



# DCM Shriram Ltd.

## Q2 & H1 FY19 - Results Presentation

October 29, 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

---

<b>Title</b>	<b>Slide No.</b>
<b>Q2 FY19</b>	<b>4-7</b>
Key Highlights	4-5
Financial Snapshot	6
Segment Performance	7
<b>H1 FY19</b>	<b>8-9</b>
Financial Snapshot	8
Segment Performance	9
<b>Q2 FY19 Performance Overview &amp; Outlook</b>	<b>10-13</b>
Projects under Implementation	14
Management's Message	15
<b>Segmental Details</b>	<b>16-31</b>
Chloro-Vinyl Businesses	17-21
Sugar	22-24
Agri Input Businesses	25-28
Other Businesses	29-31
<b>About Us &amp; Investor Contacts</b>	<b>32</b>

# Q2 FY'19 – Key Highlights

## 1. **Net Revenues** up by 6% (Rs 1,700 crore vs Rs 1,605 crore for same period last year):

### a. Own Products – Revenues increased by 7% YoY.

- i. Chemicals – Revenues up by 23% YoY with increase in net realizations by 16% and volumes gain of 5%.
- ii. Sugar – Overall revenues lower by 7% YoY. Sugar revenue down by 23% with prices down by 14% and volumes down by 9% due to sales restriction by central government. Distillery revenues mitigated partly the lower Sugar revenues.
- iii. Fenesta – Revenues up by 16% YoY led by retail segment.

### b. Traded Products – Overall Revenues from traded products declined by 1% YoY.

- i. Revenues of bulk fertilizers and Haryali Kisaan Bazaar (Fuel Pumps) down by 31%, part of the plan to reduce these activities.
- ii. Revenues of value added agri-inputs improved by 40%.

## 2. **PBDIT stood at** Rs 313 crore vs Rs.306 crore over same period last year. The profit for current year is after charging sugar off season expenses of Rs 31.6 crore for Q2 FY19 (Rs 37.3 crore for H1 FY19). Such expenses were being deferred for interim results till last year.

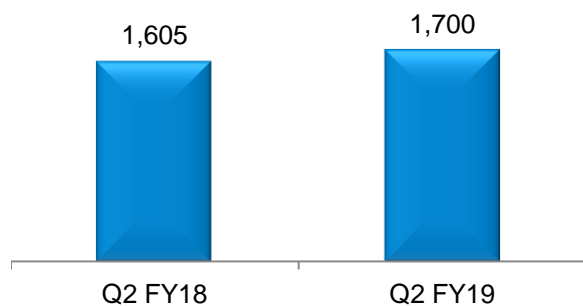
- a. Chemicals – PBDIT at Rs 198 crore up by 21% YoY, with higher volumes (up 5%) and higher realizations.
- b. Plastics – PBDIT down by 55% YoY at Rs 16 crore due to higher input costs and lower volumes resulting from shutdown of 10 days.
- c. Sugar – Overall PBDIT at Rs 98 crore up by 20% YoY. Sugar PBDIT at Rs 44 cores declined by 46% YoY even after inventory revaluation gain of Rs 48 crore. Sugar prices at Rs 3,207/ Qtl for Q2 FY19 down 14% vs last year. Distillery contributed to the segment earnings, off-setting lower earnings from sugar.

# Q2 FY'19 – Key Highlights

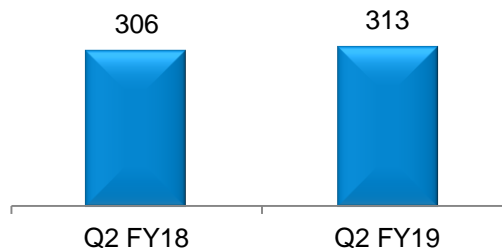
3. **PAT** stood at Rs 169 crore vs Rs 172 crore for same period previous year. EPS for the quarter stood at Rs 10.56 vs Rs 10.59 in Q2 FY18.
4. **Gross Debt** as on September 30, 2018 stood at Rs. 915 crore vs. Rs 673 crore as on September 30, 2017. **Cash and Cash equivalents** stood at Rs. 456 crore vs Rs. 717 crore for the same period.
5. **Commissioned** 168 TPD additional Caustic Soda capacity at Kota and 10 TPD Aluminum Chloride at Bharuch. Will contribute to the revenues and earnings in H2 FY19.
6. **Projects under implementation** at investment of  $\approx$  Rs. 1,150 crore over next 4-5 quarters in Sugar and Chloro-Vinyl segments, to be commissioned in phases.
7. **Interim Dividend** – The Board declared an interim dividend of 200% (LY: 200%) amounting to Rs 75.20 crore (including DDT).
8. Company completed the share buy-back program on 23<sup>rd</sup> October, 2018. 64.74 lac shares, representing 3.99% of capital, were bought and extinguished at a total cost of Rs 249.999 crore plus incidentals.

