DCM SHRIRAM
Growing with trust

DCM Shriram Ltd.

Q4 & FY19 - Results Presentation

May 1, 2019

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

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FY19 – Key Highlights

1. **Net Revenues** at Rs 7,771 crores up 13% YoY:
    a. Own Products – Revenues up by 19% YoY.
        i. Sugar – Overall revenues up by 20% YoY (at Rs 2,353 crores).
            - Sugar revenue up by 8%. Overall sugar sales volumes up by 32% YoY (including exports volumes of raw sugar of 8.7 lacs Qtl in FY19 vs nil in FY18). Domestic Prices were lower 15% YoY (at Rs 3,036 per Qtl).
            - Distillery sales commenced in current FY contributed Rs 204 crores to revenue for FY19.
            - Power revenues up by 39% YoY driven by higher volumes due to new 30 MW plant commissioned during the Q4 FY19 and longer SY 18 which ended in June 2018.
        ii. Chemicals – Revenues up by 24% YoY (at Rs 1,915 crores) led by volumes gain of 9% driven by new capacity addition at Kota plant during Q2 FY19. Realizations up 12% YoY.
        iii. Fenesta – Revenues up by 17% YoY primarily led by retail segment.
    b. Traded Products – Overall Revenues from traded products down by 18% YoY.
        i. Revenues of bulk fertilizers and Hariyali Kisaan Bazaar (Fuel Pumps) down by 40%, a planned strategic initiative to exit from both the activities.
        ii. Revenues of value added agri-inputs up by 9% YoY.

2. **PBDIT** at Rs 1,456 crores up 33% YoY.
    a. Sugar – Overall PBDIT for FY 19 at Rs 399 crores, up Rs 273 crores over last year, supported by:
        i. Profit of Rs 156 crores from Distillery operations which started in Jan'18 (LY Rs 2 crores).
        ii. Increase in power profits by Rs 35 crores (at Rs 127 cores).

FY19 – Key Highlights

iii. Last year, had taken charge of Rs 157 crores on account of inventory write down (Rs 5 crores in FY19) and charge of Rs 28 crores on export obligations.

iv. Sugar Inventory (domestic) at 31st March, 2019 stood 38.89 lac Qtl (28.97 lac Qtl previous year) valued at average rate of Rs 3,049 per Qtl.

v. Contracted and produced entire sugar (raw) export quantity of 9.2 lac qtl including 8.7 lac qtl sold up to 31st March 2019.

b. Chemicals – PBDIT up 24% YoY driven by higher volumes due to increased capacity at Kota and higher ECU prices. Chlorine remained positive in FY19 vs negative in FY18.

c. Plastics – PBDIT down by 10% YoY at Rs 94 crores due to higher power costs.

d. Fertilizers – PBDIT at Rs 28 crores down 68% as claims relating to un-notified urea prices have been re-worked based on updated assessment leading to a charge of Rs 38 crores and higher shut down expenses. Had also accrued Rs 25 crores of arrears last year.

3. **PAT** for the year stood at Rs 906 crores up 35% YoY. EPS for the year stood at Rs 57.09 vs Rs 41.22 in FY18.

4. **Gross Debt** as on March 31, 2019 stood at Rs. 1,610 crores vs. Rs 756 crores as on March 31, 2018. **Cash and Cash equivalents** stood at Rs. 345 crores vs Rs. 102 crores for the same period. Thus, net debt was Rs 1,265 crores (Rs 653 crores last year).

5. **Projects Commissioned :**

a. 168 TPD additional Chlor-Alkali capacity at Kota in Q2 FY19 .

b. Cane crushing expansion of 5000 TCD and Power Co-Gen of 30 MW at Hariawan Sugar unit in Q4 FY19.

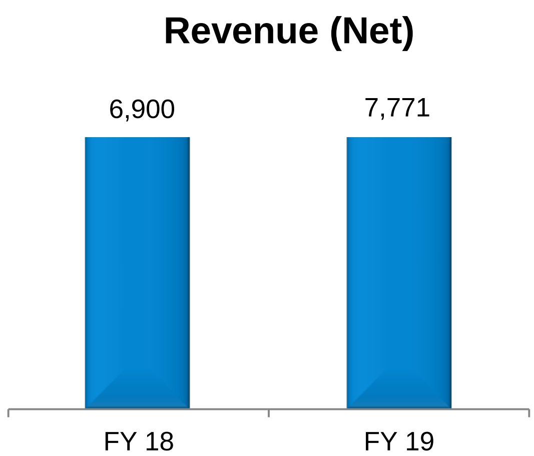
c. 60 TPD Aluminum Chloride at Bharuch in phases by Q4 FY19.

