



**DCM SHRIRAM**

Growing with trust

# ANNUAL REPORT 2018-19



DCM SHRIRAM LTD.

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# Corporate Information

## Registered Office

DCM Shriram Limited  
 CIN – L74899DL1989PLC034923  
 1<sup>st</sup> 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

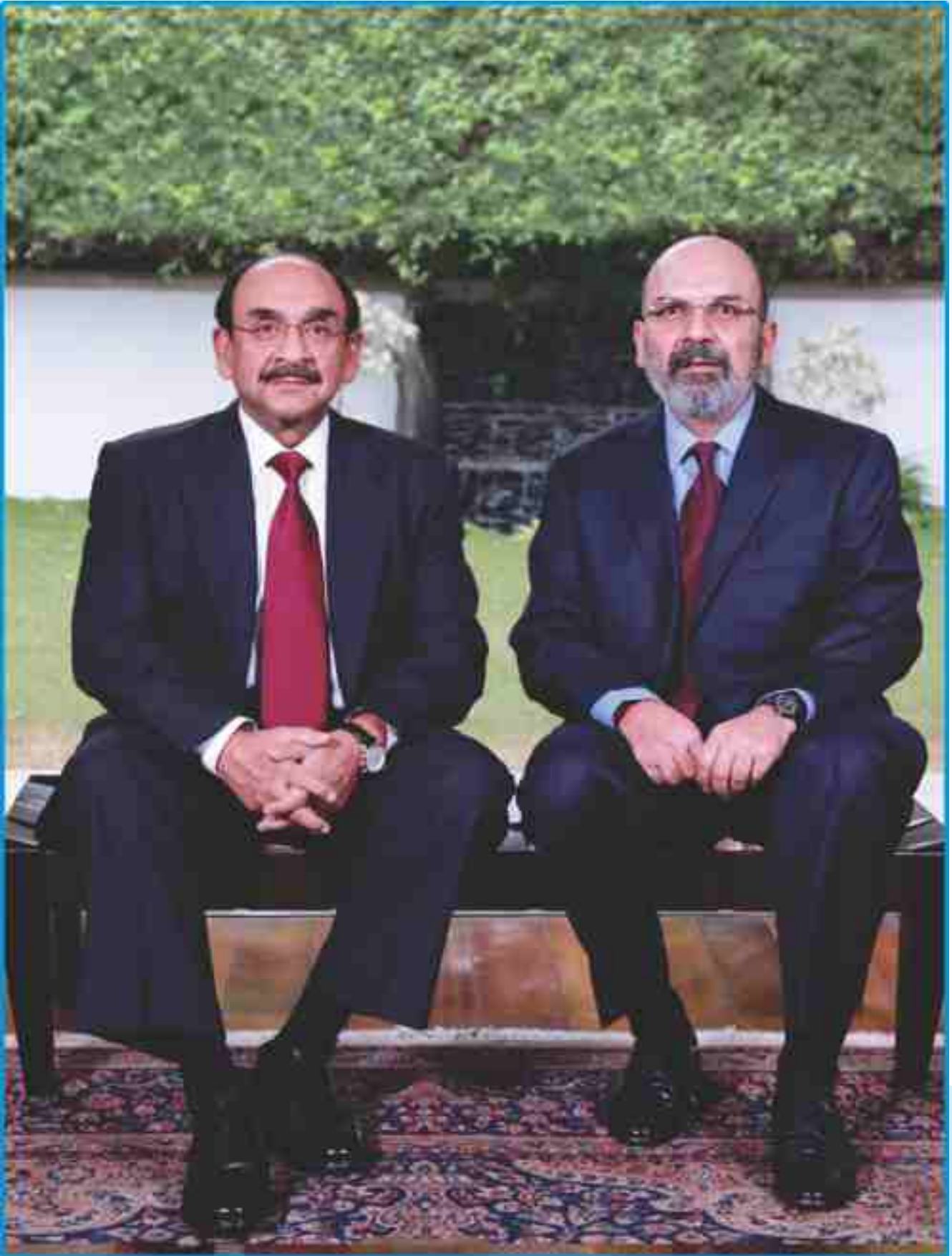
## Stock Exchanges where the Securities of the Company are Listed

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 2019-20 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 2018-19

Dear Friends,

We are pleased to report a steady growth in our financial and operating performance in the year gone by. The overall margins at the PBDIT level was 18% against 16% last year, reflecting healthy realizations and tight cost control. Cash generation has further improved, providing us adequate leverage to make investments commensurate with the company growth ambitions.

