



DCM SHRIRAM

Growing with trust



ANNUAL REPORT 2019-20

DCM SHRIRAM LTD.

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Corporate Information

Registered Office

DCM Shriram Limited
CIN – L74899DL1989PLC034923
2nd Floor (West Wing), World Mark-1
Aerocity, New Delhi-110037
Tel. No. : (91) 11-42100200
Email : response@dcmsriram.com
Website : www.dcmsriram.com

Bankers

Punjab National Bank
State Bank of India
HDFC Bank Limited
Standard Chartered Bank
ICICI Bank Limited

Statutory Auditors

M/s. Price Waterhouse Chartered Accountants LLP,
Chartered Accountants,
Gurugram (Haryana)

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

Mr. K.K. Sharma
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

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 2020-21 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 - Annual 2019-20

Dear Friends,

The year 2020 marks the 30th year of your company's operations and we can look back with a sense of pride and fulfillment at the milestones achieved during this journey. In the span of 30 years we have grown existing business, added new ones and more importantly constantly adapted to the changing ecosystem in which we operate. The financial year 2019-20 has however ended on a somber note with the onset of the Covid 19 virus. In the first quarter of the financial year 2020-21 we have had to reset our priorities, with safety of our employees being of prime concern. The full impact of the disruption to our businesses is difficult to predict at this stage. Most sectors of the economy will pass through a period of uncertainty with considerable negative impact. Under the circumstances, necessary steps are being taken for safe conduct of business activities, keeping costs under control, maintaining adequate liquidity and sustaining business.

The overall operating performance of the Company during 2019-20 was stable, with businesses like Sugar, Shriram Farm Solutions, Fenesta and Cement registering growth led by better product prices and volumes. Chlor-Alkali business witnessed a sharp decline in product prices as domestic caustic prices aligned with the international prices. The Company's total revenues on consolidated basis from operations stood at Rs.7,767 Crore in FY20 vs. Rs.7,771 Crore last year. Revenue of Sugar business was up by 7% with higher ethanol volumes as well as better realization of Sugar. Shriram Farm Solutions also registered a 6% increase in revenue lead by volumes and realization in 'Value added inputs' vertical. Revenue of chemicals business was down by 10% driven by lower realizations partly offset by higher volumes. PBIT Margins improved in all businesses except Chemicals. This impacted the company's overall PBDIT margins which declined from 19% last year to 17% in 2019-20. Our focus on cost efficiencies and scale will continue in order to build resilience in all Business. Our existing commitments towards capacity expansion remain and future investments will be made after due evaluation.

The GDP growth rate during 2019-20 showed a declining trend each quarter. Further, the impact of COVID 19 has resulted in substantial decline in economic activity. It will test our resolve to overcome these challenge however we are confident that with the recent reforms announced by the central government the growth will be back. We believe that the agriculture related business should remain relatively insulated; however Chemicals, Plastics and Fenesta will face difficulties.

During the year, CSR activities have grown further and continue to be a central part of the company's operations. The four pillars that form the basis of our programme are 1. Preventive Health & Sanitation 2. Education, Vocational Skills & Livelihood 3. Environment Sustainability 4. Rural Development. These initiatives are in line with the long term CSR plan and are aligned to priorities of the government. The Projects taken up are designed to meet the needs of identified communities to improve their health status and make them self reliant

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 of our company. 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, Aluminium Chloride, 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 caustic soda capacity at Bharuch is 1345 TPD and at Kota is 498 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. Company's raw carbide capacity stands at 340 TPD and PVC capacity stands at 220 TPD.

2. Sugar:

This business comprises 4 plants in Central U.P. with a total capacity of 38,000 TCD. These units have a total power cogeneration capacity of 141 MW and are also supported by 350 KLD of Distillery capacity and a 700 TPD refinery.



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. Bulk fertilizer business has been rationalized.
- 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. The operations in Indonesia and Vietnam have been rationalized.
- iii. **Fertilizer:** The Company operates the dual feed Natural Gas/Naptha based Urea plant with a capacity of 3.79 lakh MT, at its integrated manufacturing facility at Kota.

