



DCM Shriram Ltd.

Q1 FY19 - Results Presentation

July 31, 2018



Safe Harbour

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. DCM Shriram Ltd. will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

All figures are consolidated unless otherwise mentioned

Table of Content

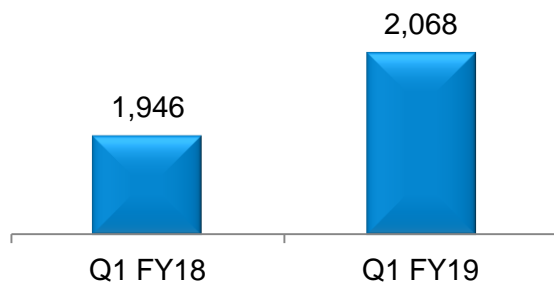
Title	Slide No.
Q1 FY19 Key Highlights	4
Q1 FY19 Financial Snapshot	5
Q1 FY19 Segment Performance	6
Q1 FY19 Performance Overview & Outlook	7-9
Projects under Implementation	10
Management's Message	11
Segmental Overview	12
Chloro-Vinyl Businesses	13-17
Sugar	18-20
Agri Input Businesses	21-24
Other Businesses	25-27
About Us & Investor Contacts	28

Q1 FY19 – Key Highlights

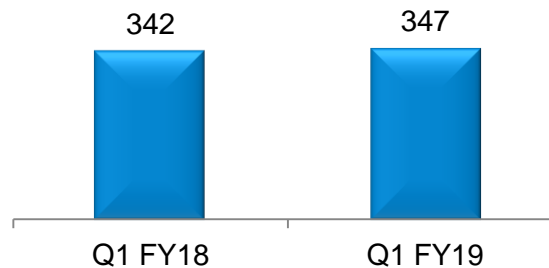
1. **Net Revenues** up by 6% YoY at Rs 2,068 crore vs Rs 1,946 crore for same period last year:
 - a. Traded Products - Revenue from Farm Solutions and Hariyali Kisaan Bazaar (Fuel Pumps) down by 22%.
 - b. Own Products – Revenue from non-traded products up by 13%.
 - i. Chemicals – Revenue up by 59% YoY with volumes gain of 13% and increase in net realizations by 39%. Revenue declined by 2% QoQ, realizations were down by 7% QoQ.
 - ii. Sugar – Overall revenues down by 1% YoY (Sugar down by 12%, Power up by 106% and Ethanol sales started in April' 18 and contributed to the revenue during quarter).
 - iii. Fenesta – Revenues up by 20% YoY led by push from Retail Segment.
2. **PBDIT stood at** Rs 347 crore vs Rs.342 crore over same period last year:
 - a. Chemicals – PBDIT up by 114% YoY at Rs 263 crore and down by 1% QoQ due to softening of prices.
 - b. Sugar – Overall PBDIT stood at Rs 7 crore vs Rs 115 crore for corresponding period last year. Decline of 94% in earnings is attributable to further drop in Sugar realization YoY as well as QoQ.
3. **PAT** down by 6% YoY to Rs 218 crore. EPS for the quarter at Rs 13.44 vs Rs 14.37 for the corresponding period last year.
4. **Gross Debt** as on June 30, 2018 stood at Rs. 1,035 crore vs. Rs 817 crore as on June 30, 2017. **Cash and Cash equivalents** stood at Rs. 396 crore vs Rs. 486 crore for the same period last year.
5. **The 150 KLD distillery** commissioned in Jan18 and Ethanol sales started from April' 18.
6. **New Project** - Board approved setting up of 200 KLD Distillery (instead of 100 KLD approved earlier) to be commissioned by Q3 FY20.
7. **Projects under implementation** at investment of \approx Rs. 1,300 crore over next 5-6 quarters in Sugar and Chloro-Vinyl segments, to be commissioned in phases.
8. **Company announced buy-back** of shares under Open Market route for an aggregate amount not exceeding Rs 250 crore and for a price not exceeding Rs 450/- equity share (19.84 lacs shares representing 1.22% of capital, purchased & extinguished as at 31st July, 2018).

Q1 FY19 – Financial Snapshot

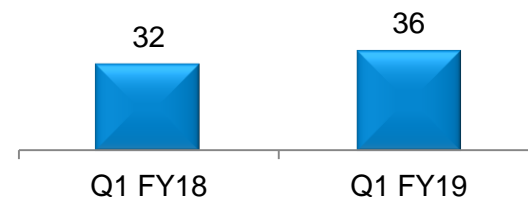
Revenue (Net)



