Early Warning System

IFC-36511

DCM Shriram Limited Bharuch II

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Quick Facts

Countries	India
Specific Location	Ajabpur-Uttar Pradesh, Kota-Rajasthan, Bharuch-Gujarat
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	DCM SHRIRAM LIMITED
Sectors	Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 60.00 million
Project Cost (USD)	$ 122.00 million

Project Description

PROJECT DESCRIPTION

DCM Shriram Limited ("Company") is an existing IFC client in India with two main business lines: (i) agribusiness (fertilizer, seeds, sugar and trading of agricultural inputs) and (ii) chemicals (chlor-alkali, chlorine and polyvinyl chloride/ PVC). DCM Shriram is embarking on an expansion of its chlor-alkali facility located in Bharuch, Gujarat (the "Project"). This expansion would include: i) Expansion of the chlor-alkali plant in Bharuch to a capacity of 915 tons per day (TPD) from the current capacity of 450 TPD; ii) Coal based captive power plant of 55MW, as approved by the Board in October 2014. IFC will provide corporate loan to the Company, and the funding is solely for chlor-alkali expansion.The company's Bharuch site includes two plants, a 450 TPD chlor-alkali plant and a 55 MW coal based captive power plant to provide steam as well as electricity for the chlor-alkali plant. The new zero-gap technology will be adopted for the chlor-alkali expansion. Bharuch site is 47 ha and located in a 1,700 ha chemical industry park, Jhagadia Industry Estate, developed by Gujarat State in 1994. Both chlor-alkali and power expansions will be built inside existing plant site, which is surrounded by other chemical industries. The nearest community is more than 1 km away. The construction started in mid-2015 and plans for completion in late 2016. No EPC constructor is used and DCM Shriram manages the construction by its own team.IFC's ongoing supervision of the existing investment in the company indicates general compliance with IFC's environmental and social requirements and the associated overall performance is considered satisfactory. The Environmental and Social Review Summary for the previous IFC investment in Bharuch site can be read at:ifcextapps.ifc.org/ifcext/spiwebsite1.nsf/78e3b305216fcdba85257a8b0075079d/3a982387c57e6c73852576ba000e2c1b?opendocument

OVERVIEW OF IFC'S SCOPE OF REVIEW

The scope of the E&S review includes the whole Bharuch sites for both existing operations and expansions. The E&S review consisted of appraising technical, environmental, health, safety, and social information submitted by the project sponsor, and undertaking a field visit in December 2015. The environmental and social (E&S) appraisal team met the corporate EHS and CSR teams in corporate headquarter in Delhi, and visited project sites in Bharuch, Gujarat State, India. The E&S team held meetings with the company's management teams and also interviewed some employees. Documents related to environmental impact assessment (EIA) for expansion project, quantitative risk assessment (QRA) modeling, production process introductions, hazard operability study (HAZOP), resources consumption analysis, environmental and safety permits, environmental monitoring data, etc. were reviewed and discussed during the appraisal.

IDENTIFIED APPLICABLE PERFORMANCE STANDARDS**

While all Performance Standards are applicable to this investment, IFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards.PS 1 - Assessment and Management of Environmental and Social Risks and ImpactsPS 2 - Labor and working conditionsPS 3 - Resource Efficiency and Pollution PreventionPS 4 - Community Health, Safety and SecurityIf IFC's investment proceeds, IFC will periodically review the the project's ongoing compliance with the Performance Standards

Non-applicable Performance Standards (PS): PS5 through PS8DCM Shriram's Bharuch site currently consists of a chlor-alkali

Investment Description

- International Finance Corporation (IFC)

DCM Shriram Limited is a publicly listed company in India with revenues of US$ 922 million* and Net Profit of US$ 35 million* for the financial year ended March 31, 2015. It had a market capitalization of approximately US$ 296 million# as of March 11, 2016. DCM Shriram Limited is owned by three Shriram brothers - Ajay S. Shriram, Vikram S. Shriram and Ajit S. Shriram, who have a 63.9% shareholding in the Company.

*Exchange rate of US$1 = INR61.15
#Exchange rate of US$1 = INR68.00

The total project cost as described above is estimated at US$122 million. The proposed IFC investment consists of an A-loan of up to US$60 million (also the Board approved amount).

Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

CONTACTS

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