The Chemicals business contributed significantly to the improved financial performance. Post completion of capacity expansion, production facilities of Chlor-Alkali operated at its full potential. The steady increase in market demand along with our proficiency in achieving higher sales volume, has given us the confidence to undertake further capital investments – which are under implementation.

Sugar business was able to turn around by strategically widening the product offering. The business faced headwinds on accounts of low domestic sugar prices consequent to record sugar production in the country. International prices too were soft making exports difficult. It was encouraging to see both the Central and the State Governments work in tandem and take corrective measures. This helped in reducing the hardships faced by cane farmers. The policy on bio fuels is forward looking, and our investment in Ethanol production helped improve profitability. A new distillery for expansion of ethanol production is under implementation.

Agri-input businesses remained steady while the Hybrid Seed business faced uncertain regulatory environment. Our R&D efforts in the hybrid seed business have made significant headway in terms of product innovation. We hope to see more clarity in the policy towards research led agricultural biotechnology products, so that domestic industry can flourish.

Fenesta Windows and Doors Business has witnessed several years of steady profits and growth. It has encouraged us to expand the range of offering into adjacent categories, starting with Aluminum Windows. As market leaders, we set the benchmark standards for the industry and try and exceed consumer expectations.

A steady increase in sales of our company's products is closely linked to the GDP growth of the Indian economy. India continues to maintain its position as being the fastest growing major economy, led by favorable macro-economic factors. We believe that the growing aspirations of the Indian middle class will spur investments and increase industrial output. Our positive outlook for the economy gives us the confidence to proactively enhance our production capabilities and market reach.

Our employees are our biggest strength. It is the company's endeavor to develop a culture that promotes innovation, individual learning and teamwork. We encourage our employees to be outward looking so that they imbibe global best practices.

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

As a responsible corporate citizen, we are committed to give back to society. Our CSR programme has been substantially scaled in the last one year and has become integral with our operating units. A strategic long term plan has been prepared that will improve the well being of the communities we engage with. Evaluation studies have shown that the work carried out by the company has had a positive impact on health and well being indicators due to better hygiene and sustained sensitization. The Company's tradition of contributing to education, ranging from village schools to premier Colleges continues. This is achieved by way of funds as well as top management attention.

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 1013 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.

### 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 150 KLD Distillery at the 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. **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.



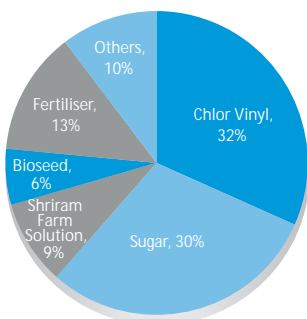
### 4. Other Businesses

- i. **Fenesta Building Systems** manufactures UPVC (Un-Plasticized PVC) windows and door systems under the brand "Fenesta" and is also venturing into manufacturing of aluminium doors & 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.

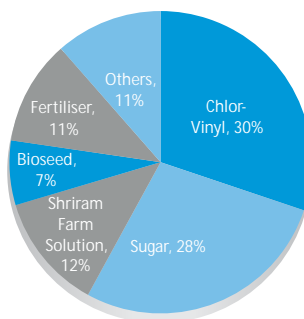


# Business Mix

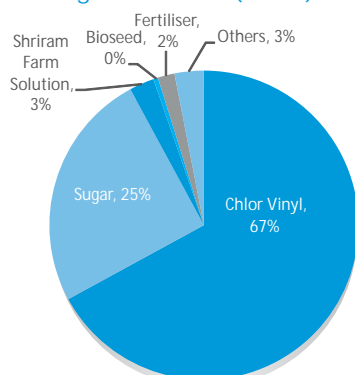
Segment Revenue (FY 19)



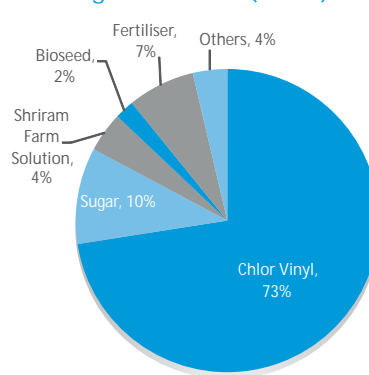
Segment Revenue (FY 18)



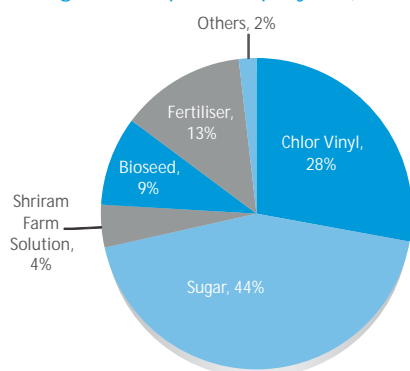
Segment PBDIT (FY 19)



