



DCM SHRIRAM

Growing with trust

DCM SHRIRAM LTD.

Contents

Page 1	Corporate Information
2	Chairman's and Vice Chairman's Statement
4	Our Businesses
6	Financial Highlights
7	Core Values
8	Brief Profile of Directors of the Company
9	Senior Executive Team
10	Management Discussion and Analysis
21	Board's Report
47	Corporate Social Responsibility
49	Corporate Governance Report
58	Financial Statements
116	Notice

Corporate Information

Registered Office

DCM Shriram Limited
CIN – L74899DL1989PLC034923
1st Floor, Kanchenjunga Building,
18, Barakhamba Road,
New Delhi – 110 001.
Tel. No. : (91) 11-23316801
Fax No. : (91) 11-23318072
Email : response@dcmsriram.com
Website : www.dcmsriram.com

Bankers

Punjab National Bank
State Bank of India
HDFC Bank Limited
Standard Chartered Bank
Kotak Mahindra Bank Limited

Statutory Auditors

M/s. Deloitte Haskins & Sells,
Chartered Accountants,
Gurgaon (Haryana)

Cost Auditors

M/s. Bahadur Murao & Co.,
Cost Accountants,
New Delhi
M/s. J.P. Sarda & Associates,
Cost Accountants,
Kota (Rajasthan)

Board of Directors

Shri Ajay S. Shriram
Chairman & Senior Managing Director
Shri Vikram S. Shriram
Vice Chairman & Managing Director
Shri Ajit S. Shriram
Joint Managing Director
Shri K.K. Kaul
Whole Time Director
Dr. N.J. Singh
Whole Time Director (EHS)
Dr. S.S. Baijal
Non-Executive Independent Director
Shri Arun Bharat Ram
Non-Executive Independent Director
Shri Pradeep Dinodia
Non-Executive Independent Director
Shri Vimal Bhandari
Non-Executive Independent Director
Shri Sunil Kant Munjal
Non-Executive Independent Director
Shri D. Sengupta
Non-Executive Independent Director
Smt. Ramni Nirula
Non-Executive Independent Director
Shri Sharad Shrivastva
LIC Nominee

Company Secretary

Shri Sameet Gambhir

Audit Committee

Dr. S.S. Baijal
Chairman
Shri Arun Bharat Ram
Shri Pradeep Dinodia
Shri D. Sengupta

Stock Exchanges where the Securities of the Company are Listed

National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block-G,
Bandra – Kurla Complex, Bandra (East),
Mumbai-400051.

BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400001.

(It is confirmed that annual listing fee for the financial year 2016-17 has been paid by the Company to the above Stock Exchanges.)



Dear Friends,

We are glad to report a steady improvement in the company's financial performance for the year 2015-16. This has been possible through a combination of favourable market conditions and improved internal efficiencies.

Commodity prices in both Chemicals and Sugar businesses edged up to reflect their true cost of production. Realistic and proactive government policies ensured that the Sugar Industry's health was restored and all segments in its value chain benefited. Consistent policies in the future are key to the long term growth of this industry. Given that both sugar and chemicals are traded freely across the world, cost competitiveness continues to be a focus area for us; and therefore our effort is to consistently be the least cost producer.

The Agri Inputs business – Fertilizers, Bioseed and Shriram

Farm Solutions – were adversely affected due to unfavorable weather conditions for the second year in succession. Business swings were minimized through rigorous planning and limiting exposure to high inventory. It is hoped that the 2016 monsoon would be favourable as predicted; it will raise the growth prospects for the agri-input industry as well as improve farmer incomes. We continue to focus on strengthening our product offering led by strong in-house research and market development activities to achieve high growth in these businesses.

We are happy to report that our Fenesta Windows business achieved PBT breakeven during the year. We are focusing on strong customer engagement and product innovation to drive volume growth in this business.

We are undertaking a total capital investment of Rs.725 Crores in Chemical and Sugar businesses for long term growth and improvement in cost structures. Chemicals business will see substantial enhancement in capacity which will contribute to increasing both the top and bottom line. In Sugar, co-gen capacity is being added for improving business viability. All the projects will be fully commissioned in during the second half of the 2016-17.

A large part of the Capex is being financed through internal cash accruals and debt levels have been kept at prudent levels. With efficient cash management it has been possible to lower finance charges by approximately 20% as compared to last year.

During the year the company successfully implemented the State of Art business operation software, S4/HANA. This is the latest platform launched by SAP worldwide and it will provide a competitive edge across all businesses.