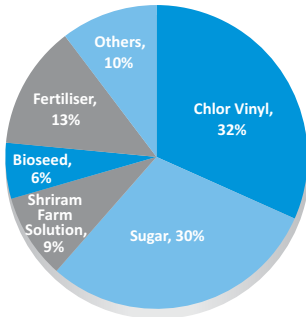
4. Other Businesses

- i. **Fenesta Building Systems** manufactures UPVC (Un-Plasticized PVC) windows and door systems under the brand "Fenesta". The business has also successfully introduced System Aluminium Windows. These businesses offer 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 self-owned Fenesta branded showrooms across multiple cities in 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 (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.

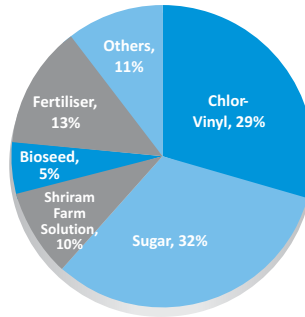


Business Mix

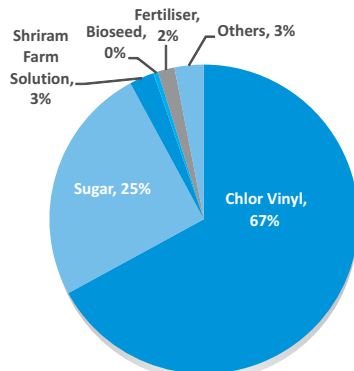
Segment Revenue (FY 19)



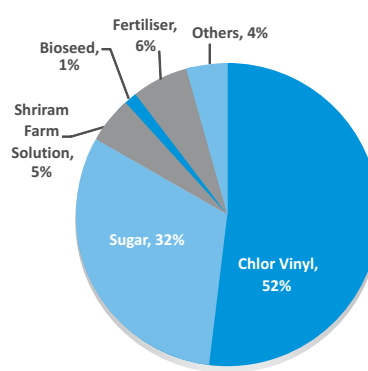
Segment Revenue (FY 20)



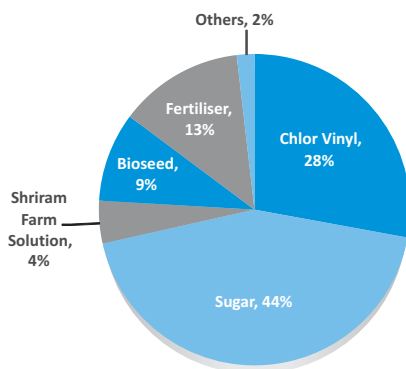
Segment PBDIT (FY 19)



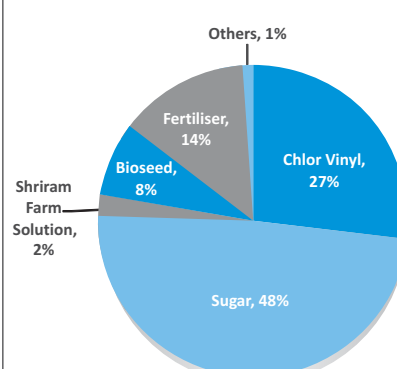
Segment PBDIT (FY 20)



Segment Capital Employed (FY 19)



Segment Capital Employed (FY 20)



Financial Highlights

(Rs. Crores)