# Q2 FY19 – Financial Snapshot

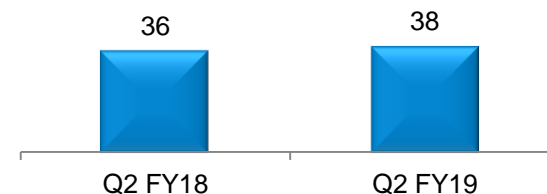
**Revenue (Net)**



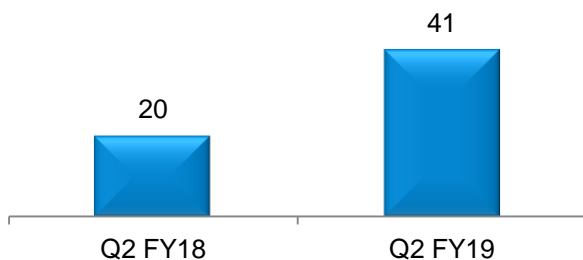
**PBDIT**



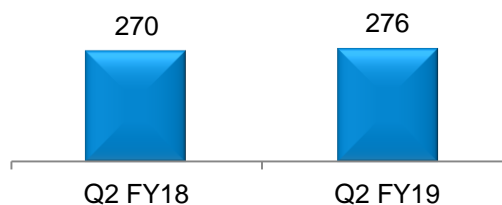
**Depreciation**



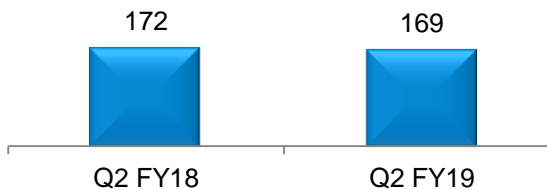
**Finance Cost**



**PBIT**



**PAT**



Note: All figures in Rs. crore

Net revenue includes operating income



# Q2 FY19 - Segment Performance

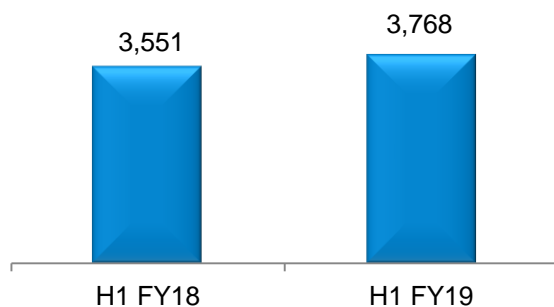
Rs. crore

Segments	Revenues			PBIT			PBIT Margins %	
	Q2 FY18	Q2 FY19	YoY % Change	Q2 FY18	Q2 FY19	YoY % Change	Q2 FY18	Q2 FY19
<b>Chloro Vinyl</b>	<b>484.7</b>	<b>553.2</b>	<b>14.1</b>	<b>178.7</b>	<b>195.8</b>	<b>9.6</b>	<b>36.9</b>	<b>35.4</b>
<b>Sugar</b>	<b>516.5</b>	<b>478.9</b>	<b>(7.3)</b>	<b>74.1</b>	<b>87.4</b>	<b>18.0</b>	<b>14.3</b>	<b>18.2</b>
- Sugar	516.5	397.4	(23.1)	74.0	35.6	(51.8)	14.3	9.0
- Power	0.0	7.5	27,380.4	0.1	4.1	7,712.7	192.2	54.6
- Distillery	-	74.0	-	0.0	47.7	-	-	64.4
<b>SFS</b>	<b>151.7</b>	<b>156.9</b>	<b>3.4</b>	<b>6.8</b>	<b>1.3</b>	<b>(80.5)</b>	<b>4.5</b>	<b>0.8</b>
- Bulk	61.1	30.2	(50.5)	2.4	(5.3)	-	3.9	(17.5)
- Value Added	90.6	126.7	39.8	4.4	6.6	50.6	4.8	5.2
<b>Bioseed</b>	<b>80.0</b>	<b>82.7</b>	<b>3.4</b>	<b>(2.2)</b>	<b>(4.0)</b>	<b>-</b>	<b>(2.7)</b>	<b>(4.8)</b>
<b>Fertilizer</b>	<b>196.4</b>	<b>247.0</b>	<b>25.8</b>	<b>33.2</b>	<b>17.6</b>	<b>(47.2)</b>	<b>16.9</b>	<b>7.1</b>
<b>Others</b>	<b>188.7</b>	<b>191.5</b>	<b>1.5</b>	<b>11.3</b>	<b>12.7</b>	<b>12.7</b>	<b>6.0</b>	<b>6.7</b>
-Fenesta	85.1	99.0	16.4	7.9	13.1	67.0	9.2	13.3
-Cement	44.6	40.3	(9.7)	3.4	(0.3)	-	7.6	(0.6)
-Hariyali Kisaan Bazaar & others	59.0	52.2	(11.5)	0.1	(0.2)	-	0.1	(0.3)
<b>Total</b>	<b>1618.0</b>	<b>1,710.3</b>	<b>5.7</b>	<b>301.9</b>	<b>310.8</b>	<b>3.0</b>	<b>18.7</b>	<b>18.2</b>
<b>Less: Intersegment Revenue</b>	13.3	10.2	(22.9)					
<b>Less: Unallocable expenditure (Net)</b>				31.7	35.0	10.4		
<b>Total</b>	<b>1,604.7</b>	<b>1,700.1</b>	<b>5.9</b>	<b>270.2</b>	<b>275.9</b>	<b>2.1</b>	<b>16.8</b>	<b>16.2</b>

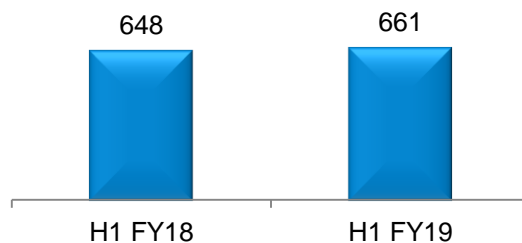
Note: Net revenue includes operating income

