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# DCM SHRIRAM

**DCM SHRIRAM INDUSTRIES LTD.**

*Annual Report 2016-17*



# DCM SHRIRAM INDUSTRIES LIMITED

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<b>Board of Directors</b>	Shri Tilak Dhar	Chairman & Managing Director
	Shri Alok B. Shriram	Vice Chairman & Dy. Managing Director
	Shri Madhav B. Shriram	Dy. Managing Director
	Shri K.N. Rao	Director & CEO (Rayons)
	Shri P.R. Khanna	
	Shri S.B. Mathur	
	Shri Ravinder Narain	
	Shri S.C. Kumar	
	Shri C. Vikas Rao	
	Smt. Kavitha Dutt Chitturi	

<b>Principal Executives</b>	Shri B.P. Khandelwal	President
	Shri G. Kumar	Advisor to CMD
	Shri Anil Gujral	Chief Executive Officer (Chemicals)
	Shri N.K. Jain	Chief Financial Officer
	Shri P.V. Bakre	Group Sr. Vice President

<b>Company Secretary</b>	Shri Y.D. Gupta	Chief General Manager (Law & Taxation)
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<b>Bankers</b>	State Bank of India (SBI)
	Punjab National Bank
	Oriental Bank of Commerce
	State Bank of Bikaner & Jaipur (Since merged with SBI)
	State Bank of Hyderabad (Since merged with SBI)
	IDBI Bank Ltd.
	Karnataka Bank Ltd.
	Bijnor Zila Sahkari Bank Ltd.
	Meerut Zila Sahkari Bank Ltd.
	Lakhimpur Kheri Zila Sahkari Bank Ltd.

<b>Auditors</b>	A.F. Ferguson & Co.
	New Delhi

<b>Registered Office</b>	Kanchenjunga Building,	CIN	: L74899DL1989PLC035140
	6th Floor,	Tel. No.	: (011) 2375 9300
	18, Barakhamba Road,	Fax No.	: (011) 2335 0765
	New Delhi - 110 001	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, 6th Floor, 18, Barakhamba Road, New Delhi - 110 001.

## NOTICE

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The 26th Annual General Meeting of the Company will be held on Tuesday, the 22nd August, 2017 at 10.00 A.M. at the Kamani Auditorium, 1, Copernicus Marg (Near Mandi House), New Delhi -110 001 for transacting the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31st March, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the interim dividend of Rs.3.50 per equity share of Rs.10 each already declared and paid and to declare final dividend for the financial year ended 31st March, 2017.
3. To appoint a director in place of Shri Madhav B. Shriram (holding DIN 00203521), who retires by rotation and being eligible, offers himself for re-appointment.
4. 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 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, including any statutory enactment and modification thereof, Messrs B S R & Co., LLP, Chartered Accounts, (Firm Regn.No.101248 W/W 100022), Gurugram, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 26th Annual General Meeting till the conclusion of the 31st Annual General Meeting, in place of M/s. A.F. Ferguson & Co., who relinquish office at the conclusion of the AGM, subject to ratification as to the said appointment at every annual general meeting on such remuneration to be fixed by the Board of Directors on the recommendation of the Audit Committee plus Service Tax/ GST payable thereon and reimbursement of traveling and other incidental expenses, if any, incurred by them in connection with the audit.”

### SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to Sections 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 subject to such approvals, if any, required, approval of the Company be and is hereby accorded to the reappointment of Shri K.N. Rao as Director & Chief Executive Officer (Rayons), effective from 01.02.2017 till 31.10.2019 (2 years and 9 months) on the terms and conditions and remuneration as set out in the Explanatory Statement.”

“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 including as to remuneration as it may deem fit, subject to the provisions under Schedule V and other applicable provisions of the said Act.”

“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, subject to the overall ceilings laid down in Part II of Section II of Schedule V of the Companies Act, 2013.”

6. 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.1.33 lakhs plus Service Tax/ 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 2017-18, be and is hereby ratified and confirmed.”

By order of the Board  
For DCM SHRIRAM INDUSTRIES LIMITED



(Y.D. Gupta)

Company Secretary & Chief General Manager  
(Law & Taxation)  
FCS 3405

New Delhi,  
May 23, 2017

**NOTES:**

1. Explanatory Statement, as required under Section 102 of the Companies Act, 2013, is annexed.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from 12.08.2017 to 22.08.2017 (both days inclusive).
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IS ATTACHED. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company.

The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies, etc. must be supported by an appropriate resolution / authority, as applicable.

4. A final dividend of Rs.6.50 per share of Rs.10 (65%) has been recommended by the Board of Directors for the year ended 31.03.2017 and subject to the approval of the shareholders at the ensuing AGM, is proposed to be paid on or before 21.09.2017.
5. In terms of the Investor Education and Protection Fund Rules, the Company has uploaded the information in respect of the unclaimed dividends in respect of the financial years from 2010, as on the date of the 25th Annual General Meeting (AGM) held on 10.8.2016, on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and on the website of the Company i.e. <https://www.dcmsr.com>.