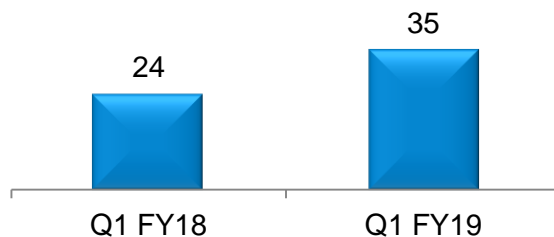
PBDIT



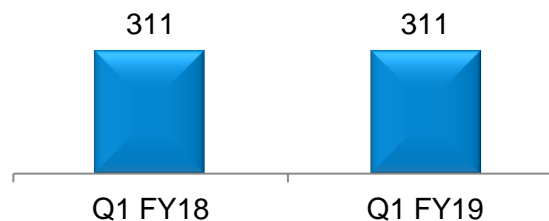
Depreciation



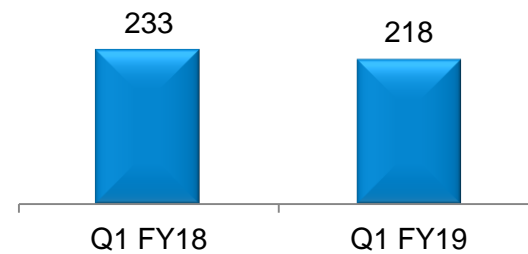
Finance Cost



PBIT



PAT



Note: All figures in Rs. Crores

Net revenue includes operating income

Q1 FY19 - Segment Performance

Rs. crore

Segments	Revenues			PBIT			PBIT Margins %	
	Q1 FY18	Q1 FY19	YoY % Change	Q1 FY18	Q1 FY19	YoY % Change	Q1 FY18	Q1 FY19
Chloro Vinyl	445.3	612.9	37.7	143.0	274.9	92.2	32.1	44.9
Sugar	625.7	618.1	(1.2)	108.1	(2.8)	-	17.3	(0.4)
- Sugar	600.0	528.7	(11.9)	94.1	(70.2)	-	15.7	(13.3)
- Power	25.7	53.0	106.3	14.0	42.4	202.7	54.5	80.0
- Distillery	-	36.5	-	-	25.0	-	-	68.6
SFS	276.7	211.4	(23.6)	10.7	9.8	(7.9)	3.9	4.7
- Bulk	85.8	54.6	(36.3)	1.7	2.4	38.4	2.0	4.3
- Value Added	191.0	156.8	(17.9)	9.0	7.5	(16.7)	4.7	4.8
Bioseed	306.5	281.9	(8.0)	79.3	47.7	(39.8)	25.9	16.9
Fertiliser	167.9	227.6	35.6	1.0	8.7	748.0	0.6	3.8
Others	221.9	213.4	(3.8)	10.1	11.8	16.6	4.6	5.5
-Fenesta	77.2	92.4	19.7	5.6	10.9	92.7	7.3	11.8
-Cement	49.5	41.7	(15.7)	5.2	0.9	(83.3)	10.4	2.1
-Hariyali Kisaan Bazaar & others	95.1	79.3	(16.7)	(0.7)	0.1	-	(0.7)	0.1
Total	2,043.9	2,165.4	5.9	352.3	350.2	(0.6)	17.2	16.2
Less: Intersegment Revenue	97.9	97.5	(0.4)					
Less: Unallocable expenditure (Net)				41.4	39.4	(5.0)		
Total	1,946.0	2,067.9	6.3	310.9	310.8	(0.0)	16.0	15.0

Note: Net revenue includes operating income

Q1 FY19 - Performance Overview & Outlook

Chloro-Vinyl

- Q1 FY19 revenue up by 38% YoY.
 - Chemicals ECU prices increased by 39% YoY. Volumes up by 13% YoY.
 - Plastics revenue decline by 4% due to lower volumes.
- PBIT for Q1 FY 19 up by 92% YoY.
 - Chemicals PBIT up by 126% YoY, however, declined by 1% QoQ due to decline in realizations QoQ.
 - Plastics PBIT down by 19% YoY due to lower volumes and higher Power & Chlorine costs.

Outlook

- Projects under implementation are progressing as per plan
 - 332 TPD capacity at Bharuch to come on stream in phases by Q1 FY 20 and 168 TPD capacity at Kota to come on-stream in phases (84 TPD in Q3 FY19 and 84 TPD in Q3 FY20).
- ECU prices have been declining since Jan/Feb'18. PVC & Carbide prices are firm. Costs are stable.

Sugar

- Q1 FY19 overall revenues Lower by 1% YoY. Sugar revenues down 12% YoY, Power up by 106%. Ethanol sales started in the quarter contributing to revenues and earnings.
- Sugar volumes up by 14% YoY and power volumes up by 103%. Sugar Prices for Q1 FY19 down by 24% YoY.
- Sugar production for season 2017-18 at 67.5 lac Qtls, was up 46% vs last season.
- The overall cost for the season was Rs 3,585 per Qtl (Last season: Rs 3,529/-). The overall margin for the quarter was -ve Rs 701 per Qtl (vs Rs 410 per Qtl last season).
- Sugar prices at Rs 2,773 per Qtl (vs Rs 3,635 per Qtl in Q1 FY18). By-product realizations at Rs 131 per Qtl of Sugar (vs Rs 303 per Qtl last year).
- Inventory valued at minimum stipulated selling price of Rs 2,900 per Qtl leading to further charge of Rs 30 crore during the quarter for inventory held on 30th June, 2018.