# H1 FY19 – Financial Snapshot

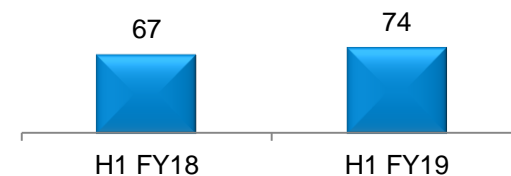
**Revenue (Net)**



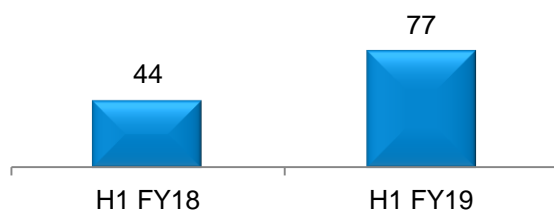
**PBDIT**



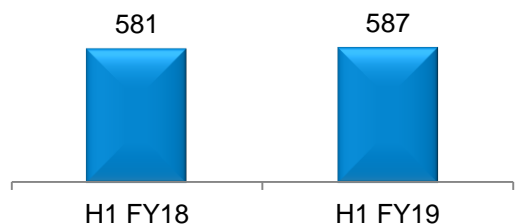
**Depreciation**



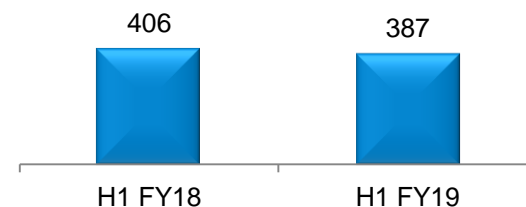
**Finance Cost**



**PBIT**



**PAT**



Note: All figures in Rs. crore

Net revenue includes operating income



# H1 FY19 - Segment Performance

Rs. crore

Segments	Revenues			PBIT			PBIT Margins %	
	H1 FY18	H1 FY19	YoY % Change	H1 FY18	H1 FY19	YoY % Change	H1 FY18	H1 FY19
<b>Chloro Vinyl</b>	<b>930.0</b>	<b>1,166.1</b>	<b>25.4</b>	<b>321.7</b>	<b>470.7</b>	<b>46.3</b>	<b>34.6</b>	<b>40.4</b>
<b>Sugar</b>	<b>1,142.2</b>	<b>1,097.0</b>	<b>(4.0)</b>	<b>182.2</b>	<b>84.6</b>	<b>(53.5)</b>	<b>16.0</b>	<b>7.7</b>
- Sugar	1,116.5	926.1	(17.1)	168.1	(32.2)	-	15.1	(3.5)
- Power	25.7	60.5	135.1	14.1	46.5	230.6	54.6	76.8
- Distillery	-	110.5	-	-	70.3	-	-	63.6
<b>SFS</b>	<b>428.4</b>	<b>368.3</b>	<b>(14.0)</b>	<b>17.4</b>	<b>11.2</b>	<b>(36.0)</b>	<b>-</b>	<b>3.0</b>
- Bulk	146.8	84.9	(42.2)	4.1	(2.9)	-	2.8	(3.5)
- Value Added	281.6	283.5	0.7	13.4	14.1	5.5	4.7	5.0
<b>Bioseed</b>	<b>386.5</b>	<b>364.7</b>	<b>(5.6)</b>	<b>77.1</b>	<b>43.8</b>	<b>(43.3)</b>	<b>20.0</b>	<b>12.0</b>
<b>Fertilizer</b>	<b>364.3</b>	<b>474.7</b>	<b>30.3</b>	<b>34.3</b>	<b>26.2</b>	<b>(23.5)</b>	<b>9.4</b>	<b>5.5</b>
<b>Others</b>	<b>410.5</b>	<b>405.0</b>	<b>(1.4)</b>	<b>21.4</b>	<b>24.6</b>	<b>14.6</b>	<b>5.2</b>	<b>6.1</b>
-Fenesta	162.3	191.5	18.0	13.5	24.0	77.7	8.3	12.5
-Cement	94.1	82.0	(12.9)	8.5	0.6	(92.8)	9.1	0.7
-Hariyali Kisaan Bazaar & others	154.1	131.5	(14.7)	(0.6)	(0.1)	-	(0.4)	(0.0)
<b>Total</b>	<b>3,661.8</b>	<b>3,875.8</b>	<b>5.8</b>	<b>654.2</b>	<b>661.0</b>	<b>1.0</b>	<b>17.9</b>	<b>17.1</b>
<b>Less: Intersegment Revenue</b>	111.2	107.8	(3.1)					
<b>Less: Unallocable expenditure (Net)</b>				73.1	74.3	1.7		
<b>Total</b>	<b>3,550.7</b>	<b>3,768.0</b>	<b>6.1</b>	<b>581.1</b>	<b>586.7</b>	<b>1.0</b>	<b>16.4</b>	<b>15.6</b>

Note: Net revenue includes operating income

# Q2 FY19 - Performance Overview & Outlook

## Chloro-Vinyl

- Net revenue higher by 14% YoY, Earnings up 10%.
  - Chemicals
    - Caustic ECU prices increased by 16% YoY.
    - Volumes increased by 5% YoY for Q2 FY19 and 9% YoY for H1 FY19. One of the plant had maintenance shut down during Q2 FY19. Operations normalized now.
    - 168 TPD capacity at Kota commissioned and will contribute to volume growth in H2 FY19.
  - Plastics
    - Plastics revenue down by 7% YoY due to lower volumes resulting from a 10 day shut down. PVC prices up by 10% YoY and carbide prices up by 20% YoY during Q2 FY19.
    - PBIT down by 60% YoY impacted by lower volumes, higher input costs and shut down expenses.

### Outlook

- Projects under implementation
  - 332 TPD capacity at Bharuch to come on stream in phases by Q1 FY 20.
  - 40 TPD PVC plant at Kota to commission by Q3 FY20.
- Caustic ECU prices moved down in Q2 vis a vis Q1 FY19, but have seen an upward movement since August 2018.
- PVC prices are stable. Rising input costs may put margins under pressure.

# Q2 FY19 - Performance Overview & Outlook

## Sugar

- Overall revenues lower by 7% YoY.
- Sugar revenues declined by 23% YoY. The net realizations were lower by 14% & the volumes lower by 9% due to sales restriction by government. Molasses prices down to almost zero.
- Sugar prices presently  $\approx$  Rs 3,250/ Qtl, significantly below the Season 2018 cost of Rs 3,585/ Qtl. However, realizations improved vs Q1 FY19 prices of Rs 2,773 per Qtl.
- Sugar closing stock of 21.84 lac Qtl valued at an average of Rs 3,120 per Qtl leading to revaluation gain of Rs 48 crore during Q2 FY19 (Rs 11 crore gain for H1 FY19).
- Distillery operating at full capacity contributed to the revenues during Q2 FY19. Provided part mitigation from lower sugar earnings and near zero molasses prices during Q2 FY19.