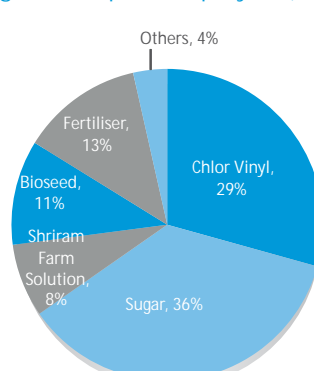
Segment PBDIT (FY 18)



Segment Capital Employed (FY 19)



Segment Capital Employed (FY 18)





# Financial Highlights

(Rs. Crores)

Financial Highlights										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Gross Revenue</b>										
- Own Products	2682.3	2683.4	3409.6	4087.0	4444.3	4157.2	3969.5	4843.5	5,885.0	6,866.5
- Traded	947.7	1595.7	1794.1	1683.2	1986.9	1693.2	2014.5	1242.9	1,079.2	876.8
- Other Operating Income	--	16.8	33.0	22.0	23.2	32.9	46.3	30.8	42.4	27.8
Gross Revenue from operations	3630.0	4295.9	5236.6	5792.1	6454.4	5883.3	6030.2	6117.2	7,006.6	7,771.1
Net Revenue from operations	3519.1	4151.3	5039.2	5538.9	6182.2	5639.2	5780.5	5788.5	6,900.5	7,771.1
PBDIT	367.6	231.9	364.8	574.1	558.9	450.3	545.6	817.9	1,091.0	1,456.3
Finance Cost	88.6	103.9	160.3	154.8	148.6	111.8	85.4	71.4	83.0	118.9
PBDT	279.0	128.0	204.5	419.2	410.3	338.6	460.2	746.4	1,008.0	1,337.4
Depreciation & Amortisation	163.0	160.0	156.9	146.8	137.9	110.2	98.0	113.7	140.7	157.2
PBT	116.1	-32.0	47.6	272.5	272.4	228.4	362.3	632.7	867.3	1,180.2
Exceptional Items	6.5	--	-38.1	-53.6	--	--	--	--	--	--
Profit After Tax	84.3	-14.3	11.9	202.9	242.4	210.8	301.8	551.7	669.6	905.5
(after share of profit/(loss) of joint venture and minority interest)										
Cash Profit*	267.8	125.5	202.9	406.3	360.4	318.8	397.0	705.6	864.5	1,091.8
Share Capital - Equity	33.3	33.3	33.3	33.3	32.8	32.6	32.6	32.6	32.6	31.4
Net Worth	1329.6	1306.4	1315.2	1495.4	1686.6	1858.5	2093.1	2529.8	2,987.0	3,469.8
Long Term Loans	1090.0	919.6	965.7	836.7	746.4	421.0	337.2	565.6	621.5	1,072.2
Short Term Loans	370.9	771.6	852.7	720.4	430.9	338.9	727.1	508.3	134.1	537.9
Total Loans (Gross)	1460.9	1691.3	1818.4	1557.1	1177.3	759.8	1064.3	1073.9	755.6	1,610.1
Total Loans (Net)	1503.1	1685.0	1571.3	1435.9	683.1	688.3	1057.5	928.0	653.2	1,265.0
Total Assets	3654.2	3885.9	4628.6	4751.2	4852.3	4416.7	5007.1	5573.9	5,651.7	7,136.4
<b>Earnings per share (Rs.)**</b>	5.1	-0.9	2.6	15.3	14.6	13.0	18.6	34.0	41.2	57.1
<b>Dividend per share (Rs.)**</b>	0.8	0.4	0.4	1.6	2.0	2.2	3.2	5.8	8.2	9.8

Ratios										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Return on Net Worth (%)	6.5	-	0.9	14.4	15.2	11.9	15.3	23.9	24.3	28.0
PBDIT to Net Sales (%)	10.4	5.6	7.2	10.4	9.0	8.0	9.4	14.1	15.8	18.7
PAT to Net Sales (%)	2.4	-	0.2	3.7	3.9	3.7	5.2	9.5	9.7	11.7
Total Loans (Gross) / PBDIT	4.0	7.3	5.0	2.7	2.1	1.7	2.0	1.3	0.7	1.1
Total Loans (Gross) / Net Worth	1.1	1.3	1.4	1.0	0.7	0.4	0.5	0.4	0.3	0.5

- 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.*