Outlook

- Expansion of Sugar Capacity (5000 TCD) and Co-gen (30 MW) - to be completed by 3rd Quarter FY'19. Distillery of 200 KLD to be commissioned by Q3 FY20.
- Sugar prices presently \approx Rs 3,250 per Qtl, but future outlook is uncertain.

Q1 FY19 - Performance Overview & Outlook

Shriram Farm Solutions

- Revenues lower during Q1 FY19 by 24%. Revenues of Bulk fertilizers down by 36%, part of strategy to reduce these activities.
- Value added inputs also registered lower sales, particularly BT Cotton seeds.
- Margins were satisfactory.

Outlook

- Planning to further reduce the volume of Bulk fertilizers going forward.
- Focus on value added products is expected to provide healthy growth and profits in medium term.

Bioseed

- Revenues from India operations down by 8% YoY due to subdued revenue from BT cotton.
- Government reduced the selling price of BT cotton from Rs 800 per packet to Rs 740 per packet. Volumes down by 10% YoY.
- Margins were also lower due to lower selling prices.
- International operations revenues down by 6% due to lower volumes of corn primarily in Indonesia.

Outlook

- BT Cotton likely to remain under pressure.
- Expect growth in other crops as the new products gain acceptance.

Q4 FY18 - Performance Overview & Outlook

Fertilisers (Urea)

- Q1 FY19 revenues increased by 36% led by higher realizations, reflecting higher energy costs.
- Subsidy outstanding as at 30th June, 2018 is Rs. 453 Crores Vs Rs 165 Crores as on 30th June, 2017 due to longer collection cycle under DBT scheme.

Outlook

- Expect steady production & margins going forward.
- Industry pursuing with government for faster subsidy payments.

Others

Fenesta Windows

- Q1 FY19 Net revenue increased by 20% YoY. Retail segment primary contributor to growth.
- Overall order booking up by 37% during the quarter. Retail segment maintaining healthy growth.

Cement

- Net revenue lower by 16% in Q1 FY19.

Hariyali Kisaan Bazaar

- The activities under Hariyali Kisaan Bazaar includes fuel sales only. No. of fuel outlets have been reduced from 34 at June 17 to 23 presently.

Projects Under Implementation

Projects Under Implementation			
Business	Project	Capacity	Project Completion Timeline
Sugar	Cane Crushing Expansion	5000 TCD	Q3 FY19
	Distillery	200 KLD	Q3 FY20
	Power Co-Gen	30 MW	Q3 FY19
Chemicals	Caustic Soda Expansion	500 TPD	
	- Kota	84 TPD	Q3 FY19
	- Kota	84 TPD	Q3 FY20
	-Bharuch	186 TPD	Q1 FY20
	-Bharuch	146 TPD	
	Aluminium Chloride Plant	60 TPD	Q3 FY19
Plastics	PVC expansion at Kota	40 TPD	Q3 FY20
Captive Power Plant at Kota	Replacement of existing 50 MW Coal based Power Plant	66 MW	Q3 FY20

Management's Message

Commenting on the performance for the quarter, in a joint statement, Mr. Ajay Shriram, Chairman & Senior Managing Director, and Mr. Vikram Shriram, Vice Chairman & Managing Director, said:

“The Company has reported another quarter of satisfactory performance. We have been consistently pursuing initiatives to strengthen all our businesses. The Company has been continuously investing to increase volumes, enhance competitiveness and strengthen the integration. These steps, we believe, will improve our returns profile and provide continuous growth.

