

TRUST GROWS



ANNUAL REPORT 2016-17



DCM SHRIRAM LTD.

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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

Mr. Ajay S. Shriram
Chairman & Senior Managing Director

Mr. Vikram S. Shriram
Vice Chairman & Managing Director

Mr. Ajit S. Shriram
Joint Managing Director

Mr. K. K. Kaul
Whole Time Director

Dr. N. J. Singh
Whole Time Director (EHS)

Mr. Pradeep Dinodia
Non-Executive Independent Director

Mr. Vimal Bhandari
Non-Executive Independent Director

Mr. Sunil Kant Munjal
Non-Executive Independent Director

Ms. Ramni Nirula
Non-Executive Independent Director

Mr. Pravesh Sharma
Non-Executive Independent Director

Justice (Retd.) Vikramajit Sen
Non-Executive Independent Director

Mr. Sharad Shrivastva
LIC Nominee

Company Secretary

Mr. Sameet Gambhir

Board Audit Committee

Mr. Pradeep Dinodia
Chairman

Mr. Sunil Kant Munjal

Ms. Ramni Nirula

Mr. Pravesh Sharma

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 2017-18 has been paid by the Company to the above Stock Exchanges.)



From L to R: Mr. Ajay S. Shriram and Mr. Vikram S. Shriram

CMD/VCMDs Message

Dear Friends,

We are pleased to report a steady growth in our financial and operating performance in the year gone by. The strong performance by Sugar and Chemicals business, stable performance by other businesses and rationalization in our Agri-input trading business have led to significant improvement in our operating margins. Our healthy cash-flows and strong balance sheet with low leverage has enabled us to make further investments that will contribute to the future growth of the company.

We have successfully completed our capacity expansion projects in Chemicals and Sugar (co-gen) business in FY 2017. In the current year, we are adding further capacity in Chemicals, setting up a distillery in Sugar business and expanding capacity for Fenesta business. These investments along with our focus on cost optimization across all the businesses and volume expansion in Bioseed and Shriram Farm Solutions will provide satisfactory growth in coming years.

India is amongst the fastest growing major economy in the world and is likely to maintain high growth over medium to long term. The increase in investments in infrastructure, rural development and

agriculture by government augur well for sustained growth in our businesses. We are taking all steps to participate in these opportunities.

Our employees are our biggest strength. Building capability of employees has always been a significant focus for us to enhance business performance on a sustained basis. It is the company's endeavor to develop a culture that promotes innovation, learning and development.

As a responsible corporate citizen, we are committed to give back to society. We are actively engaged in initiatives in the areas of education, health, water conservation and rural infrastructure and have executed projects to make impact in all these areas.

We would like to take this opportunity to thank all 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 completed capacity expansion at the Bharuch plant in FY 17 taking the total caustic soda capacity to 1343 TPD from 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 111 MW (expanded in FY 17 from 94.5 MW earlier).

The company has announced a new project of 150 KLD distillery at the Hariawan sugar plant, which will be completed by FY 18.



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 established significant presence in India, Philippines, Vietnam and Indonesia. 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 per annum, at its integrated manufacturing facility at Kota.



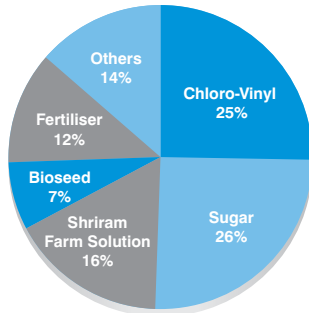
4. Other Businesses

- i. **Fenesta Building Systems** manufactures UPVC (Un-Plasticized PVC) windows 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 per annum. 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 Axial LLC (now a Westlake company, USA). 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.

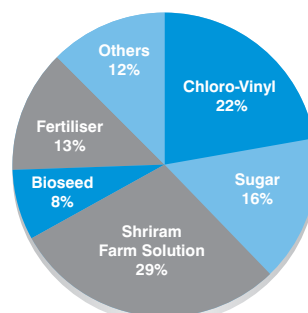


Business Mix

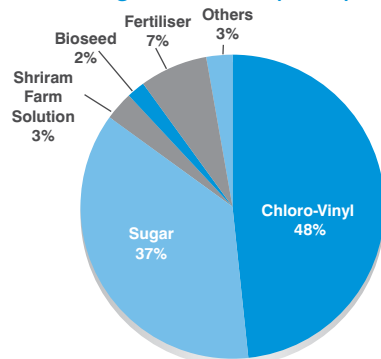
Segment Revenue (FY 17)



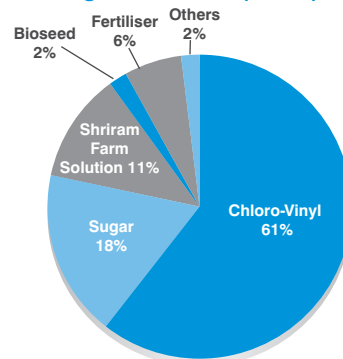
Segment Revenue (FY 16)