### Outlook

- Q2 has seen some revival in the prices vis a vis Q1 FY19 which saw prices going down to near Rs 2,500 per Qtl. Present prices levels of  $\sim$ Rs 3,250 per Qtl.
- Government has announced export of 5 Mn tonne of Sugar for SY 2018-19. Companies have started contracting for the same.
- Expansion of Sugar Capacity (5000 TCD) and Co-gen (30 MW) - to be completed by 3rd Quarter FY'19
- 200 KLD Distillery – to be commissioned by 3rd Quarter FY'20.

# Q2 FY19 - Performance Overview & Outlook

## Shriram Farm Solutions

- Overall revenues up by 3% YoY. Revenues from bulk fertilizer down by 50% and revenues from value added inputs up by 40% in line with the strategy to focus on value added inputs and reduce activities under bulk products.
- Earnings improved due to higher volumes and better margins of value added products.
- Earnings for bulk fertilizer were –ve due to costs relating to winding down the activities.

### Outlook

- Planning to further reduce the volume of Bulk fertilizers going forward.
- Enhanced focus on value added products will lead to better growth and profits in medium term.

## Bioseed

- Bioseed revenues marginally up by 3% YoY.
  - Q2 is an off-season for this business in India. Net revenues from India operations were up 19% at Rs. 69 crore lead by Corn and Hybrid Paddy.
  - International business revenue down by 38% at Rs 14 crore due to impact on corn sales in some countries

### Outlook

- Expect growth in this business over medium term.
- Challenges in cotton seed business expected to continue.

# Q2 FY19 - Performance Overview & Outlook

## Fertilizers (Urea)

- Revenues up 26% primarily due to higher prices (ie reflection of higher energy cost, a pass through).
- Plant had a stoppage for 9 days during the quarter. Stabilized now.
- Subsidy outstanding as on 30<sup>th</sup> September, 2018 stood at Rs 360 crore vs Rs 283 crore as on 30<sup>st</sup> September 2017 leading to higher capital employed.

### Outlook

- Government has referred the matter of energy norms wef 1st April, 2020 and the issue of increase in conversion costs to Niti Aayog. Expect progress in the matter.

## Others

### Fenesta Windows

- Q2 FY19 net revenues at Rs 99 crore increased by 16% YoY and 7% QoQ.
- H1 FY19 saw an increase of 18% YoY in the revenues.
- Retail segments led the growth during the quarter and half year.
- Overall order booking up by 16% YoY.

### Cement

- Net revenue lower by 10% YoY in Q2 FY19. Earnings declined due to increase in the costs during the quarter.

### Hariyali Kisaan Bazaar

- The activities under Hariyali Kisaan Bazaar includes fuel sales only. Plan to close this activity. No of fuel outlets have been reduced from 32 in Sep 2017 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	332 TPD	Q1 FY20
	-Bharuch	186 TPD	
	-Bharuch	146 TPD	
	Aluminum 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

\*Commissioned 10 TPD

# Management's Message

---

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

*"We are happy with satisfactory performance of the company during the quarter. We have progressed well on all our growth and profit improvement plans. The rationalization of bulk fertilizers and Hariyali business is also moving satisfactorily.*

*The product prices in almost all our businesses are improving. The expansion projects in Chemicals, PVC, Sugar (including Co-Gen Power and Distillery) and chlorine based chemicals have started coming on stream from Sep/Oct 18. These steps will provide volume growth as well as better margins.*

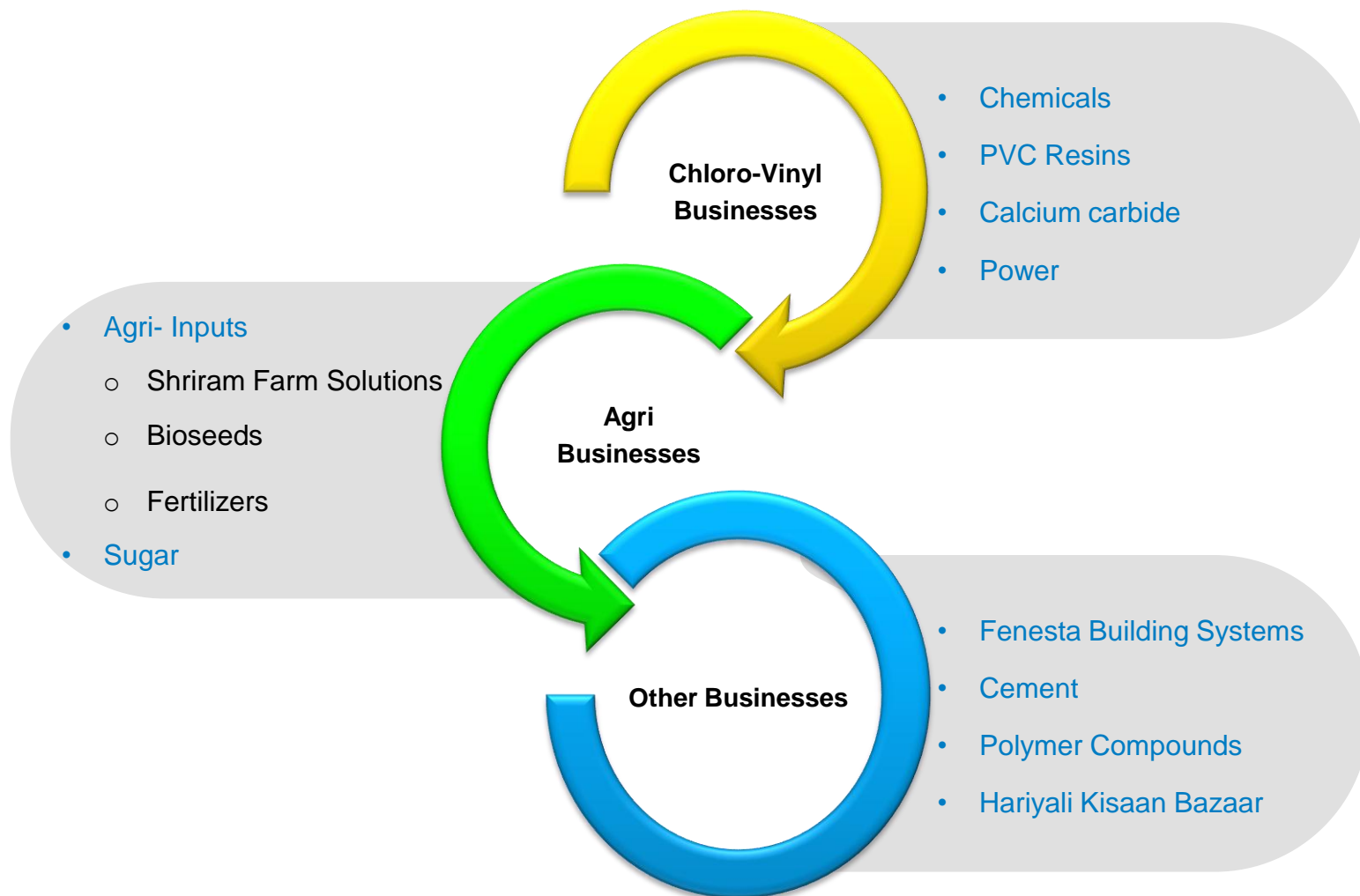
*Sugar business has recorded positive developments with several steps taken by central and UP government. We believe that once implemented, these steps will strengthen the business over the medium term.*