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.

6. Those who hold shares in physical form may notify change of address, if any, to Karvy Computershare Pvt. Ltd., Karvy 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.
7. The Securities 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 to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Karvy Computershare Pvt. Ltd.
8. The information with regard to Shri Madhav B. Shriram, whose reappointment as a Director, liable to retire by rotation, forms an integral part of this Notice.

## DCM SHRIRAM INDUSTRIES LIMITED

9. Electronic copy of the Annual Report for year ending 31.3.2017 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report are being sent by the permitted mode.
10. Electronic copy of the Notice of the 26th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 26th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by the permitted mode.
11. Members may also note that the Notice of the 26th Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website <https://www.dcmsr.com> for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in New Delhi for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post/ courier, free of cost. For any communication, the shareholders may also send requests to the Company's email id: [investorservices@dcmsr.com](mailto:investorservices@dcmsr.com).
12. A member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be entitled to vote again at the meeting. Members attending the meeting but have not exercised their right to vote through remote e-voting can cast their votes at the meeting through ballot paper.
13. 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 26th Annual General Meeting (AGM) by electronic means, as an alternate. Please note that the voting through electronic means is optional.

The voting through electronic means will commence on 18.08.2017 at 10.00 AM and will end on 21.08.2017 at 5.00 PM. The members will not be able to cast their vote electronically beyond the date and time mentioned above. 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>"
- (b) Enter the login credentials (i.e. user-id & password) mentioned on the Attendance Slip. Your Folio/ DP -Client ID will be your User-ID

User - ID	<p>- For Members holding shares in Demat Form:</p> <p>a) For NSDL- 8 character DPID followed by 8 digit Client ID</p> <p>b) For CDSL- 16 digit beneficiary ID</p> <p>- For Members holding shares in Physical Form:</p> <p>Electronic Voting Event Number (EVEN) followed by Folio no. registered with the Company</p>
Password	Your Unique password is printed on the AGM Attendance slip / forwarded through the electronic notice via email, in case email is registered.
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.

- (d) Members whose name appear in the register of members/ beneficial owners as on cut off date i.e. 11.08.2017, can cast their vote on-line from 10.00 A.M on 18.08.2017 up to 5 P.M on 21.08.2017.
  - (e) After entering these details 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 **Karvy Computershare Private 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/ FIIIs/ Trust / Mutual Funds/ Banks, etc) are required to send scanned (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to investorservices@dcmsr.com with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format “Corporate Name- -Event no.”.
  - (n) Shri M.L. Arora (C.P.No.3209) and in his absence Shri Swaran Kumar Jain (C.P.No.4906), Practicing Company Secretaries, have been appointed as the Scrutinizer/s to scrutinize the e-voting process in a fair and transparent manner.
14. The Scrutinizer shall immediately after the conclusion of voting at the General Meeting, first count the votes cast at the meeting, thereafter 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, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall counter-sign the report and declare the results forthwith.
15. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website “https://www.dcmsr.com” and on the website of Karvy immediately.
16. 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. Karvy Computershare Pvt. Ltd. (Email ID: einward.ris@karvy.com) or their depository participants.

## DCM SHRIRAM INDUSTRIES LIMITED

17. **Inspection:** All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days, upto and including the date of the Annual General Meeting of the Company.
18. **Profile of the Director retiring by rotation:** Shri Madhav B. Shriram, aged 52 years, has 29 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 Dy. Managing Director of the Company and is looking after the Chemical Division.

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

Shri Madhav B. Shriram was the past Chairman of the CII, Delhi State. He is a Member of the CII, Northern Region. 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 is related to Shri Tilak Dhar, CMD and Shri Alok B. Shriram, VC & DMD. No other directors of the Company are interested in the resolution.

### **Annexure**

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

##### **Item No. 5**

Continuing the practice of elevating a person from senior management position to the Board level, the Board of Directors had inducted Shri K.N. Rao as a Director effective from 01.02.2014. The Board also appointed Shri K.N. Rao as Whole Time Director effective from the said date for a period of 3 years and designated him as Director & CEO (Rayons). His term expired on 31.1.2017. The Board of Directors in their meeting held on 14.11.2016 reappointed Shri K.N. Rao as Director & CEO (Rayons) w.e.f. 1.2.2017 till 31.10.2019 on the following terms and conditions subject to the approval of the shareholders:

Particulars	
Salary (Rs./pm) / Grade	1,86,000 (1,86,000-18,000-2,22,000)
Date of Annual increment	1 <sup>st</sup> January
Housing	Co. maintained accommodation or House rent @ 60% of the salary
Gas,Water,Electricity,Furniture, Furnishings and 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, 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
Annual Reward	Annual reward as may be decided by the Board, but not to exceed 50% of annual salary.
Age	68 years



Qualification	- B.Sc. Engg. (Mech.) PGDBM (AIMA), - Dip.in Material Management (IIMM)
Experience	- In Company : 26 yrs - Prior period: 17 yrs
Other Directorships	Nil
Shareholding in the Company (Equity/Rs.10 each)	100

The remuneration proposed is on the same lines as at present.