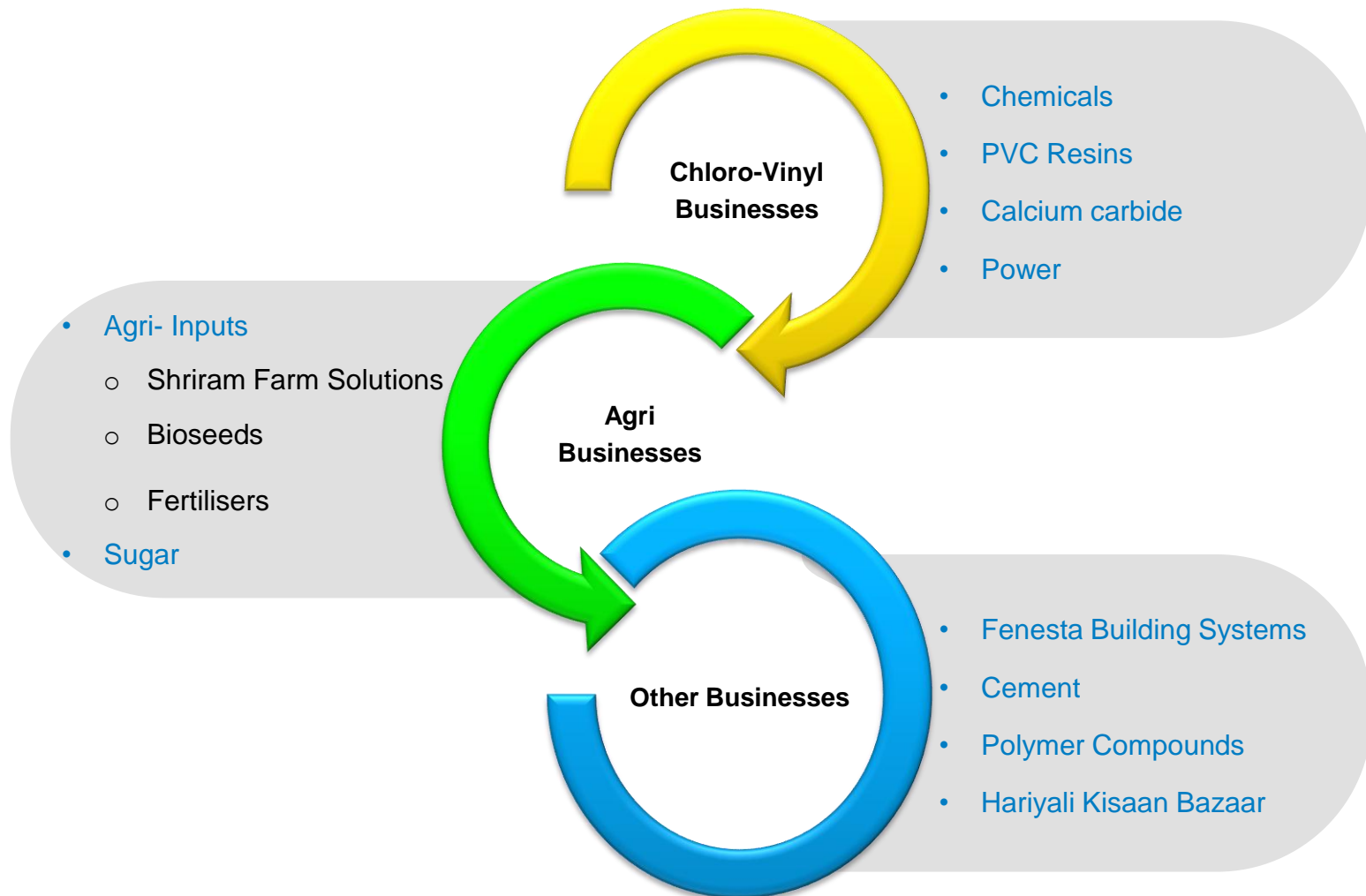
We have achieved full utilization of expanded Chlor-Alkali Capacity. The plans to further expand capacity are progressing well and will become operational in phases during Oct.'18 to Sept.'19. The new power plant to be commissioned in Oct.'19, will reduce power costs. We are working to increase captive chlorine consumption – commissioning of Aluminium Chloride plant in Q2'19 is a step in this direction.

In sugar business, we are further enhancing integration with additional power & distillery capacity to be commissioned in phases over next 18 months. This will provide stability to sugar business.

We are strengthening our product portfolio in Bioseed, Farm Solutions and Fenesta business to achieve sustained growth in these businesses.

With healthy cash generation and strong balance sheet, we will continue with our plan to strengthen our businesses and achieve earnings growth higher than the industry average.”