*Fenesta continues to grow in retail and project segments even in tough business environment. Bioseed and Farm Solutions are expected to grow over medium term.*

*We will continue to take up projects for continuous growth & margins improvement while maintaining a healthy balance sheet."*



# Segmental Details



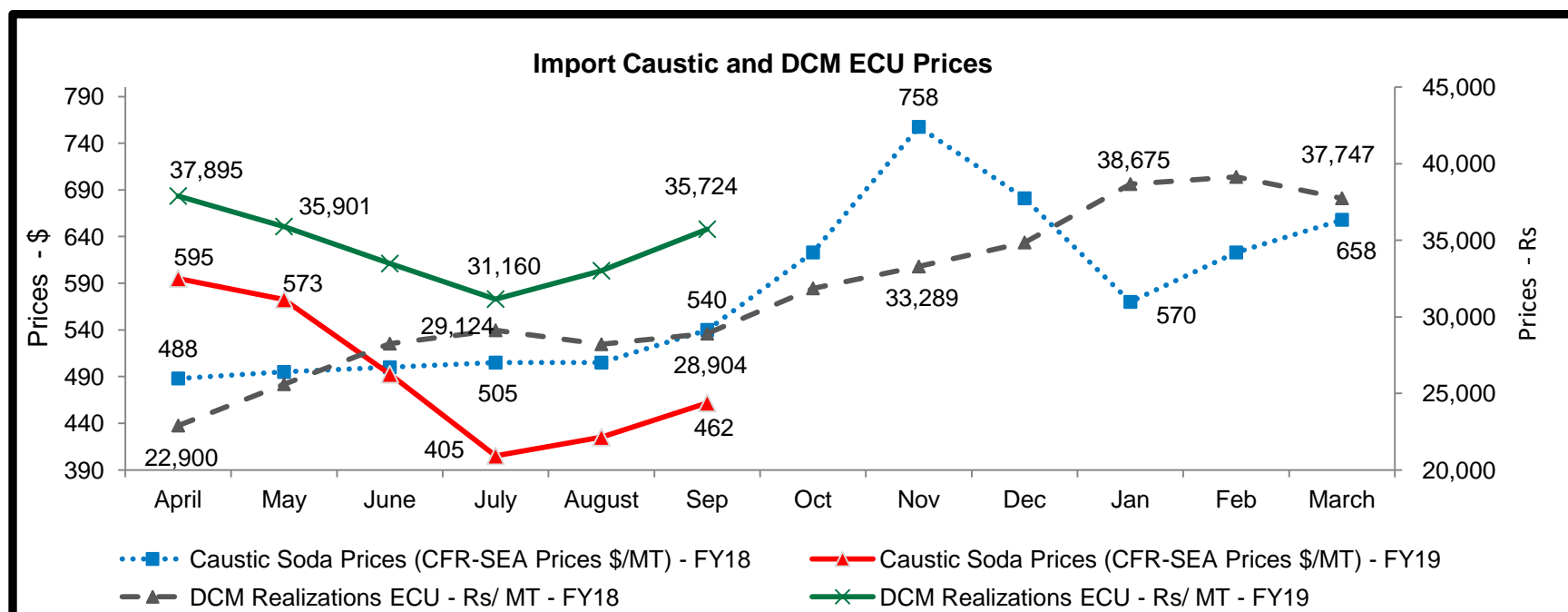
# Chloro Vinyl Business

Particulars	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)	Cap. Employed (Rs. Cr.)
<b>Q2 FY19</b>	<b>553.2</b>	<b>195.8</b>	<b>1,194.1</b>
Q2 FY18	484.7	178.7	1,038.7
<i>% Shift</i>	<i>14.1</i>	<i>9.6</i>	<i>15.0</i>
<b>H1 FY19</b>	<b>1,166.1</b>	<b>470.7</b>	<b>1,194.1</b>
H1 FY18	930.0	321.7	1,038.7
<i>% Shift</i>	<i>25.4</i>	<i>46.3</i>	<i>15.0</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.)
<b>Q2 FY19</b>	<b>108,362</b>	<b>33,330</b>	<b>416.9</b>	<b>182.9</b>
Q2 FY18	103,445	28,751	338.3	146.7
% Shift	4.8	15.9	23.2	24.7
<b>H1 FY19</b>	<b>220,801</b>	<b>34,565</b>	<b>885.9</b>	<b>431.0</b>
H1 FY18	202,836	27,212	633.1	256.6
% Shift	8.9	27.0	39.9	67.9



# Chemicals

---

## Performance Overview

- Q2 FY19 revenue increased by 23% YoY with volume growth of 5% and increase in net realizations by 16%. Revenue declined by 11% QoQ with realizations down by 7%.
- One of the plant had a maintenance shut down during Q2 FY19. Operations normalized now.
- 168 TPD capacity at Kota commissioned, to contribute to revenues in FY19.
- PBIT up by 25% YoY at Rs 183 crore.