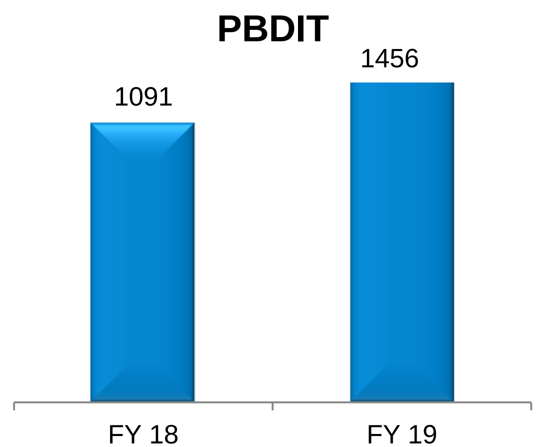
d. 332 TPD commissioned at Bharuch in April’ 2019.

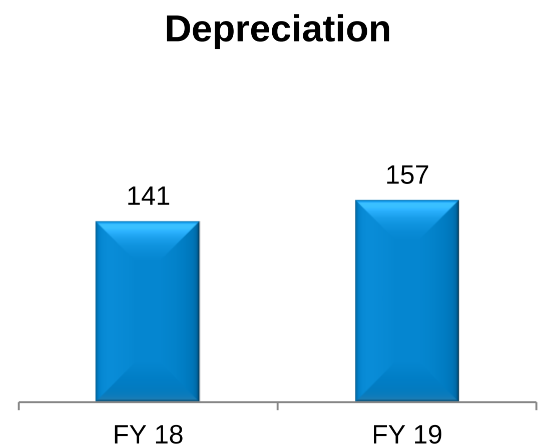
FY19 – Key Highlights

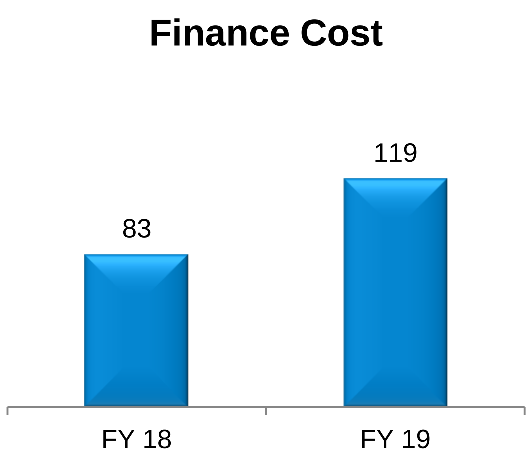
6. **Projects under implementation** at investment of Rs. 1,642 crores in Sugar and Chloro-Vinyl segments, to be commissioned in phases.
7. Company completed the share **buy-back program** on 23rd October, 2018. 64.74 lac shares, representing 3.99% of capital, were bought (at price not exceeding Rs 450/ equity share) and extinguished at a total cost of Rs 249.999 crores plus incidentals.
8. ICRA reaffirmed **long term rating** from to 'AA' during the year. CRISIL reaffirmed highest rating of 'A1+' to commercial paper programme i.e. same as the rating assigned by ICRA.
9. **Dividend –** The Board recommended final dividend of 80% (LY: 40%) amounting to Rs 30.1 crores (including DDT). Total dividend for the year is 490% (LY: 410%).