Segmental Overview



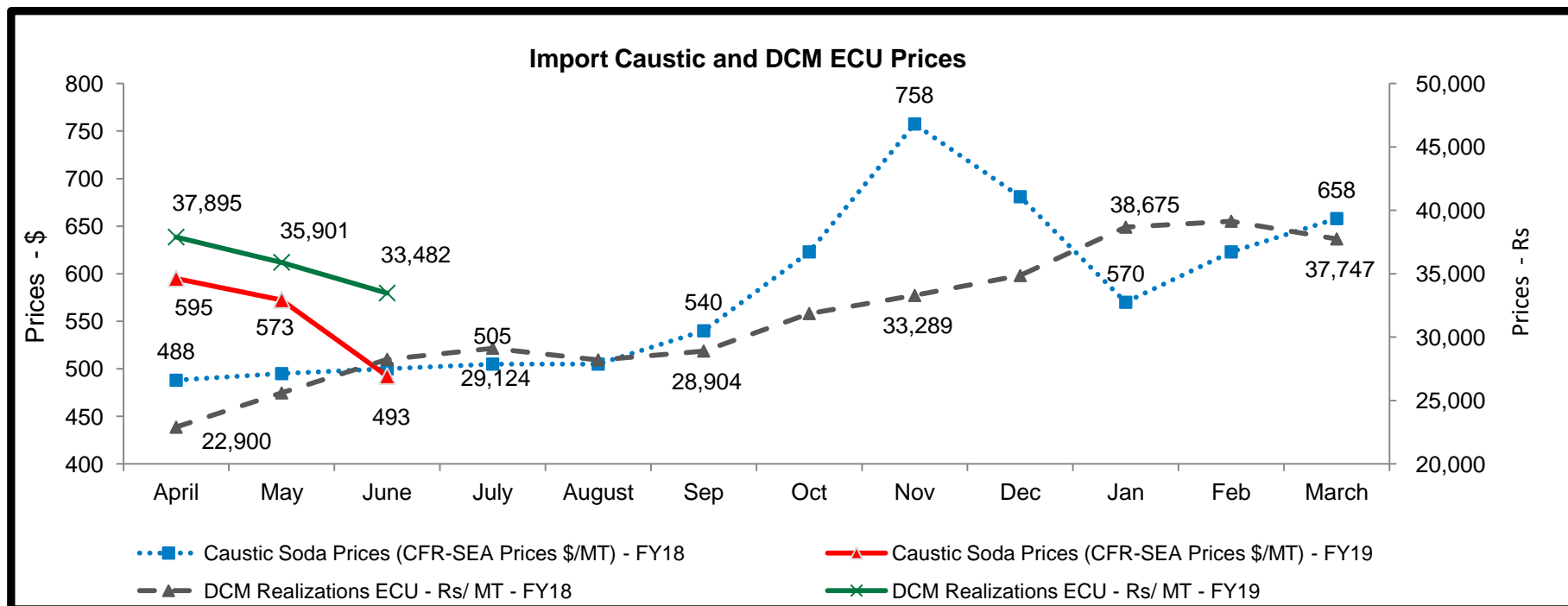
Chloro Vinyl Business

Particulars	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)	Cap. Employed (Rs. Cr.)
Q1 FY19	612.9	274.9	1,138.4
Q1 FY18	445.3	143.0	1,054.3
<i>% Shift</i>	<i>37.7</i>	<i>92.2</i>	<i>8.0</i>

The Chloro-Vinyl business of the Company has highly integrated operations with multiple revenue streams and 209 MW captive power generation facilities. Chemicals operations are at two locations (Kota – Rajasthan and Bharuch – Gujarat), while Vinyl is at Kota only. The multiple revenue streams enable the Company to optimize operations in a manner to maximize the contribution per unit of power .

Chemicals

Particulars	Operational		Financial	
	Sales (MT)	Realisations (Rs./MT)	Revenues (Rs Cr.)	PBIT (Rs. Cr.)
Q1 FY19	112,439	35,743	469.0	248.1
Q1 FY18	99,391	25,642	294.8	110.0
<i>% Shift</i>	<i>13.1</i>	<i>39.4</i>	<i>59.1</i>	<i>125.7</i>



Chemicals

Performance Overview

- Q1 FY19 revenue increased by 59% YoY with volume growth of 13% and increase in net realizations by 39%. Revenue declined by 2% QoQ with realizations down by 7%.
- Earnings up by 126% YoY, however, declined by 1% QoQ due to lower realizations.
- ECU realizations reflects softer Caustic prices supported by firm Chlorine prices.