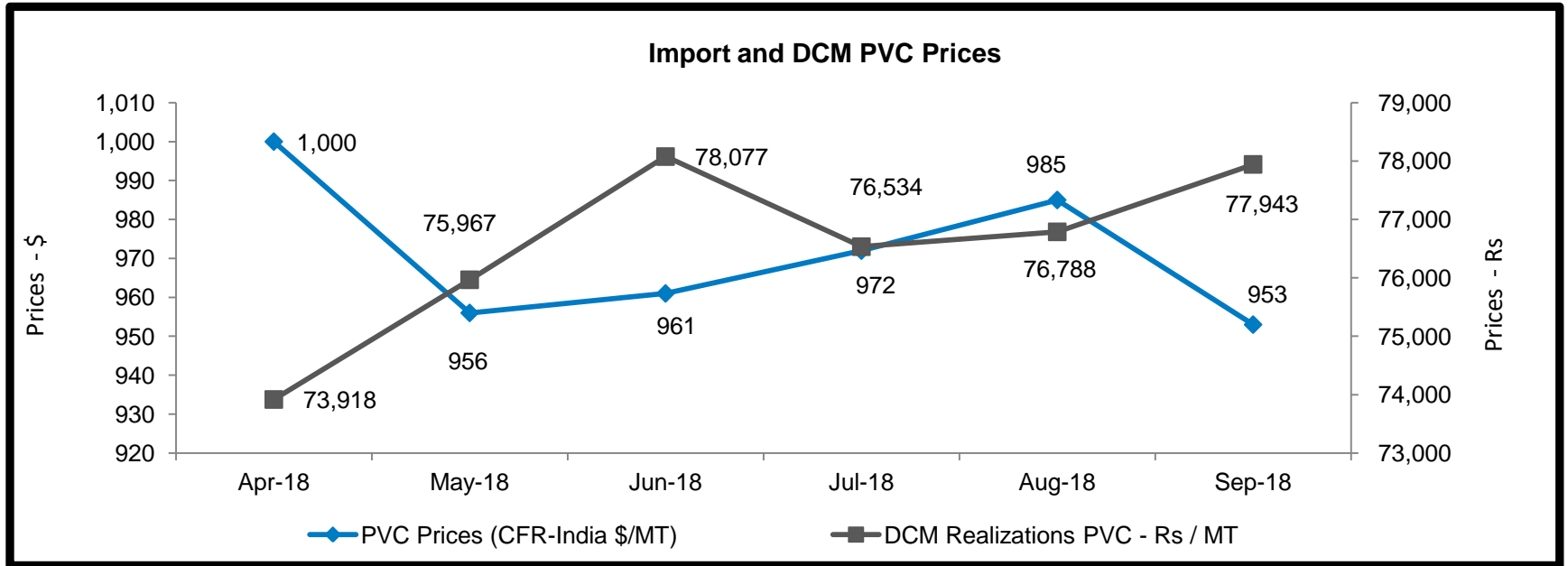
## Outlook

- Projects under implementation of 332 TPD capacity at Bharuch to come on stream in phases by Q1 FY 20.
- Caustic ECU prices moved down in Q2 vis a vis Q1 FY19, but have seen an upward movement since August 2018.

# 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.)
<b>Q2 FY19</b>	<b>12,795</b>	<b>76,692</b>	<b>6,712</b>	<b>52,443</b>	<b>136.3</b>	<b>13.0</b>
Q2 FY18	15,744	70,035	8,032	43,783	146.4	32.0
<i>% Shift</i>	<i>(18.7)</i>	<i>9.5</i>	<i>(16.4)</i>	<i>19.8</i>	<i>(6.9)</i>	<i>(59.5)</i>
<b>H1 FY19</b>	<b>27,974</b>	<b>76,167</b>	<b>11,708</b>	<b>51,783</b>	<b>280.2</b>	<b>39.7</b>
H1 FY18	31,627	70,240	14,805	43,724	296.8	65.1
<i>% Shift</i>	<i>(11.5)</i>	<i>8.4</i>	<i>(20.9)</i>	<i>18.4</i>	<i>(5.6)</i>	<i>(39.0)</i>

# Plastics



## Performance Overview

- Revenue lower by 7% YoY due to lower volumes resulting from 10 days shut down.
- PVC and Carbide prices up 10% and 20% respectively. PVC volumes down 19%. Carbide volumes lower 16%
- PBIT down due to lower volumes, higher input costs and shut down expenses.

## Outlook

- 40 TPD PVC plant at Kota to commission by Q3 FY20.
- PVC prices are stable. Rising input costs may put margins under pressure.

