

**DCM Shriram Limited****Chairman's Speech at the Annual General Meeting  
12th August 2014, New Delhi****Ladies and Gentlemen,**

It gives me immense pleasure to welcome you all to the 25th Annual General Meeting of your Company.

The Indian economy has been facing multiple stress points since last several years. The ruling governments have been trying to tackle these factors and strengthen the economy. With the installation of a new Govt. at the centre, there is optimism and hope that these efforts will get intensified. It is expected that the constraints to economy in general, and manufacturing in particular, will get resolved sooner and the economy will enter the high growth phase again.

Your Company had a year of satisfactory performance. It bears testimony to the robustness of your Company's strategy of pursuing focussed businesses as multiple drivers of growth. The portfolio of traditional and knowledge based businesses have provided a strong foundation of continuous growth for the Company.

Simultaneously, the Business Portfolio has been rationalised with :

- Exit from the loss making activities of Hariyali Kisaan Bazaar.
- Formation of JV for the Polymer Compounding Business with a Global leader in this business.
- Complete exit from the Textile Business.

Your Company's revenues during FY 14 increased by 11% to Rs.6,431 crores. EBITDA stood at Rs.559 crores as compared with Rs.574 crores last year. Net Profit increased to Rs.242 crores in FY 14 from Rs.203 crores last year. EPS increased to Rs.14.61 in FY 14 from Rs.12.23 in the previous year.

The Company's financial position strengthened with Net Debt of Rs.683 crores as on 31.03.2014 vis-à-vis Rs.1,436 crores last year.

Further, the Directors of your Company had a Board Meeting this morning to consider Interim Dividend. I am happy to inform you that in view of better results of the Company during the first quarter of the current year, Directors have approved an Interim Dividend of 90% on the Equity Shares i.e. Rs.1.80 per share of the face value of Rs.2/- each for the financial year 2014-15.

The Board has decided to expand the power co-generation capacity in sugar business with an investment of Rs.125 crores. The Company is also in the process of finalising other expansion projects in its existing businesses.

I will now share major developments in key businesses of the Company.

### **Agri Input Businesses**

The Agri-Input Businesses registered over 26% turnover growth with all the verticals – Bioseed, Shriram Farm Solutions and Fertiliser contributing to this growth.

Bioseed business is making good progress. It has launched two new cotton seed products for central/south India which are gaining good customer acceptance. It has also established a presence in Indonesia. This business is poised for significant growth over the medium term.

Shriram Farm Solutions is focusing on its 'Value added inputs' vertical, and has expanded the product portfolio as well as geographical presence, and is taking steps to further strengthen its engagement with farmers and deliver better returns.

Urea business continues to be constrained due to Govt. Policy and huge delay in subsidy payments. The enhancement of Rs.500/- per tonne in compensation for conversion costs w.e.f. 1st April, 2014 will provide partial relief to the industry.

### **Sugar**

Operating environment for the UP sugar industry continued to be challenging. High cane costs and low prices of sugar led to negative margins. It is imperative for the health of this industry as well as sustained prosperity of the farmers, that the government adopts a rational cane pricing policy that links cane prices to sugar prices at the earliest.

### **Chloro-Vinyl Businesses**

The Chloro-Vinyl businesses continue to deliver a strong performance. The efforts over last couple of years to optimise cost structures have led to inherent strength in the business in terms of profitability. During Q3 FY 14, the Company commissioned another electrolyzer at its Bharuch plant aimed at improving the plant's operating efficiencies. We are confident of sustained strong performance in this business going forward.

### **Other Businesses**

During the year, our Other Businesses reported mixed results. The Cement business was affected by sluggish demand and rising cost structures during FY 14, that led to decline in margins. Fenesta Building Systems on the other hand turned around sharply in FY 14, with breakeven at the operating level. The business is confident of improving its financial performance in FY 15. Rationalisation of Hariyali business in FY13 has ensured that the Company is not losing anymore cash in this business.

### **Human Resources and Industrial Relations**

Your Company continues to lay the highest emphasis on development of human resources and on maintaining cordial and harmonious industrial and employee relations. The Company continues to further strengthen its efforts in driving strategic initiatives in this direction and has been receiving the highest level of engagement and support from all the employees.

### **Community Welfare**

Your Company is committed towards being a responsible Corporate Citizen. Your Company's various CSR initiatives that focus in the areas of promoting livelihood & education, Rural development, Healthcare, environmental sustainability & Sports, continue to make substantial improvement in the lives of the beneficiaries.

**Conclusion**

The medium term outlook for the Company is positive with all our major businesses growing both the top line and bottom line. A Healthy Balance sheet will provide us the strength to seize opportunities for sustained and profitable growth over the years.

**Acknowledgement**

I would like to take this opportunity to thank the Directors on our Board for their constant guidance and contribution. On behalf of the Board, I extend our sincere gratitude to all our employees for their dedication and commitment towards the organisation. I would like to thank all our Customers, Dealers, Government Authorities, Financial Institutions, Bankers, Auditors, Suppliers and all other business associates, for their continued trust in us.

Finally and equally importantly, I would like to place on record our appreciation to our shareholders, who have supported our business initiatives at all times.

Thank you.

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