



ANNUAL REPORT 2017-18

The image is the front cover of the DCM SHRIRAM Annual Report for 2017-18. It features a collage of six black and white photographs arranged in a circular pattern, separated by blue and white geometric triangular shapes. The photographs depict: 1) A woman in a dark dress looking out over a body of water. 2) A man in a white lab coat and mask working in a laboratory. 3) A young girl with her arms raised in a joyful pose. 4) A family consisting of a man, a woman, and a child. 5) A close-up of a young girl resting her chin on her hands. 6) A man wearing a white hard hat and a light-colored shirt, standing with his arms crossed. In the top right corner, the DCM SHRIRAM logo is displayed, consisting of a stylized diamond shape above the text 'DCM SHRIRAM' and the tagline 'Growing with India'. In the bottom right corner, the text 'ANNUAL REPORT 2017-18' is written in a large, bold, sans-serif font, with 'DCM SHRIRAM' in a smaller font below it.

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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
 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

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 2018-19 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 happy to report a satisfactory financial performance for the year. All our businesses have performed well with some pricing challenges in the Sugar and Hybrid Cotton business.

Our Chlor-Vinyl business has become stronger with economies of scale and substantial improvement in power efficiencies. The planned capacity expansion has been commissioned and full capacity utilization achieved. Favorable pricing and higher volumes ensured a substantial growth of both turnover and profits. The next phase of capacity expansion is underway and the facilities will go on-stream in the next 18 months.

Sugar business is experiencing a difficult situation, with prices significantly below cost of production. Industry has been pursuing with government for immediate support. While the government has been responsive and taken measures for short term relief, a long term stable policy is required to ensure that interest of all stakeholders, particularly farmers, is protected. The business achieved the highest sugar production and a new distillery was added. Capacity expansion for additional crushing as well as power generation is currently being undertaken and will be commissioned before the next season.

Shriram Farm Solutions continues to maintain steady performance with high brand resilience. The business is assessing new opportunities for growth.

The Shriram Bioseed business has made steady progress with introduction newer and better performing Research Products. The regulatory environment continues to remain uncertain, particular for Bio Technology innovations. We are working with the government to find satisfactory solutions.

Fenesta registered good volume and profit growth during the year and has established itself as brand leader in this segment. Further initiatives are being taken to widen the product offering as well as grow the market.

India's growth story has remained intact, notwithstanding the impact of some structural changes. The introduction of GST and the implementation of the insolvency code are some of the most significant measures taken by the Central Government that will strengthen the economy in the medium term. Record food grain production, low inflation and steady growth in exports have aided in maintaining a stable macroeconomic scenario. However, rising crude oil prices along with subdued agricultural commodity prices remain as two big challenges. The continued government emphasis on building Infrastructure and creating a favorable business environment will ensure sustained GDP growth. We believe this augurs well for our company's growth.

Our employees are our biggest strength. It is the company's endeavor to develop a culture that promotes innovation, learning and development. This approach aligns with our new growth strategy. Our company continues to adopt the best standards of Corporate Governance to ensure highest levels of accountability and transparency.

As a responsible corporate citizen, we are committed to give back to society. We have substantially scaled up our support in the areas of education, sanitation, health and rural infrastructure. It gives us great satisfaction that our efforts are positively viewed by the beneficiaries. A structured evaluation of our programmes has revealed a high degree of measurable impact, especially of those pertaining to preventive health & sanitation.

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's caustic soda capacity in Bharuch is 1013 TPD and in Kota is 330 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. These four units have a total power cogeneration capacity of 111 MW and are also supported by 150 KLD Distillery at Hariawan Unit.

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. Fertiliser: 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.



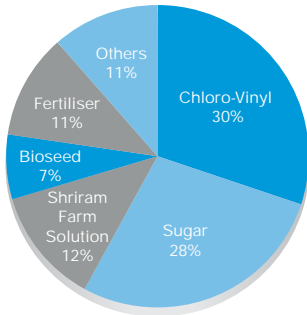
4. Other Businesses

- i. Fenesta Building Systems manufactures UPVC (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. 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.