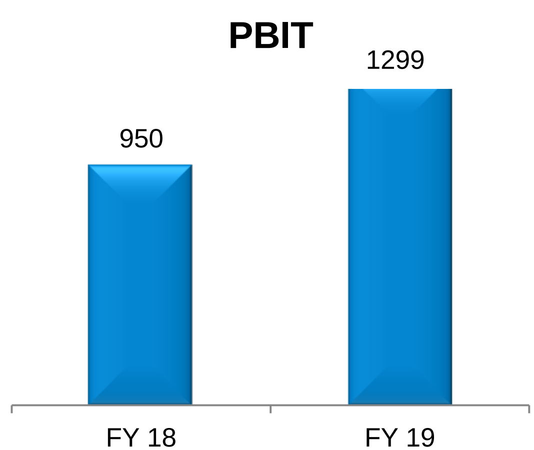
FY19 – Financial Snapshot

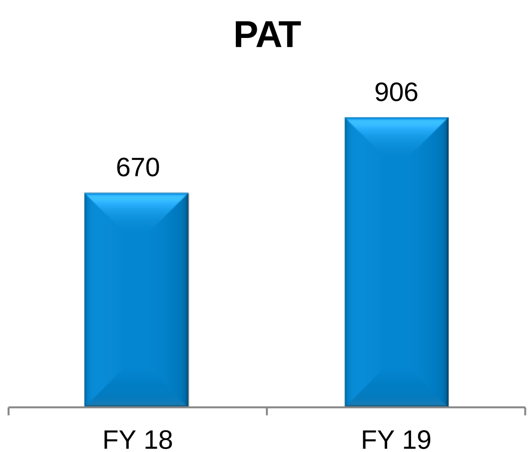












Note: All figures in Rs. crores

Net revenue includes operating income

FY19 - Segment Performance

Rs. cr

	Revenues			PBIT			PBIT Margins %	
Segments	**FY 18**	**FY 19**	***YoY % Change***	**FY 18**	**FY 19**	***YoY % Change***	**FY 18**	**FY 19**
Chloro Vinyl	**2,098.8**	**2,502.7**	***19.2***	**817.5**	**993.5**	***21.5***	***39.0***	***39.7***
Sugar	**1,954.0**	**2,353.0**	***20.4***	**94.3**	**354.6**	***275.9***	***4.8***	***15.1***
- Sugar	1,828.8	1,975.2	*8.0*	(0.5)	80.2	-	*(0.0)*	*4.1*
- Power	125.2	174.0	*39.0*	94.3	127.4	*35.2*	*75.3*	*73.2*
- Distillery	0.1	203.8	-	0.6	147.0	-	-	*72.1*
SFS	**888.1**	**716.6**	***(19.3)***	**51.8**	**40.7**	***(21.4)***	***5.8***	***5.7***
- Bulk	342.9	123.7	*(63.9)*	9.0	(19.2)	-	*2.6*	*(15.5)*
- Value Added	545.2	592.9	*8.8*	42.8	59.8	*39.8*	*7.8*	*10.1*
Bioseed	**493.0**	**472.3**	***(4.2)***	**20.7**	**3.2**	***(84.5)***	***4.2***	***0.7***
Fertilizer	**801.6**	**1,041.0**	***29.9***	**77.9**	**17.7**	***(77.2)***	***9.7***	***1.7***
Others	**803.7**	**814.6**	***1.4***	**34.2**	**38.2**	***11.8***	***4.3***	***4.7***
-Fenesta	332.4	390.5	*17.5*	30.5	48.3	*58.6*	*9.2*	*12.4*
-Cement	177.0	166.8	*(5.8)*	3.1	(7.5)	-	*1.8*	*(4.5)*
-Hariyali Kisaan Bazaar & others	294.3	257.3	*(12.6)*	0.6	(2.6)	-	*0.2*	*(1.0)*
Total	**7,039.1**	**7,900.2**	***12.2***	**1,096.3**	**1,447.9**	***32.1***	***15.6***	***18.3***
Less: Intersegment Revenue	138.6	129.1	*(6.9)*					
Less: Unallocable expenditure (Net)				146.0	148.8	1.9		
Total	**6,900.5**	**7,771.1**	***12.6***	**950.4**	**1299.2**	***36.7***	***13.8***	***16.7***

Note: Net revenue includes operating income

Q4 FY19 – Key Highlights

1. **Net Revenues** at Rs 1,888 crores up 21% YoY:
   a. Own Products – Revenues up by 30% YoY.
      i. Chemicals – Revenues up by 9% YoY led by volumes gain of 12% YoY driven by new capacity addition at Kota plant during Q2 FY19. Realizations down 5% YoY. Aluminum Chloride commissioned fully in Q4 FY19 also added to the revenues.
      ii. Sugar – Overall revenues up by 68% YoY. Sugar revenue up by 60% (up by Rs 195 crores) with domestic volumes up by 19% and domestic realizations were down by 2%. Sugar exports contributed to revenues at Rs 128 crores (Nil in Q4 FY18). Power revenues up by 23% YoY. Distillery sales commenced in current FY contributed to segment revenue growth by 13%.
      iii. Fenesta – Revenues up by 18% YoY. Both retail and projects segment contributed to the growth.
   b. Traded Products – Overall Revenues from traded products down by 38% YoY.
      i. Revenues of bulk fertilizers and Hariyali Kisaan Bazaar (Fuel Pumps) down by 48%, a planned strategic initiative.
      ii. Revenues of value added agri-inputs down by 18%.