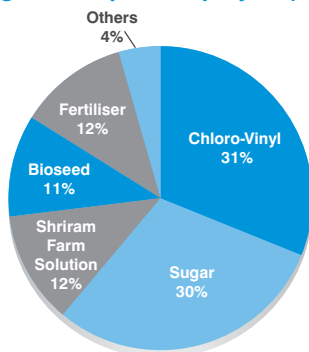
Segment PBDIT (FY 17)



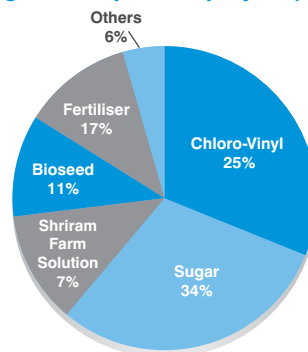
Segment PBDIT (FY 16)



Segment Capital Employed (FY 17)



Segment Capital Employed (FY 16)



Financial Highlights

(Rs. Crores)

Financial Highlights										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross Revenue										
- Own Products	2407.1	2891.9	2682.3	2683.4	3409.6	4087.0	4444.3	4157.2	3969.5	4843.5
- Traded	363.0	789.5	947.7	1595.7	1794.1	1683.2	1986.9	1693.2	2014.5	1242.9
- Other Operating Income				16.8	33.0	22.0	23.2	32.9	46.3	30.8
Gross Revenue from operations	2770.1	3681.4	3630.0	4295.9	5236.6	5792.1	6454.4	5883.3	6030.2	6117.2
Net Revenue from operations	2573.9	3500.8	3519.1	4151.3	5039.2	5538.9	6182.2	5639.2	5780.5	5788.5
PBDIT	218.0	400.3	367.6	231.9	364.8	574.1	558.9	450.3	545.6	817.9
Finance Cost	87.6	150.4	88.6	103.9	160.3	154.8	148.6	111.8	85.4	71.4
PBDT	130.4	249.9	279.0	128.0	204.5	419.2	410.3	338.6	460.2	746.4
Depreciation & Amortisation	123.7	148.7	163.0	160.0	156.9	146.8	137.9	110.2	98.0	113.7
PBT	6.7	101.1	116.1	-32.0	47.6	272.5	272.4	228.4	362.3	632.7
Exceptional Items	779.6		6.5		-38.1	-53.6				
Profit After Tax*	-1.3	122.6	84.3	-14.3	11.9	202.9	242.4	210.8	301.8	551.7
Cash Profit**	126.6	241.9	267.8	125.5	202.9	406.3	360.4	318.8	397.0	705.6
Share Capital - Equity	33.3	33.3	33.3	33.3	33.3	33.3	32.8	32.6	32.6	32.6
Net Worth	1149.3	1268.5	1329.6	1306.4	1315.2	1495.4	1686.6	1858.5	2093.1	2529.8
Long Term Loans	991.0	1234.4	1090.0	919.6	965.7	836.7	746.4	421.0	337.2	565.6
Short Term Loans	792.5	752.7	370.9	771.6	852.7	720.4	430.9	338.9	727.1	508.3
Total Loans (Gross)	1783.4	1987.1	1460.9	1691.3	1818.4	1557.1	1177.3	759.8	1064.3	1073.9
Total Loans (Net)	1755.6	1943.1	1503.1	1685.0	1571.3	1435.9	683.1	688.3	1057.5	928.0
Total Assets	3634.3	4042.7	3654.2	3885.9	4628.6	4751.2	4852.3	4416.7	5007.1	5573.9
Earnings per share (Rs.) ***	-0.1	7.4	5.1	-0.9	2.6	15.3	14.6	13.0	18.6	34.0
Dividend per share (Rs.)***	3.3	0.8	0.8	0.4	0.4	1.6	2.0	2.2	3.2	5.8

Ratios										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Return on Net Worth (%)	-	10.1	6.5	-	0.9	14.4	15.2	11.9	15.3	23.9
PBDIT to Net Sales (%)	8.5	11.4	10.4	5.6	7.2	10.4	9.0	8.0	9.4	14.1
PAT to Net Sales (%)	-	3.5	2.4	-	0.2	3.7	3.9	3.7	5.2	9.5
Total Loans (Gross) / PBDIT	8.2	5.0	4.0	7.3	5.0	2.7	2.1	1.7	2.0	1.3
Total Loans (Gross) / Net Worth	1.6	1.6	1.1	1.3	1.4	1.0	0.7	0.4	0.5	0.4

- Figures are based on consolidated financials.
- From April 1, 2016, the Company adopted Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs. Hence, the financials from FY 2016 onwards are in accordance with IND AS
- *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

At DCM Shriram Ltd. 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.

Openness & Learning

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

Governance & responsibility

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

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.

Respect & Human Dignity

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