# Sugar

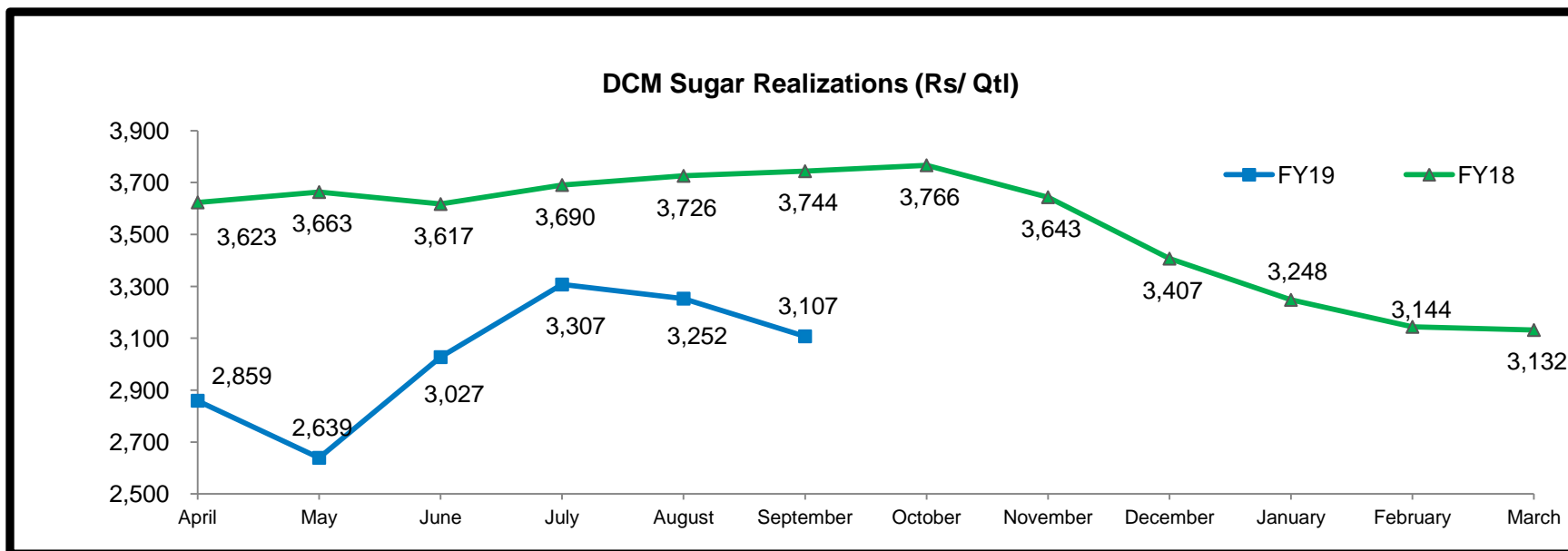
Particulars	Q2 FY18	Q2 FY19	YoY % Change	H1 FY18	H1 FY19	YoY % Change
<b>Revenues (Rs. cr.)</b>						
Sugar	516.5	397.4	(23.1)	1,116.5	926.1	(17.1)
Power	0.0	7.5	27380.4	25.7	60.5	135.1
Distillery	-	74.0	-	-	110.5	-
<b>Total</b>	<b>516.5</b>	<b>478.9</b>	<b>(7.3)</b>	<b>1,142.2</b>	<b>1,097.0</b>	<b>(4.0)</b>
<b>PBIT (Rs cr.)</b>						
Sugar	74.0	35.6	(51.8)	168.1	(32.2)	-
Power	0.1	4.1	7712.7	14.1	46.5	230.6
Distillery	-	47.7	-	-	70.3	-
<b>Total</b>	<b>74.1</b>	<b>87.4</b>	<b>18.0</b>	<b>182.2</b>	<b>84.6</b>	<b>(53.5)</b>

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. Second Distillery of 200 KLD to be commissioned by Q3 FY20.



# Sugar

Particulars	Sales (Volume)			Sugar Realizations (Rs/ Qtl)	Cap. Employed (Rs Cr.)
	Sugar (Lac Qtls)	Power (Lac Units)	Distillery (Lac Ltrs)		
<b>Q2 FY19</b>	<b>12.0</b>	<b>145.5</b>	<b>180.2</b>	<b>3207</b>	<b>1054.1</b>
Q2 FY18	13.2	1.0	-	3724	476.9
% Shift	(8.7)	14,450.4	-	(13.9)	121.0
<b>H1 FY19</b>	<b>30.0</b>	<b>1,162.9</b>	<b>267.3</b>	<b>2,947</b>	<b>1054.1</b>
H1 FY18	28.9	501.6	-	3,675	476.9
% Shift	3.6	131.8	-	(19.8)	121.0



# Sugar Segment

## Performance Overview

- Overall revenues down by 7% YoY in Q2 FY19. Sugar revenues declined by 23% YoY.
- Sugar volume declined by 9% due to sales restriction by central government. Sugar realizations down by 14%. Realizations of molasses remained under pressure during the quarter.
- Overall earnings up by 18%. Sugar earnings declined by 52% as sugar prices remained at Rs 3,207 per Qtl during the quarter, below the Season 2018 cost of Rs 3,585/ Qtl. PBIT of Rs 48 crore from Distillery, partly mitigated lower earnings from sugar.
- Inventory valued at Rs 3,120 per Qtl leading to a revaluation gain of Rs 48 crore for Q2 FY19 (H1 FY19 gain of Rs 11 crore).
- Sugar Closing stock stood at 21.84 lac qtls as on 30<sup>th</sup> September, 2018 vs 3.93 lac qtls as on 30<sup>th</sup> September, 2017.

## Outlook

- Q2 has seen some revival in the prices vis a vis Q1 FY19 which saw prices going down to near Rs 2,500 per Qtl. Present prices levels of ~Rs 3,250 per Qtl.
- Government has announced export of 5 Mn tonne of Sugar for SY 2018-19. Companies have started contracting for the same.
- 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 3 rd Quarter FY'20.

# Agri- Input Businesses

---

The Agri input businesses contributed to 29% of the Company's revenues during Q2 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

Fertilizer (Urea)

# Shriram Farm Solutions

Particulars	Revenues (Rs. Cr.)			PBIT (Rs. Cr.)			Cap. Employed (Rs. Cr.)
	Bulk	Value Added	Total	Bulk	Value Added	Total	
<b>Q2 FY19</b>	<b>30.2</b>	<b>126.7</b>	<b>156.9</b>	<b>(5.3)</b>	<b>6.6</b>	<b>1.3</b>	<b>274.4</b>
Q2 FY18	61.1	90.6	151.7	2.4	4.4	6.8	347.5
% Shift	(50.5)	39.8	3.4	-	50.6	(80.5)	(21.1)
<b>H1 FY19</b>	<b>84.9</b>	<b>283.5</b>	<b>368.3</b>	<b>(2.9)</b>	<b>14.1</b>	<b>11.2</b>	<b>274.4</b>
H1 FY18	146.8	281.6	428.4	4.1	13.4	17.4	347.5
% Shift	(42.2)	0.7	(14.0)	-	5.5	(36.0)	(21.1)

The portfolio comprises Value-added products such as Seeds, Pesticides, Soluble Fertilizer, 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 for Q2 FY19 up by 3% YoY led by positive growth from value added inputs (revenues up by 40%). Revenues from Bulk fertilizers down by 50% (part of planned initiative).
- Total earnings down for Q2 FY19. Losses in bulk segment due to costs relating to winding down the activities. Earnings from value added inputs supported the overall earnings.
- Contribution of value added business in revenue increased to 81% in Q2 FY19 from 60% in Q2 FY18.