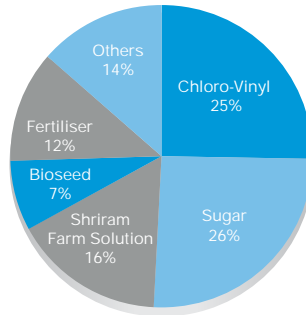


Business Mix

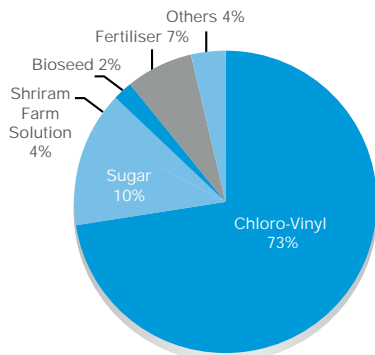
Segment Revenue (FY 18)



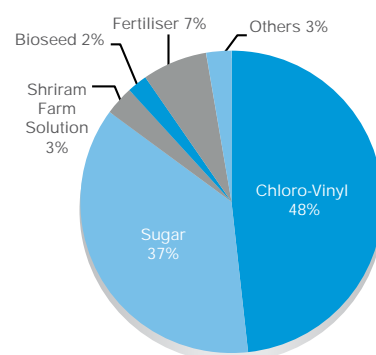
Segment Revenue (FY 17)



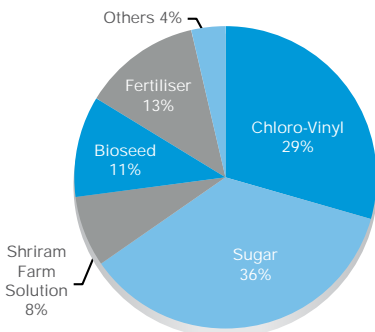
Segment PBDIT (FY 18)



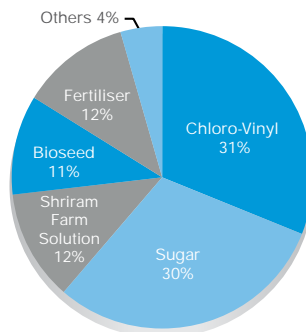
Segment PBDIT (FY 17)



Segment Capital Employed (FY 18)



Segment Capital Employed (FY 17)



Financial Highlights

(Rs. Crores)