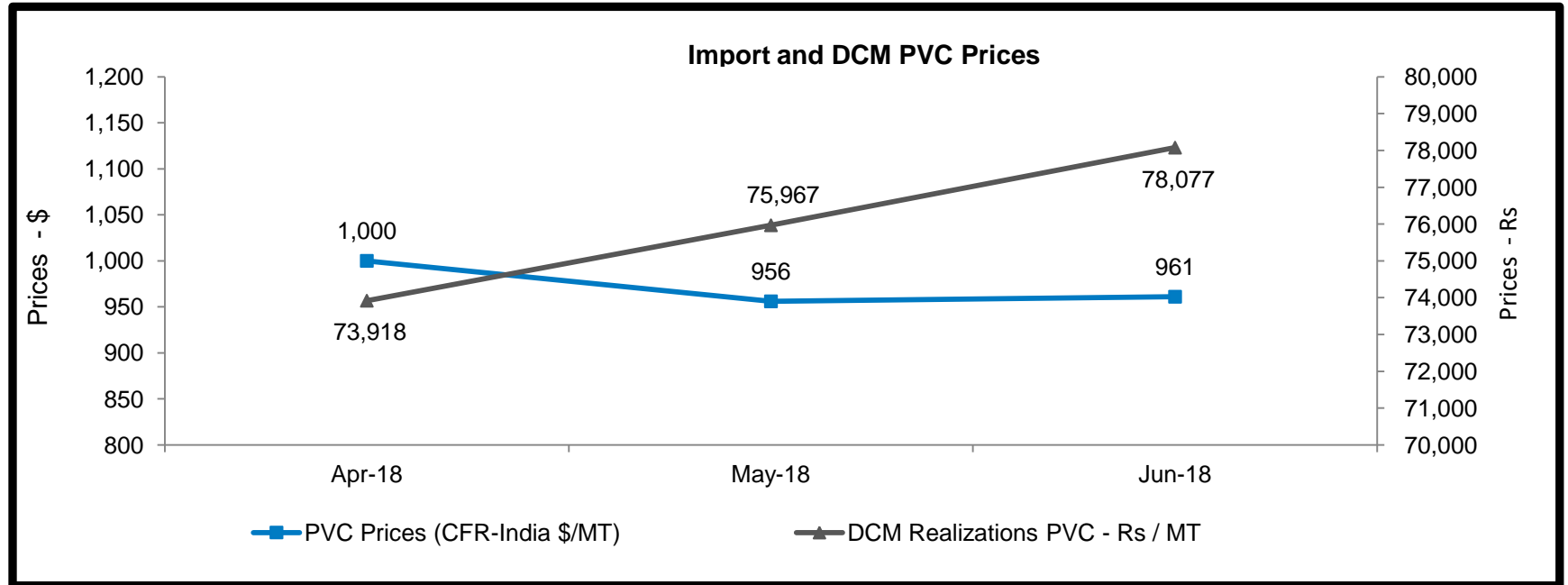
Outlook

- Projects under implementation will augment revenues and earnings:
 - 332 TPD capacity at Bharuch to come on stream in phases by Q1 FY 20 and 168 TPD capacity at Kota to come on-stream in phases (84 TPD in Q3 FY19 and 84 TPD in Q3 FY20).
- Selling prices are stabilizing after declining trend over last 4-5 months.

Plastics

Particulars	Operational				Financial	
	PVC Sales (MT)	PVC XWR Realisations (Rs./MT)	Carbide Sales (MT)	Carbide XWR Realisations (Rs./MT)	Revenues (Rs Cr.)	PBIT (Rs. Cr.)
Q1 FY19	15,179	75,724	4,996	50,898	143.9	26.8
Q1 FY18	15,883	70,682	6,773	43,665	150.4	33.1
<i>% Shift</i>	<i>(4.4)</i>	<i>7.1</i>	<i>(26.2)</i>	<i>16.6</i>	<i>(4.3)</i>	<i>(19.1)</i>

Plastics



Performance Overview

- Revenue down by 4% YoY due to lower volumes.
- PBIT declined by 19% due to lower volumes and higher Power/ Chlorine costs.

Outlook

- PVC expansion by 40 TPD under implementation.
- Company continues to work on optimizing cost efficiencies to mitigate the impact of rising input costs.