## Outlook

- Planning to further reduce the volume of Bulk fertilizers going forward.
- Enhanced focus on value added products will lead to better growth and profits in medium term.

Particulars	Revenues (Rs. Cr.)			PBIT (Rs. Cr.)	Cap. Employed (Rs. Cr.)
	India	International	Total		
<b>Q2 FY19</b>	<b>69.1</b>	<b>13.7</b>	<b>82.7</b>	<b>(4.0)</b>	<b>468.3</b>
Q2 FY18	57.9	22.1	80.0	(2.2)	491.0
% Shift	19.3	(38.1)	3.4	-	(4.6)
<b>H1 FY19</b>	<b>320.4</b>	<b>44.3</b>	<b>364.7</b>	<b>43.8</b>	<b>468.3</b>
H1 FY18	332.0	54.5	386.5	77.1	491.0
% Shift	(3.5)	(18.7)	(5.6)	(43.3)	(4.6)

Bioseed business is intensely research based 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

- Overall revenues up by 3% YoY,
- Q2 is an off-season for this business in India. Net revenues from India operations were up 19% YoY at Rs. 69 crore lead by Corn and Hybrid Paddy.
- International business revenue down by 38% YoY at Rs 14 crore due to impact on corn sales in some countries

## Outlook

- Expect growth in this business over medium term.
- Challenges in cotton seed business expected to continue.

# Fertilizers (Urea)

Particulars	Operational		Financial		
	Sales (MT)	Realisations (Rs./MT)	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)	Cap. Employed (Rs. Cr.)
<b>Q2 FY19</b>	<b>94,363</b>	<b>23,107</b>	<b>247.0</b>	<b>17.6</b>	<b>435.7</b>
Q2 FY18	106,340	18,137	196.4	33.2	340.9
% Shift	(11.3)	27.4	25.8	(47.2)	27.8
<b>H1 FY19</b>	<b>185,820</b>	<b>23,472</b>	<b>474.7</b>	<b>26.2</b>	<b>435.7</b>
H1 FY18	195,113	18,309	364.3	34.3	340.9
% Shift	(4.8)	28.2	30.3	(23.5)	27.8

## Performance Overview

- Revenue for Q2 FY19 increased by 26% YoY led by improved realizations, which is reflection of higher energy costs (a pass through).
- Subsidy outstanding as on 30<sup>th</sup> September, 2018 stood at Rs 360 crore vs Rs 283 crore as on 30<sup>st</sup> September 2017 leading to higher capital employed.
- Plant had a stoppage for 9 days during the quarter. Stabilized now.

## Outlook

- Government has referred the matter of energy norms w.e.f 1st April, 2020 and the issue of increase in conversion costs to Niti Aayog. Expect progress in the matter.

# Other Businesses

---

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

Revenues under 'Others' stood at Rs 192 crore in Q2 FY19 from Rs. 189 crore in Q2 FY18. PBIT for the quarter stood at Rs. 13 crore vis-à-vis Rs. 11 crore in Q2 FY18.



# Fenesta Building Systems

Particulars	Operational			Financial
	Order Book (Rs Cr.)			Revenues (Rs Cr.)
	Retail	Projects	Total	
<b>Q2 FY19</b>	<b>80.6</b>	<b>28.2</b>	<b>108.8</b>	<b>99.0</b>
Q2 FY18	61.8	32.1	94.0	85.1
<i>% Shift</i>	30.3	(12.3)	15.8	16.4
<b>H1 FY19</b>	<b>151.1</b>	<b>62.4</b>	<b>213.5</b>	<b>191.5</b>
H1 FY18	123.9	46.6	170.4	162.3
<i>% Shift</i>	22.0	33.9	25.2	18.0

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

## Performance Overview

- Q2 FY19 net revenues at Rs 99 crore increased by 16% YoY and 7% QoQ, led by retail segment. Earnings up by 67% YoY
- H1 FY19 saw an increase of 18% YoY in the revenues and earnings up by 78%.
- Overall order booking up by 16%.

## Outlook

- Emphasis on 'Retail' segment to drive sustainable growth through higher sales across wide product portfolio by providing exceptional customer experience.
- 'Projects' business to benefit from key relationships.
- 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)	Realizations (Rs./MT)	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)
<b>Q2 FY19</b>	<b>103,672</b>	<b>3,063</b>	<b>40.3</b>	<b>(0.3)</b>
Q2 FY18	111,407	3,008	44.6	3.4
<i>% Shift</i>	<i>(6.9)</i>	<i>1.8</i>	<i>(9.7)</i>	<i>-</i>
<b>H1 FY19</b>	<b>216,148</b>	<b>2,994</b>	<b>82.0</b>	<b>0.6</b>
H1 FY18	238,555	3,131	94.1	8.5
<i>% Shift</i>	<i>(9.4)</i>	<i>(4.4)</i>	<i>(12.9)</i>	<i>(92.8)</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 10% YoY during the quarter due to lower volumes.
- Earnings declined due to increased costs.

## Outlook

- Higher spending on infrastructure creation (roadways and urban infra) to drive growth in demand.
- Business committed to enhancing efficiencies further and optimizing costs.

# 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](http://www.dcmshriram.com) or contact:

## **Vinay Bhutra**

DCM Shriram Ltd.

Tel: +91 11 4210 0320

Fax: +91 11 2372 0325

Email: [vinaybhutra@dcmshriram.com](mailto:vinaybhutra@dcmshriram.com)

## **Siddharth Rangnekar / Shikha Kshirsagar**

CDR India

Tel: +91 22 6645 1209/43

Fax: 91 22 6645 1213

Email: [siddharth@cdr-india.com](mailto:siddharth@cdr-india.com) /  
[shikha@cdr-india.com](mailto:shikha@cdr-india.com)