Our employees are our biggest resources and we continue to invest to further improve their competencies. The Company's endeavor has always been to foster an environment which promotes innovation, learning and development, which will lead to growth of the company and employees.

Your company remains committed towards ensuring highest standards of Corporate Governance. We continue to adopt best practices to ensure highest levels of accountability and transparency.

As a responsible corporate citizen, we are conscious of the need to give back to society. We are actively engaged in several initiatives in this direction with particular emphasis on education, water conservation, skill development and improving rural incomes.

We would like to take this opportunity to thank our stakeholders – members of the board, business associates, employees, suppliers, government agencies, lenders and shareholders – who have contributed to the growth and development of our company over the years. With their cooperation, we are confident of delivering superior value to all stakeholders.

With best wishes,



(Vikram S. Shriram)
*Vice Chairman &
Managing Director*



(Ajay S. Shriram)
*Chairman &
Sr. Managing Director*

Our Businesses

1. Chloro-Vinyl Businesses:

- i. **Chlor- Alkali:** DCM Shriram's Chlor-Alkali (Chemicals) business comprises Caustic Soda (Lye and flakes), Chlorine and associated chemicals including Hydrochloric acid, Stable Bleaching powder, Compressed Hydrogen and Sodium Hypochlorite.

The Company has two manufacturing facilities located at Kota (Rajasthan) and Bharuch (Gujarat) with full coal based captive power. The company's total caustic soda capacity is 780 TPD.

- ii. **Plastics Business:** A highly integrated business, located at the Kota plant, it involves manufacturing of PVC resins and Calcium Carbide with captive production of Acetylene, Chlorine and Coal based power.

- 2. **Sugar:** This business comprises 4 plants in Central U.P. with a total capacity of 33,000 TCD. The business is supported by a Co-gen power capacity of 94.5 MW.

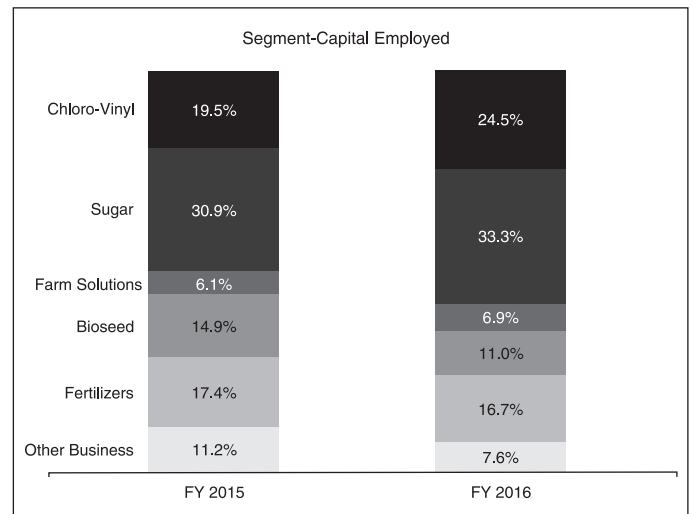
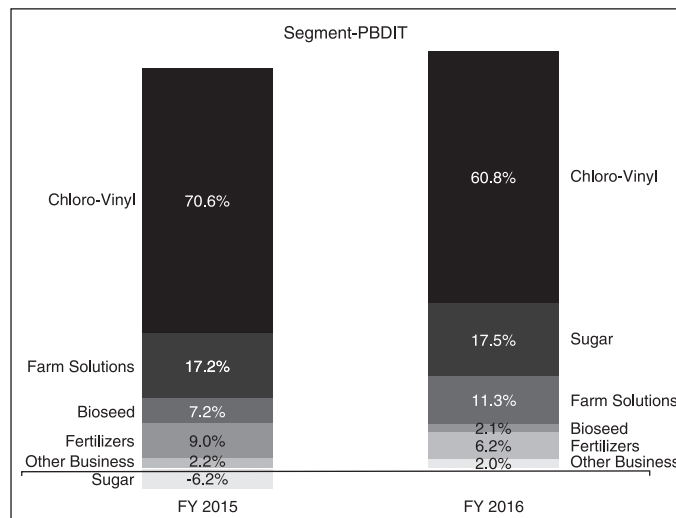
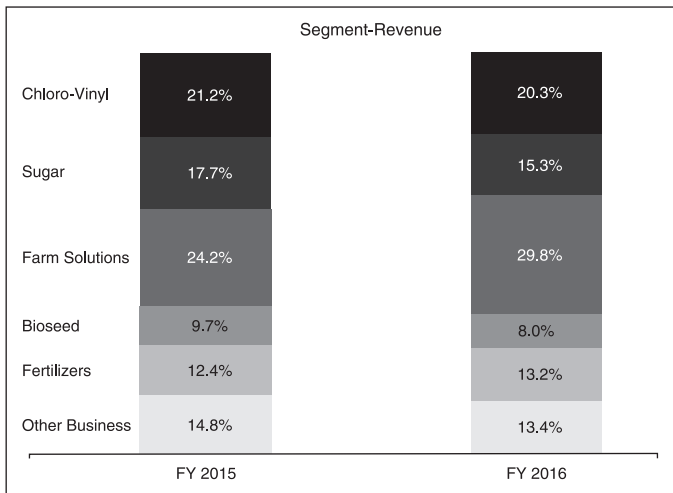
3. Agri-Input Businesses:

- i. **Shriram Farm Solutions:** This business provides a complete basket of Agri-inputs, viz. Hybrid seeds, Pesticides, Bulk fertilizers, Micro-nutrients and other Value added inputs, through its broad distribution network. The business also provides high quality agronomy services aimed at increasing farmer productivity.
- ii. **Bioseed:** Bioseed business is present across the entire Seeds value chain, i.e. Research, Production, Processing, Extension activities and Marketing with significant presence in India, Philippines and Vietnam. The Company is present in both Field and Vegetable Crops in India. In Philippines, Vietnam and Indonesia the business is present primarily in Corn.
- iii. **Fertilizer:** The Company operates the dual feed naphtha/LNG based Urea plant with a capacity of 3.79 lakh MT, at its integrated manufacturing facility at Kota.

4. Other Businesses

- i. **Fenesta Building Systems** manufactures UPVC windows (Un-Plasticized PVC) and door systems under the brand 'Fenesta'. The business offers complete solutions starting from Design, Fabrication to Installation at the customer's site. As a part of its marketing initiatives, the business has set up nine self-owned Fenesta branded showrooms in nine cities across India.
- ii. **Cement:** The company's cement business is located at its Kota plant with a manufacturing capacity of 4 lakh MT. The cement business leverages the waste generated from the Calcium Carbide production process to produce cement.
- iii. **PVC Compounding:** The business operates under a 50:50 Joint Venture with Axiall LLC (subsidiary of Axiall Corporation – a leading international manufacturer of Chloro-Vinyl). The business' PVC compounding capacity is 32,564 MT / Annum
- iv. **Hariyali Kisaan Bazaar:** The Company has rationalized this business and discontinued the retail operations except for sale of fuel.

Business Mix



Financial Highlights

Rs.Crores										
Financial Highlights										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gross Sales										
- Own Products	2116.7	2407.1	2891.9	2682.3	2683.4	3409.6	4087.0	4444.3	4157.2	4036.4
- Traded	821.5	363.0	789.5	947.7	1595.74	1794.1	1683.2	1986.9	1693.2	2014.6
Total Gross Sales	2938.2	2770.1	3681.4	3630.0	4279.14	5203.6	5770.2	6431.2	5850.4	6051.0
Net Sales	2767.4	2573.9	3500.8	3519.2	4134.5	5006.2	5516.9	6159.0	5606.3	5794.8
PBDIT	239.6	218.0	400.3	367.6	231.9	364.8	574.1	558.9	450.3	543.6
Finance Cost	79.1	87.6	150.4	88.6	103.9	160.3	154.8	148.6	111.8	85.8
PBDT	160.5	130.4	249.9	279.0	128.0	204.5	419.2	410.3	338.6	457.8
Depreciation & Amortisation	93.4	123.7	148.7	163.0	160.0	156.9	146.8	137.9	110.2	98.6
PBT	67.1	6.7	101.1	116.1	-32.0	47.6	272.5	272.4	228.4	359.1
Exceptional Items		779.6		6.5		-38.1	-53.6			
Profit After Tax*	43.4	-1.3	122.6	84.3	-14.3	11.9	202.9	242.4	210.8	297.2
Cash Profit**	160.2	126.6	241.9	267.8	125.5	202.9	406.3	360.4	318.8	393.0
Share Capital - Equity	33.3	33.3	33.3	33.3	33.3	33.3	33.3	32.8	32.6	32.6
Net Worth	554.1	1149.3	1268.5	1329.6	1306.4	1315.2	1495.4	1686.6	1858.5	2095.6
Deferred Tax liability	170.1	171.2	143.9	176.3	156.1	152.1	155.1	135.2	122.0	119.2
Long Term Loans	789.5	991.0	1234.4	1090.0	919.6	965.7	836.7	746.4	421.0	338.3
Short Term Loans	757.7	792.5	752.7	370.9	771.6	852.7	720.4	430.9	338.9	729.5
Total Loans (Gross)	1547.2	1783.4	1987.1	1460.9	1691.3	1818.4	1557.1	1177.3	759.8	1067.9
Total Loans (Net)	1547.2	1755.6	1943.1	1503.1	1685.0	1571.3	1435.9	683.1	688.3	1057.4
Total Assets	3191.1	3634.3	4042.7	3654.2	3885.9	4628.6	4751.2	4852.3	4416.7	5141.2
Earnings per share (Rs.) ***	2.6	-0.1	7.4	5.1	-0.9	2.6	15.3	14.6	13.0	18.3
Dividend per share (Rs.)***	0.8	3.3	0.8	0.8	0.4	0.4	1.6	2.0	2.2	3.2
Ratios										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Return on Net Worth (%)	8.0	-	10.1	6.5	-	0.9	14.4	15.2	11.9	15.0
Operating Margin (%)	8.7	8.5	11.4	10.4	5.6	7.3	10.4	9.1	8.0	9.4
PAT to Net Sales (%)	1.6	-	3.5	2.4	-	0.2	3.7	3.9	3.8	5.1
Total Loans (Gross) / PBDIT	6.5	8.2	5.0	4.0	7.3	5.0	2.7	2.1	1.7	2.0
Total Loans (Gross) / Net Worth	2.8	1.6	1.6	1.1	1.3	1.4	1.0	0.7	0.4	0.5

