rayon Undertaking and the Residual Undertaking (<i>each as defined in #6 below</i>), which are independent, self-sufficient and standalone undertakings (with no critical business inter-dependencies), to continue to function with efficiency and efficacy, and synergies with a seamless transition;</p> <p>(xii) streamlining promoter shareholding of the Company by eliminating shareholding tiers and simplification of promoter shareholding into a clear structure directly identifiable with the promoters; focused management and direct commitment, attention and long-term stable leadership to chemical, rayon and sugar businesses of the</p>
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		<p>Company, comprising the Chemical Undertaking, the Rayon Undertaking and the Residual Undertaking (<i>each as defined in # 6 below</i>), respectively; and</p> <p>(xiii) facilitating succession planning in the future in an orderly and strategic manner, without any business disruption, which is key to secure the long-term stability, leadership, transparency and operational clarity of the Company and the Resultant Companies.</p>
5.	In case of cash consideration – amount or otherwise share exchange ratio	<p>The Scheme does not involve payment of any cash consideration.</p> <p>The share entitlement ratio for the amalgamation of the Transferor Company with the Company shall be 1 (one) equity share of face value of Rs. 2 each, at par, credited as fully paid up, in Company, for every 1 (one) equity share of face value of Rs. 2 each held by the Transferor Company in the Company, to be issued to the shareholders of the Transferor Company in the proportion of their respective shareholding in the Transferor Company as on the “record date” (as defined in the Scheme).</p> <p>The share entitlement ratio has been arrived at based on share exchange ratio report issued by Mr. Mukesh Chand Jain, Registered Valuer (registration number: IBBI/RV/05/2020/13666) and TRC Corporate Consulting Private Limited (registration number U74140DL1999PTC101355).</p> <p>In consideration of the demerger of the Chemical Undertaking (as defined in #6), Resultant Company 1 shall issue 1 (one) fully paid-up equity share having a face value of Rs. 2 each of the Resultant Company 1 for every 1 (one) fully paid-up equity share having a face value of Rs. 2 each of the Company, each equity share being fully paid-up.</p> <p>In consideration of the demerger of the Rayon Undertaking (as defined in #6), Resultant Company 2 shall issue 1 (one) fully paid-up equity share having a face value of Rs. 2 each of the Resultant Company 2 for every 1 (one) fully paid-up equity share having a face value of Rs. 2 each of the Company, each equity share being fully paid-up.</p>
6.	Brief details of the division(s) to be demerged	<p>The chemical and rayon undertakings of the Company are proposed to be demerged into the two subsidiaries of the Company, namely, Resultant Company 1 and Resultant Company 2, in accordance with terms of the Scheme.</p> <p>The chemical undertaking means the chemical business of the Company comprising <i>inter alia</i> of “Daurala Organics” and “Daurala Chemicals” units of the Company and shall include all the property of the chemical business being transferred by the Company so as to become property of the Resultant Company 1 by virtue of the</p>



		<p>demerger and all the liabilities relating to such chemical business immediately before the demerger being transferred by the Company to become liabilities of the Resultant Company 1 by virtue of the demerger; all of which constitutes the undertaking as a going concern basis and shall, subject to any assets or liabilities transferred in the ordinary course of business (“<b>Chemical Undertaking</b>”).</p> <p>The rayon undertaking means the rayon business of the Company and <i>inter alia</i> includes all the property of the rayon business and engineering project section, being transferred by the Company so as to become property of the Resultant Company 2 by virtue of the demerger, and all the liabilities relating to the rayon business immediately before the demerger being transferred by the Company to become liabilities of the Resultant Company 2 by virtue of the demerger; all of which constitutes the undertaking as a going concern basis and shall, subject to any assets or liabilities transferred in the ordinary course of business (“<b>Rayon Undertaking</b>”).</p> <p>The residual undertaking being retained by the Company means the remainder undertaking of the Company after demerger of the chemical undertaking and the rayon undertaking, and <i>inter alia</i> includes sugar, alcohol and power businesses of the Company and shall include all the property of sugar, alcohol and power businesses being retained in the Company pursuant to the demergers of the chemical undertaking and the rayon undertaking under the Scheme, and all liabilities relating to the sugar, alcohol and power businesses being retained in the Company by virtue of the demergers under the Scheme (“<b>Residual Undertaking</b>”).</p>
7.	Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year	<p>The turnover of the Chemical Undertaking for the financial year ended 31<sup>st</sup> March 2023 was approximately Rs. 458 crore, which amounts to 19.48% of the total turnover of the Company for the said year.</p> <p>The turnover of the Rayon Undertaking for the financial year ended 31<sup>st</sup> March 2023 was approximately Rs. 464 crore, which amounts to 19.74% of the total turnover of the Company for the said year.</p>
8.	Brief details of change in shareholding pattern (if any) of all entities involved in the Scheme	Upon the Scheme becoming effective, the Company will issue equity shares as mentioned in # 5 above to the shareholders of the Transferor Company as on the “record date” (as defined in the Scheme) and all the equity shares of the Transferor Company shall stand extinguished.



		<p>The shareholders of the Company, subject to applicable law, will be issued equity shares of the Resultant Company 1 and the Resultant Company 2 in the ratio of 1:1 and 1:1, respectively.</p> <p>Further, on the Scheme becoming effective, the equity shares of the Resultant Company 1 and the Resultant Company 2 held by the Company and its nominees will stand cancelled, without payment of any consideration or any further act or deed.</p> <p>The 'promoter and promoter group' of the Company shall cumulatively hold the same number of shares in the Company, prior to and post the amalgamation of the Transferor Company with the Company, as well as demergers of the chemical undertaking and the rayon undertaking of the Company to Resultant Company 1 and Resultant Company 2, respectively.</p>
9.	Whether listing would be sought for the resulting entity	<p>The Resultant Company 1 and the Resultant Company 2 are proposed to be listed on BSE Limited and the National Stock Exchange of India Limited, in accordance with SEBI regulations and circulars, upon the issue and allotment of equity shares pursuant to the Scheme as mentioned in #5.</p>