2. **PBDIT** at Rs 439 crores up by 360%.
   a. Sugar – Overall PBDIT for the current quarter at Rs 241 crores vs –ve Rs 127 crores in Q4 FY18.
      i. Sugar PBDIT at Rs 149 crores vs –ve Rs 172 during Q4 FY18. Power PBDIT at Rs 51 crores vs 43 crores in Q4 FY18. Distillery sales started in FY 19 contributed to the earnings, PBDIT at Rs 41 crores.
      ii. Q4 FY18 had sugar inventory write down charge of Rs 119 crores and charge of Rs 28 crores on export obligation.

Q4 FY19 – Key Highlights

iii. Off season expenses were being deferred for interim results till last year. This has led to +ve impact of Rs 37.4 crores in current quarter over Q4 FY18.

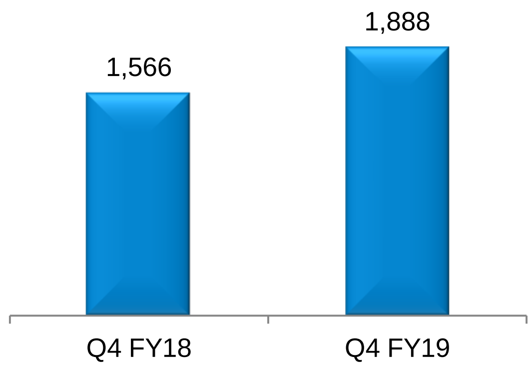
b. Chemicals – PBDIT down by 1%. Realizations down 5% YoY. Bharuch plant had a shut down during the quarter. Plant is stable now.

c. Plastics – PBDIT up by 365% YoY at Rs 29 crores due to higher volumes and realizations. Also, lower carbon costs for the quarter vs Q4 FY18 since the usage of petcoke has been allowed.

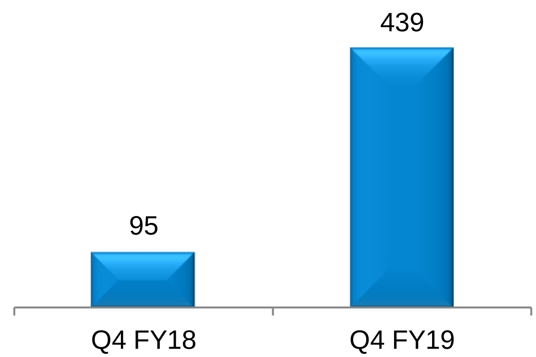
3. **PAT** for the quarter stood at Rs 293 crores vs Rs 51 crores during Q4 FY18. EPS for the quarter stood at Rs 18.67 vs Rs 3.12 in Q4 FY18.

Q4 FY19 – Financial Snapshot

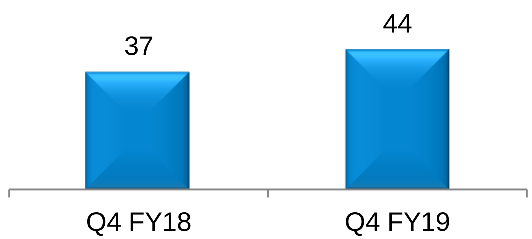
Revenue (Net)