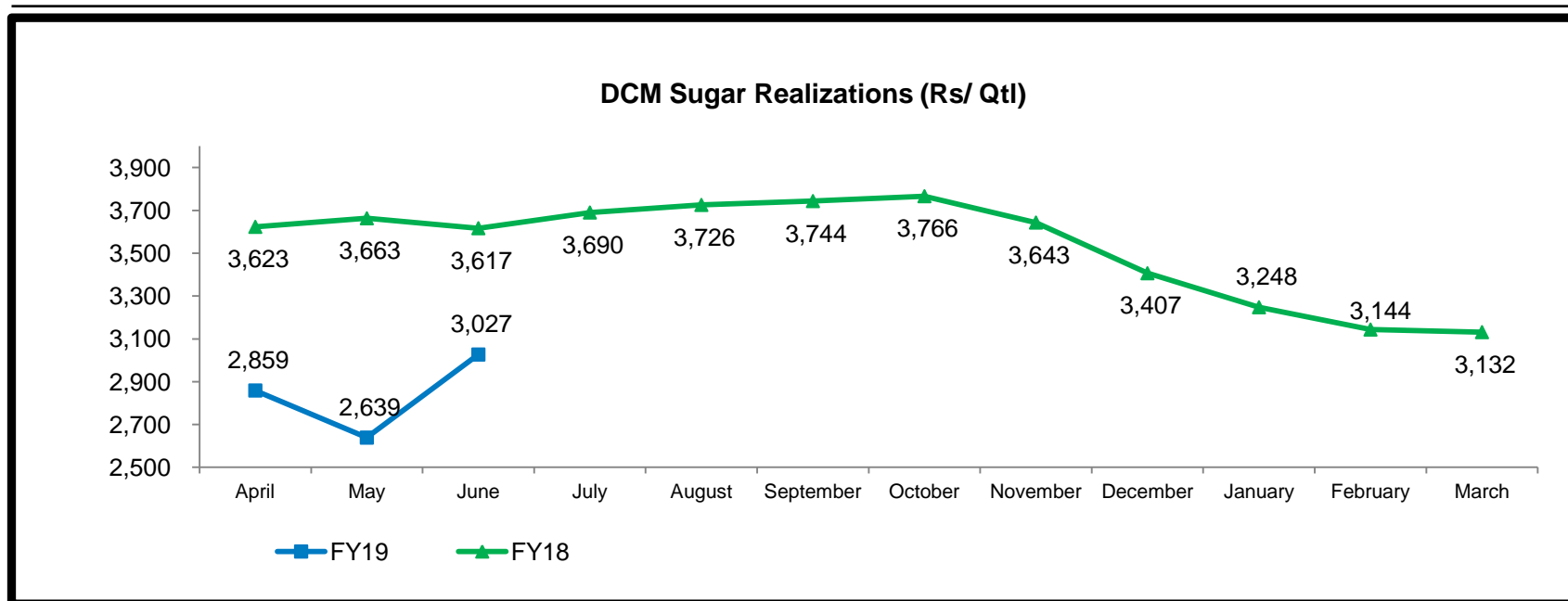
Sugar

Particulars	Q1 FY18	Q1 FY19	YoY % Change
Revenues (Rs. cr.)			
Sugar	600.0	528.7	(11.9)
Power	25.7	53.0	106.3
Distillery	-	36.5	-
Total	625.7	618.1	(1.2)
PBIT (Rs cr.)			
Sugar	94.1	(70.2)	-
Power	14.0	42.4	202.7
Distillery	-	25.0	-
Total	108.1	(2.8)	-

Company operates its sugar business at four locations in state of UP viz Ajbapur, Loni, Hariawan and Rupapur. Total operating crushing capacity is 33,000 TCD with another 5,000 TCD expansion under implementation. Sugar business is supported by 111 MW co-gen power plant with another 30 MW under implementation. Distillery with capacity 150 KLD commissioned in Jan 18 and sales started in April 18. Second Distillery of 200 KLD to be commissioned in Q3 FY20.

Sugar

Particulars	Sugar Production (Lac Qtls)	Sales (Volume)			Sugar Realizations (Rs/ Qtl)	Cap. Employed (Rs Cr.)
		Sugar (Lac Qtls)	Power (Crore Units)	Distillery (KL)		
Q1 FY19	19.4	18.0	10.2	87.1	2,773	1,210.2
Q1 FY18	6.0	15.8	5.0	-	3,635	781.1
% Shift	225.0	13.9	103.5	-	(23.7)	54.9



Sugar Segment

Performance Overview

- Crushing for sugar season 2017-18 ended during 17th May to 16th June 2018.

	SY		
	2017	2018	%change
Cane Crushed (Lac Qtls)	417.5	611.2	46.4
Recovery (%)	11.11	11.05	(0.6)
Sugar Production (Lac Qtls)	46.4	67.5	45.5

- Sugar revenues down 12% YoY due to 24% decline in Sugar realizations. Sales volume up by 14%.
- Increase in Power revenue (enhanced capacity & longer crushing season) and revenues from newly commissioned distillery contributed to mitigate the fall in sugar revenues.
- The Sugar margins for the quarter was –ve Rs 701 per Qtl (last year Rs 410 per Qtl) due to lower Sugar & by product prices and higher costs.
- Sugar Closing stock stood at 33.87 lac qtls as on 30th June, 2018 (including export quota of 3.35 lac qtls) vs 17.1 lac qtls as on 30th June, 2017.
- Inventory valued at Rs 2,900 per Qtl, the minimum stipulated selling price, leading to inventory revaluation charge of Rs 30 crore during the quarter.

Outlook

- Sugar prices moved up to \approx Rs 3,250 per Qtl presently after steps by government. However, outlook is quite uncertain.
- The inventory level & working capital expected to remain high for next few quarters.
- Fresh capacity expansion proceeding as per schedule:
 - Sugar Capacity (5000 TCD) - to be completed by 3rd Quarter FY'19
 - Co-gen (30 MW) - to be completed by 3rd Quarter FY'19.
 - 200 KLD Distillery – to be commissioned in 3rd Quarter FY'20.

Agri- Input Businesses

The Agri input businesses contributed to 31% of the Company's revenues during Q1 FY19. The Company continues to focus on these businesses given the huge opportunity in this area where the Company can capitalize on its long understanding of varied Agri businesses and the rural consumer; its established infrastructure; services & product portfolio; and a deep rural presence. The Agri Input Business includes:

Shriram Farm Solutions

Bioseed

Fertiliser (Urea)

Shriram Farm Solutions

Particulars	Revenues (Rs. Cr.)			PBIT (Rs. Cr.)			Cap. Employed (Rs. Cr.)
	Bulk	Value Added	Total	Bulk	Value Added	Total	
Q1 FY19	54.6	156.8	211.4	2.4	7.5	9.8	349.8
Q1 FY18	85.8	191.0	276.7	1.7	9.0	10.7	396.2
<i>% Shift</i>	<i>(36.3)</i>	<i>(17.9)</i>	<i>(23.6)</i>	<i>38.4</i>	<i>(16.7)</i>	<i>(7.9)</i>	<i>(11.7)</i>

The portfolio comprises Value-added products such as Seeds, Pesticides, Soluble Fertiliser, Micro-nutrients etc. along with Bulk Fertilizers (SSP). This business is seasonal in nature and the results in the quarter are not representative of annual performance

Performance Overview

- Total revenues lower 24% YoY for Q1. Value added segment revenue impacted by lower volumes and prices of BT cotton seeds.
- Central Government reduced selling prices of BT Cotton seeds by Rs 60 per packet including reduction of Rs 10/- in Trait value payable.
- Reduction in revenues of Bulk fertilizers represents Company's decision to rationalize this activity.