Financial Highlights										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Revenue										
- Own Products	2683.4	3409.6	4087.0	4444.3	4157.2	3969.5	4843.5	5,885.0	6,866.5	6,722.8
- Traded	1595.7	1794.1	1683.2	1986.9	1693.2	2014.5	1242.9	1,079.2	876.8	966.5
- Other Operating Income	16.8	33.0	22.0	23.2	32.9	46.3	30.8	42.4	27.8	77.8
Gross Revenue from operations	4295.9	5236.6	5792.1	6454.4	5883.3	6030.2	6117.2	7,006.6	7,771.1	7,767.1
Net Revenue from operations	4151.3	5039.2	5538.9	6182.2	5639.2	5780.5	5788.5	6,900.5	7,771.1	7,767.1
PBDIT	231.9	364.8	574.1	558.9	450.3	545.6	817.9	1,091.0	1,456.3	1,249.9
Finance Cost	103.9	160.3	154.8	148.6	111.8	85.4	71.4	83.0	118.9	163.8
PBDT	128.0	204.5	419.2	410.3	338.6	460.2	746.4	1,008.0	1,337.4	1,131.0
Depreciation & Amortisation	160.0	156.9	146.8	137.9	110.2	98.0	113.7	140.7	157.2	219.0
PBT	-32.0	47.6	272.5	272.4	228.4	362.3	632.7	867.3	1,180.2	912.0
Exceptional Items	--	-38.1	-53.6	--	--	--	--	--	--	14.8
Profit After Tax (after share of profit/(loss) of joint venture and minority interest)	-14.3	11.9	202.9	242.4	210.8	301.8	551.7	669.6	905.5	716.7
Cash Profit*	125.5	202.9	406.3	360.4	318.8	397.0	705.6	864.5	1,091.8	1,025.4
Share Capital - Equity	33.3	33.3	33.3	32.8	32.6	32.6	32.6	32.6	31.4	31.4
Net Worth	1306.4	1315.2	1495.4	1686.6	1858.5	2093.1	2529.8	2,987.0	3,482.1	4,010.1
Long Term Loans	919.6	965.7	836.7	746.4	421.0	337.2	565.6	621.5	1,072.2	1,078.9
Short Term Loans	771.6	852.7	720.4	430.9	338.9	727.1	508.3	134.1	537.9	1,071.4
Total Loans (Gross)	1691.3	1818.4	1557.1	1177.3	759.8	1064.3	1073.9	755.6	1,610.1	2,150.2
Total Loans (Net)	1685.0	1571.3	1435.9	683.1	688.3	1057.5	928.0	653.2	1,265.0	1,623.0
Total Assets	3885.9	4628.6	4751.2	4852.3	4416.7	5007.1	5573.9	5,651.7	7,136.4	8,135.4
Earnings per share (Rs.)**	-0.9	2.6	15.3	14.6	13.0	18.6	34.0	41.2	57.1	46.0
Dividend per share (Rs.)**	0.4	0.4	1.6	2.0	2.2	3.2	5.8	8.2	9.8	8.2

Ratios										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Return on Net Worth (%)	-	0.9	14.4	15.2	11.9	15.3	23.9	24.3	28.0	19.1
PBDIT to Net Sales (%)	5.6	7.2	10.4	9.0	8.0	9.4	14.1	15.8	18.7	16.7
PAT to Net Sales (%)	-	0.2	3.7	3.9	3.7	5.2	9.5	9.7	11.7	9.2
Total Loans (Net) / PBDIT	7.3	4.3	2.5	1.2	1.5	1.9	1.1	0.6	0.9	1.3
Total Loans (Net) / Net Worth	1.3	1.2	1.0	0.4	0.4	0.5	0.4	0.2	0.4	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
- *Cash profit are before exceptional items
- **On face value of Rs. 2 per share

OUR VISION

**VIBRANT GROWTH WITH TRUST, ENERGISED EMPLOYEES
& DELIGHTED CUSTOMERS**

OUR VALUES

I **NTTEGRITY**
Uphold ethical standards. Be socially responsible. Deliver on promises.

A **GILITY**
Act with speed. Adapt continuously. Deliver results.

C **USTOMER-CENTRICITY**
Listen to customers. Build long-lasting relationships.

T **EAM WORK**
Foster collaborative working. Promote meritocracy. Practice empathy & humility.

O **PENNESS**
Encourage diverse views. Build external orientation.

N **EWNESS**
Be Innovative. Be Creative.