- Figures are based on consolidated financials.
- * Profit for the year 2008 is before exceptional items.
- ** Cash Profits are before exceptional items.
- *** On face value of Rs.2 per share

Our Core Values and Beliefs

Our Core Values and beliefs are rooted in our heritage and reflect our conviction to build a vibrant, growing and resilient Organization:

Agility & Execution

- Be agile with focus on results & deliverables.
- Make continuous improvement a way of life, drive performance and accountability.

Deliver Value

- Listen to the voice of the customer and all stake holders, gather insights and respond to the changing needs.
- Build trust and long-term relationship by consistently providing superior value.

Openness & Learning

- Build a strong outside-in perspective to acquire new skills, technologies and competencies.
- Nurture and empower talent, foster collaborative working.

Respect & Human Dignity

- Nurture understanding, empathy, care and trust in all relationships.
- Value fairness and dignity, treat everyone with respect.

Governance & responsibility

- Conduct ethically with highest standards of credibility and integrity.
- Be socially responsible, addressing the needs of the community and environment.

Brief Profile of the Directors of the Company

Shri Ajay S. Shriram, Chairman & Senior Managing Director (DIN 00027137), is a Director of the Company since 24.7.1989. He graduated in Commerce from Sydenham College, University of Mumbai and later attended the Programme for Management Development at the Harvard Business School, U.S.A. He is the Chairman of the Governing Body of Shriram College of Commerce (SRCC) and Indian Institute of Management (IIM), Sirmour (H.P.). He has been the President of Confederation of Indian Industry (CII) (2014-15) and has also been the President & Chairman of International Fertilizer Industry Association (IFA), Paris (2009-11). He is the Chairman of Corporate Social Responsibility Committee & Board Finance Committee and the Member of Nomination, Remuneration & Compensation Committee and Stakeholders Relationship Committee of the Company.

Shri Vikram S. Shriram, Vice Chairman & Managing Director (DIN 00027187), is a Director of the Company since 22.5.1990. He graduated in Commerce with Honours from St. Xavier's College, Kolkata and is a Fellow Member of The Institute of Chartered Accountants of India. He is the Member of Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Board Finance Committee of the Company.

Shri Ajit S. Shriram, Joint Managing Director (DIN 00027918), is a Director of the Company since 2.5.2001. He joined the Company in 1991 as an Executive after graduating in Commerce from Osmania University, Hyderabad. Later, he obtained an M.B.A. Degree from the International Institute for Management Development, Switzerland. He has been the President of the Indian Sugar Mills Association (ISMA) (2013-14) and is a Director of Indian Sugar Exim Corporation Ltd. (ISEC). He is the Member of Corporate Social Responsibility Committee of the Company.

Shri K.K. Kaul, Whole Time Director (DIN 00980318), is a Director of the Company since 2.7.2014. He joined the Company in 1980 as Asst. Plant Superintendent. He is a First class First (Honors) graduate in Chemical Engineering and has been awarded Doctorate Degree in Human Letters (Honorus Causa) by Vardhaman Mahavir Open University, Kota. He has done an integrated Management Development course at Administrative Staff College, Hyderabad in the year 1989-90 and the Executive Programme in 2000 from Darden Graduate School of Business Administration, University of Virginia, USA.