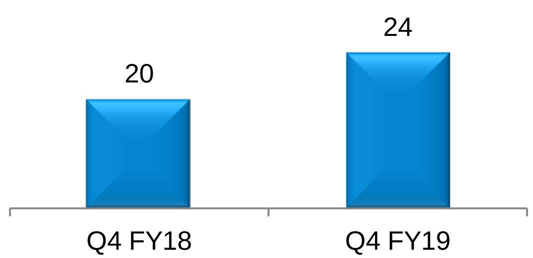
PBDIT



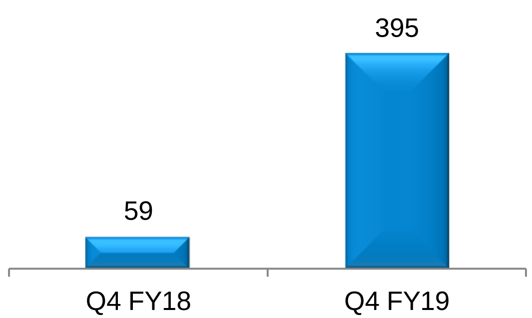
Depreciation



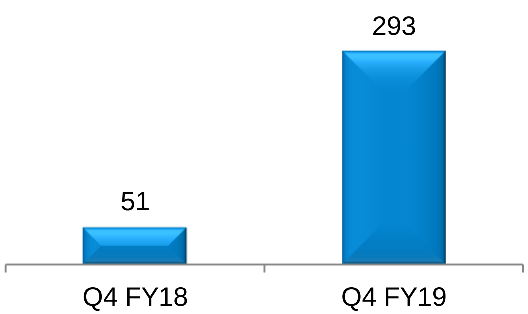
Finance Cost



PBIT



PAT



Note: All figures in Rs. crores

Net revenue includes operating income

Q4 FY19 - Segment Performance

Rs cr

	Revenues			PBIT			PBIT Margins %	
Segments	**Q4 FY18**	**Q4 FY19**	***YoY % Change***	**Q4 FY18**	**Q4 FY19**	***YoY % Change***	**Q4 FY18**	**Q4 FY19**
Chloro Vinyl	**591.2**	**676.1**	***14.4***	**254.0**	**271.0**	***6.7***	***43.0***	***40.1***
Sugar	**379.8**	**637.4**	***67.8***	**(136.6)**	**227.4**	***-***	***(36.0)***	***35.7***
- Sugar	325.1	520.4	*60.1*	(179.8)	137.7	-	*(55.3)*	*26.5*
- Power	54.7	67.5	*23.3*	42.6	51.2	*20.2*	*77.9*	*75.9*
- Distillery	0.1	49.6	-	0.6	38.5	-	-	*77.6*
SFS	**143.3**	**72.5**	***(49.4)***	***1.1***	**(14.5)**	***-***	***0.7***	***(20.0)***
- Bulk	75.8	17.3	*(77.2)*	2.3	(13.1)	-	*3.1*	*(76.1)*
- Value Added	67.6	55.3	*(18.2)*	(1.3)	(1.4)	-	*(1.9)*	*(2.5)*
Bioseed	**49.9**	**44.4**	***(11.1)***	**(45.5)**	**(26.2)**	***-***	***(91.0)***	***(59.0)***
Fertilizer	**222.8**	**267.3**	***19.9***	**18.3**	**(32.5)**	***-***	***8.2***	***(12.2)***
Others	**195.5**	**199.9**	***2.3***	**9.8**	**8.4**	***(13.7)***	***5.0***	***4.2***
-Fenesta	86.6	101.9	*17.7*	8.0	12.3	*54.0*	*9.2*	*12.1*
-Cement	43.7	42.5	*(2.8)*	1.1	(1.6)	-	*2.6*	*(3.8)*
-Hariyali Kisaan Bazaar & others	65.2	55.5	*(14.8)*	0.7	(2.3)	-	*1.0*	*(4.1)*
Total	**1582.6**	**1,897.6**	***19.9***	**101.1**	**433.7**	***329.2***	***6.4***	***22.9***
Less: Intersegment Revenue	16.6	9.7	(41.6)					
Less: Unallocable expenditure (Net)				42.3	38.4	*(9.2)*		
Total	**1,566.1**	**1,887.9**	***20.6***	**58.8**	**395.3**	***572.7***	***3.8***	***20.9***

Note: Net revenue includes operating income

Q4 FY19 - Performance Overview & Outlook

Chloro-Vinyl

- Net revenue up 14% YoY, Earnings up by 7% YoY.
  - Chemicals
    - Net Revenues up by 9% YoY led by higher volumes by 12%. Higher volumes were driven by new capacity commissioned at Kota plant during the year. ECU prices lower by 5%. Chlorine prices remained positive vs negative last year.
    - PBIT for the quarter lower by 2% YoY due to lower realizations. Bharuch plant had a shut down during the quarter. Plant is having normal operations now.
    - 332 TPD plant commissioned at Bharuch in April, 2019 to contribute to revenues and earnings in FY20.
  - Plastics
    - Plastics revenue up by 38% YoY. PVC volumes up 19% and prices up 3%. Carbide volumes up by 102% and prices up by 16%.
    - PBIT improved 600% YoY at Rs 27 crores due to improved margins on account of higher prices and lower carbon costs. Petcoke ban by H'onble SC affected Q4 FY18 in terms of higher costs which was allowed in Q1 FY19.