| Financial Highlights | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Gross Revenue | | | | | | | | | | |
| - Own Products | 2891.9 | 2682.3 | 2683.4 | 3409.6 | 4087.0 | 4444.3 | 4157.2 | 3969.5 | 4843.5 | 5,885.0 |
| - Traded | 789.5 | 947.7 | 1595.7 | 1794.1 | 1683.2 | 1986.9 | 1693.2 | 2014.5 | 1242.9 | 1,079.2 |
| - Other Operating Income | -- | -- | 16.8 | 33.0 | 22.0 | 23.2 | 32.9 | 46.3 | 30.8 | 42.4 |
| Gross Revenue from operations | 3681.4 | 3630.0 | 4295.9 | 5236.6 | 5792.1 | 6454.4 | 5883.3 | 6030.2 | 6117.2 | 7,006.6 |
| Net Revenue from operations | 3500.8 | 3519.1 | 4151.3 | 5039.2 | 5538.9 | 6182.2 | 5639.2 | 5780.5 | 5788.5 | 6,900.5 |
| PBDIT | 400.3 | 367.6 | 231.9 | 364.8 | 574.1 | 558.9 | 450.3 | 545.6 | 817.9 | 1,091.0 |
| Finance Cost | 150.4 | 88.6 | 103.9 | 160.3 | 154.8 | 148.6 | 111.8 | 85.4 | 71.4 | 83.0 |
| PBDT | 249.9 | 279.0 | 128.0 | 204.5 | 419.2 | 410.3 | 338.6 | 460.2 | 746.4 | 1,008.0 |
| Depreciation & Amortisation | 148.7 | 163.0 | 160.0 | 156.9 | 146.8 | 137.9 | 110.2 | 98.0 | 113.7 | 140.7 |
| PBT | 101.1 | 116.1 | -32.0 | 47.6 | 272.5 | 272.4 | 228.4 | 362.3 | 632.7 | 867.3 |
| Exceptional Items | -- | 6.5 | -- | -38.1 | -53.6 | -- | -- | -- | -- | -- |
| Profit After Tax (after share of profit/(loss) of joint venture and minority interest) | 122.6 | 84.3 | -14.3 | 11.9 | 202.9 | 242.4 | 210.8 | 301.8 | 551.7 | 669.6 |
| Cash Profit* | 241.9 | 267.8 | 125.5 | 202.9 | 406.3 | 360.4 | 318.8 | 397.0 | 705.6 | 864.5 |
| Share Capital - Equity | 33.3 | 33.3 | 33.3 | 33.3 | 33.3 | 32.8 | 32.6 | 32.6 | 32.6 | 32.6 |
| Net Worth | 1268.5 | 1329.6 | 1306.4 | 1315.2 | 1495.4 | 1686.6 | 1858.5 | 2093.1 | 2529.8 | 2,987.0 |
| Long Term Loans | 1234.4 | 1090.0 | 919.6 | 965.7 | 836.7 | 746.4 | 421.0 | 337.2 | 565.6 | 621.5 |
| Short Term Loans | 752.7 | 370.9 | 771.6 | 852.7 | 720.4 | 430.9 | 338.9 | 727.1 | 508.3 | 134.1 |
| Total Loans (Gross) | 1987.1 | 1460.9 | 1691.3 | 1818.4 | 1557.1 | 1177.3 | 759.8 | 1064.3 | 1073.9 | 755.6 |
| Total Loans (Net) | 1943.1 | 1503.1 | 1685.0 | 1571.3 | 1435.9 | 683.1 | 688.3 | 1057.5 | 928.0 | 653.2 |
| Total Assets | 4042.7 | 3654.2 | 3885.9 | 4628.6 | 4751.2 | 4852.3 | 4416.7 | 5007.1 | 5573.9 | 5,651.7 |
| Earnings per share (Rs.)** | 7.4 | 5.1 | -0.9 | 2.6 | 15.3 | 14.6 | 13.0 | 18.6 | 34.0 | 41.2 |
| Dividend per share (Rs.)** | 0.8 | 0.8 | 0.4 | 0.4 | 1.6 | 2.0 | 2.2 | 3.2 | 5.8 | 8.2 |

| Ratios | | | | | | | | | | |
|---------------------------------|------|------|------|------|------|------|------|------|------|------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Return on Net Worth (%) | 10.1 | 6.5 | - | 0.9 | 14.4 | 15.2 | 11.9 | 15.3 | 23.9 | 24.3 |
| PBDIT to Net Sales (%) | 11.4 | 10.4 | 5.6 | 7.2 | 10.4 | 9.0 | 8.0 | 9.4 | 14.1 | 15.8 |
| PAT to Net Sales (%) | 3.5 | 2.4 | - | 0.2 | 3.7 | 3.9 | 3.7 | 5.2 | 9.5 | 9.7 |
| Total Loans (Gross) / PBDIT | 5.0 | 4.0 | 7.3 | 5.0 | 2.7 | 2.1 | 1.7 | 2.0 | 1.3 | 0.7 |
| Total Loans (Gross) / Net Worth | 1.6 | 1.1 | 1.3 | 1.4 | 1.0 | 0.7 | 0.4 | 0.5 | 0.4 | 0.3 |

- 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 **NTEGRITY**

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.