Dr. N.J. Singh, Whole Time Director (EHS) (DIN 01893202), is a Director of the Company since 20.11.2007. He joined the Company in 1983 as Pollution Control Engineer. He holds M.Sc., Ph.D. degrees and had worked as DGM (Tech. Services), General Manager (EHS) with the Company at Kota and Chief Executive, Shriram Environment & Allied Service at Gurgaon. He is also the Occupier of the factories of the Company.

Dr. S.S. Bajjal is a Non-Executive Independent Director (DIN 00027961) of the Company. He is on the Board of the Company since 22.5.1990. He retired as the Chairman of ICI Group Companies in India in 1987. He holds B.Sc., M.Sc., D.Phil Degrees. He is the Chairman of the Board Audit Committee and Nomination, Remuneration & Compensation Committee and the Member of Stakeholders Relationship Committee and Board Finance Committee of the Company.

Shri Arun Bharat Ram is a Non-Executive Independent Director (DIN 00694766) of the Company. He is on the Board of the Company since 22.5.1990. He is the Chairman of SRF Ltd. and Essilor India Pvt. Ltd. He graduated in Industrial Engineering from the University of Michigan, U.S.A. He has been the President of Confederation of Indian Industry (CII). He is the Member of Board Audit Committee of the Company.

Shri Pradeep Dinodia is a Non-Executive Independent Director (DIN 00027995) of the Company. He is on the Board of the Company since 18.7.1994. He graduated in Economics with Honours from St. Stephens College, Delhi University and obtained his Law Degree from the same University. He is a Fellow Member of The Institute of Chartered Accountants of India and senior partner in the Delhi-based Chartered Accountancy firm M/s. S.R. Dinodia & Co. LLP. He is the Chairman of Stakeholders Relationship Committee and the Member of Board Audit Committee, Nomination, Remuneration & Compensation Committee and Corporate Social Responsibility Committee of the Company.

Shri Vimal Bhandari is a Non-Executive Independent Director (DIN 00001318) of the Company. He is on the Board of the Company since 13.5.2003. He graduated in Commerce from Sydenham College, University of Mumbai and is a Member of The Institute of Chartered Accountants of India. He is currently serving as Managing Director & CEO of Indostar Capital Finance Ltd., a non banking finance company focussed on structured transactions in the wholesale segment.

Shri Sunil Kant Munjal is a Non-Executive Independent Director (DIN 00003902) of the Company. He is on the Board of the Company since 13.5.2003. After his graduation, he underwent training in the field of Mechanical Engineering. Presently, he is the Joint Managing Director of Hero MotoCorp Ltd. and the Chairman of Hero Corporate Service Pvt. Ltd. He has been the President of Confederation of Indian Industry (CII) and the Member of Prime Minister's Council on Trade & Industry. He has been conferred the 'Doctorate of Literature' by SRM University, Chennai. He is the Member of Corporate Social Responsibility Committee of the Company.

Shri D. Sengupta is a Non-Executive Independent Director (DIN 00043289) of the Company. He is on the Board of the Company since 11.8.2003. After graduating in science, he worked in non-life and re-insurance industry for 39 years and retired as Chairman of General Insurance Corporation of India in June 2002. In between he was the Chairman cum Managing Director of New India Assurance Co. Ltd. He was non-executive Director in various Indian and international firms and has wide experience in risk management. He also was instrumental in market expansion both in India and abroad. He is a Member of the Board Audit Committee, Nomination, Remuneration & Compensation Committee and Board Finance Committee of the Company.

Smt. Ramni Nirula, is a Non-Executive Independent Director (DIN 00015330) of the Company. She is on the Board of the Company since 3.2.2015. She retired as Sr. General Manager of ICICI Bank Ltd. and has more than 3 decades of experience in the financial services sector. Beginning her career with erstwhile ICICI Ltd. in 1976 in project appraisal division, she has held various leadership positions since then. She was a part of top management team instrumental in transforming ICICI Bank from a term lending institution into technology led diversified financial services group with a strong presence in India's retail financial services market.

Shri Sharad Shrivastva, a nominee of Life Insurance Corporation of India (LIC), is a Non-Executive Director (DIN 01271854) of the Company. He is on the Board of the Company since 2.7.2014. He is B.A. from Allahabad University & Associate Member of Insurance Institute of India - Mumbai. He joined LIC on 4.4.1983 and has worked in various branches/Divisional Offices/LIC HFL/Insurance Institute of India/Zonal Manager(I/C) since then.