Outlook

- Planning to reduce the volume of Bulk fertilizers going forward.
- Focus on marketing activities, product portfolio expansion in value added segment to achieve better growth and profits in medium term.

Particulars	Revenues (Rs. Cr.)			PBIT (Rs. Cr.)	Cap. Employed (Rs. Cr.)
	India	International	Total		
Q1 FY19	251.4	30.6	281.9	47.7	440.4
Q1 FY18	274.1	32.4	306.5	79.3	406.2
<i>% Shift</i>	<i>(8.3)</i>	<i>(5.6)</i>	<i>(8.0)</i>	<i>(39.8)</i>	<i>8.4</i>

Bioseed business is research intensive and is diversified across key crops (Cotton, Corn, Paddy, Bajra and Vegetables). India is the key market with presence across all above crops. International presence is in Vietnam , Philippines and Indonesia wherein the key crop is Corn. The performance of the business has seasonality, with Kharif being the major season in India.

Performance Overview

- Q1 FY19 India segment revenues declined by 8% YoY impacted by lower selling price (fixed by government) and lower BT cotton volumes.
- Crops other than Cotton, progressing satisfactorily.
- International business revenues impacted by lower volumes in Corn.

Outlook

- International operations are stabilizing.
- Cotton seed margins will get adversely affected due to price reduction by government.

Fertilisers (Urea)

Particulars	Operational		Financial		
	Sales (MT)	Realisations (Rs./MT)	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)	Cap. Employed (Rs. Cr.)
Q1 FY19	91,457	23,599	227.6	8.7	523.1
Q1 FY18	88,773	18,515	167.9	1.0	211.7
<i>% Shift</i>	<i>3.0</i>	<i>27.5</i>	<i>35.6</i>	<i>748.0</i>	<i>147.1</i>

Performance Overview

- Q1 FY19 revenues increased by 36% due to higher realizations, reflecting higher energy costs.
- Subsidy outstanding as at 30th June, 2018 is Rs. 453 Crores Vs Rs 165 Crores as on 30th June, 2017. the impact of DBT system, which has led to delay in Subsidy payments.

Outlook

- Plant operations expected to be stable.
- Industry is pursuing with government for faster subsidy payments.

Other Businesses

The 'Others' Segment in the financial results, includes Cement, Fenesta Building Systems and Hariyali Kisaan Bazar.

Revenues under 'Others' stood at Rs 213 crore in Q1 FY19 from Rs. 222 crore in Q1 FY18. PBIT for the quarter stood at Rs. 11.8 crore vis-à-vis Rs. 10.1 crore in Q1 FY18.

Fenesta Building Systems

Particulars	Operational			Financial
	Order Book (Rs Crores)			Revenues (Rs Cr.)
	Retail	Projects	Total	
Q1 FY19	70.5	34.2	104.7	92.4
Q1 FY18	62.0	14.5	76.5	77.2
<i>% Shift</i>	<i>13.6</i>	<i>136.8</i>	<i>36.9</i>	<i>19.7</i>

Fenesta a pan India brand has become synonymous with UPVC windows. Includes Retail and Project Segment

Performance Overview

- Q1 FY 19 Net revenue increased by 20% YoY led by retail segment.
 - Share of 'Retail' segment at 72% to sales.
- Order Booking up by 37% YoY during the quarter led by push from project segment.

Outlook

- Company focused on expanding the product portfolio and improve service quality to continue healthy growth in the business.
- Improvement in the overall economic scenario and uptick in the real estate sector will enable higher penetration of the uPVC window offerings.

Cement

Particulars	Operational		Financial	
	Sales (MT)	Realisations (Rs./MT)	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)
Q1 FY19	112,476	2,931	41.7	0.9
Q1 FY18	127,148	3,280	49.5	5.2
<i>% Shift</i>	<i>(11.5)</i>	<i>(10.6)</i>	<i>(15.7)</i>	<i>(83.3)</i>

The Cement business is small. Since its capacity is driven by the waste generated from carbide plant. The Company markets its cement under the 'Shriram' brand

Performance Overview

- Net revenue lower by 16% YoY during the quarter due to lower volumes and lower realizations.

Outlook

- Demand is expected to pick-up on increase in Govt. spending towards building up rural infrastructure (mainly Roads/Highways and Urban Infra).
- The business is focused on further improving its efficiencies and optimizing its cost structure for generating steady returns.

About Us & Investor Contacts

DCM Shriram Ltd. is an integrated business entity, with extensive and growing presence across the entire Agri value chain and Chloro-Vinyl industry. The Company has added innovative value-added businesses in these domains primarily Bioseed and Fenesta. Access to captive power at all key manufacturing units enables the businesses to optimise competitive edge.

For more information on the Company, its products and services please log on to www.dcmshriram.com or contact:

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