#### Other Terms Applicable to the Re-appointment

1. Salary, perquisites and reward together shall not exceed 5% of the net profit computed in the manner laid down in Section 198 of the Companies Act, 2013 in any financial year.
2. The managerial personnel 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. In the event of absence or inadequacy of profits in any financial year the managerial personnel 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 perquisites).
5. The managerial personnel shall not become interested or otherwise concerned directly or through relatives, in any related party transaction without necessary approval under the relevant provisions of the Companies Act, 2013.
6. The re-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.

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

Except Shri K.N. Rao, no other director of the Company is interested in the resolution.

#### **Item No. 6**

The Board of Directors in their meeting held on 23.5.2017 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 2017-18 at a remuneration of Rs.1.33 lakhs plus out of pocket expense and taxes 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 2017-18 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.6.

#### **Interest**

Except as indicated under the respective item, none of the directors or Key managerial personnel or their relative(s) is concerned or interested in the resolutions.

# DIRECTORS' REPORT

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The Directors have pleasure in presenting the Annual Report and the Audited Financial Statements of your Company for the year ended 31st March, 2017.

From an appreciable 7.6% GDP growth in the preceding year, the first quarter of the financial year witnessed a fall in GDP growth to 7.1%, but picked up marginally in the second quarter to 7.3%. The momentum was interrupted with the demonetization of 86% of the currency in circulation from 8.11.2016, causing disturbance especially in micro-economic activities. Demonetization has had short term costs in the form of slow-growth but holds the potential for long term benefits, in the form of better tax compliance and tax revenues, greater digitalization of the economy, increased flow of financial savings, all of which could eventually lead to higher GDP growth. In spite of this, the year closed with a GDP growth of 7.1%, which is one of the best amongst the growing economies in the world.

The proposed introduction of GST from July, 2017 is expected to create a common Indian market, improved tax compliance and governance, boosting investment and growth. The measure is expected to further contribute to the overall economic growth, once the normal teething troubles are resolved. Another encouraging factor is the agricultural growth of 4.1% in the year 2016-17, which is expected to improve further during the current financial year in case of a normal monsoon as predicted. The one area of concern is low job generation. With a determined regime at the Centre and better cohesion between the Centre and State Governments in matters of economic development, an anticipated economic growth of 8% and above is not impossible.

Your Company's performance scaled new heights in the year under review. All segments performed well, particularly the sugar business. After several years, sugar prices appreciated and remained remunerative all through the year. The decline in sugar production particularly in Maharashtra and Southern States resulted in normalization of the excessive stocks and stabilized the market at a reasonable level. With a view to control prices, the Government has already initiated measures, such as, restrictions on stock, import of raw-sugar, etc. These measures should hold the price line.

## Financial Summary

With a turn around in the sugar operations, the Company earned its highest ever profit in the year 2016-17. The Company achieved its highest turnover of Rs.1505 cr. against Rs.1226 cr. in the previous year. The gross profit at Rs.169.2 cr. against Rs.57.4 cr. in the previous year, was higher by 195%. The net profit at Rs.120.5 cr. as compared to Rs.33.2 cr. in the previous year, was also highest ever.

## Appropriation and Dividend

In view of the record profit position achieved by your Company, the Board of Directors is happy to recommend a final dividend of Rs.6.50 per equity share of Rs.10 (65%) for the year ended 31.3.2017. Taking into account the interim dividend of Rs.3.50 per equity share (35%) already paid, the total dividend for the year works out to Rs.10.00 per equity share (100%). The total payout of dividend for the year under review, inclusive of corporate tax on dividend distribution, is Rs.20.94 cr.

An amount of Rs.152.21 cr., which includes Rs.39.02 cr. brought forward from the previous year is being carried forward as surplus in the statement of Profit and Loss.

## Auditors' Report

There are no qualifications, reservation, or adverse remarks or disclaimer in the Auditors' Report to the members on the Annual Financial Statements for the year ended 31.3.2017. Regarding the 'Emphasis of Matter' in the Auditors' Report on the consolidated financial statements with regard to the financial assets and income therefrom of the subsidiary company's financial statements for the year ended 31.3.2017, as clarified in Note No.47 of the consolidated financial statements, the subsidiary company has no intention of undertaking NBFC business. During the financial year under review the management of the subsidiary company has taken necessary steps to keep the financial assets below the specified limit.