Outlook

- Projects under implementation
  - 40 TPD PVC plant at Kota to commission by Q3 FY20.
  - Expansion of Chlor alkali capacity by 700 TPD and captive power by 120 MW at Bharuch to be commissioned by March' 2021.
  - Setting up 66 MW captive power at Kota in replacement of existing 50 MW by Q3 FY20.
- Global caustic prices range bound at around USD 400 per tonne. Domestic prices well align with the global prices over short term.

Q4 FY19 - Performance Overview & Outlook

Sugar

- Overall revenues up by 68% YoY.
  - Sugar revenues up by 60% YoY at Rs 520 crores.
  - Power revenues up by 23% at Rs 67 crores.
  - Distillery revenues for the quarter stood at Rs 50 crores vs Nil for the same period last year.
- Sugar domestic volumes up by 19% YoY. Sugar exports contributed to revenues at Rs 128 crores (Nil in Q4 FY18). The net realizations (domestic) were lower by 2% YoY at Rs 3,120 per Qtl. Cost for SY 2019 is at ~Rs 3,300 per Qtl leading to a –ve margin of ~Rs 200 per Qtl.
- Recoveries for SY 2019 at 12.0% vs SY 2018 (up to march) at 11.0% offsetting lower cane crush (as production remained at similar levels for SY 2019 vs SY 2018 (up to March)).
- Sugar inventory (domestic) at 31st March, 2019 stood 38.89 lac Qtl (28.97 lac Qtl previous year) valued at average rate of Rs 3,049 per Qtl.
- Q4 FY18 had sugar inventory write down charge of Rs 119 crores and charge of Rs 28 crores on export obligation.
- Off season expenses were being deferred for interim results till last year. This has led to +ve impact of Rs 37.4 crores in current quarter over Q4 FY18.
- Contracted and produced entire sugar (raw) export quantity of 9.2 lac qtl as on date including 8.7 lac qtl sold up to 31st March 2019.
- Overall PBIT for the quarter at Rs 227 crores vs –ve 137 crores in Q4 FY18. Sugar PBIT stood at Rs 138 crores vs –ve Rs 180 crores during same period last year.
- Refined sugar expansion of 5000 TCD and 30 MW Co-Gen commissioned during Q4 FY19 are having stable operations.

Outlook

- 200 KLD Distillery – to be commissioned by 3rd Quarter FY'20 to provide full integration on molasses, thereby, providing insulation to molasses prices volatility.

Q4 FY19 - Performance Overview & Outlook

Shriram Farm Solutions	▪ Overall revenues down by 49% YoY. ▪ Bulk fertilizer revenue down by 77%. Activities under bulk products to be phased out completely. ▪ Value added inputs revenues down by 18% YoY for the quarter, up 9% YoY for FY19. ▪ Overall PBIT lower impacted by winding down cost of Bulk fertilizers. Provision for winding down costs in Q4 FY19 is at Rs 9 crores (Nil in Q4 FY18). **Outlook** ▪ Enhanced focus on value added products will lead to better growth and profits in medium term.

Bioseed	▪ Bioseed overall revenues down by 11% YoY. Q4 generally has a low volumes for this segment.
	    ○ Net Revenue for India operations down 8% YoY.
	    ○ International business revenue lower by 18% impacted by corn sales in Philippines.
	▪ Losses from the business were significantly lower during the quarter YoY. Lower provision for old debtors and slow moving inventory (Rs 8 crores in Q4 FY19 vs Rs 28 crores in Q4 FY18).
	Outlook
	▪ Likely under stress due to weather uncertainty & delays in approval of new products.

Q4 FY19 - Performance Overview & Outlook

Fertilizers (Urea)	▪ Net revenues up by 20% YoY due to higher prices (i.e. reflection of higher energy cost, a pass through). ▪ Subsidy outstanding as on 31st March, 2019 Rs 533 crores vs Rs 383 crores as on 31st March, 2018 leading to higher capital employed. Loan under SBA arrangement of Rs 114 crores. ▪ Plant had a shut down in March/ April 2019. ▪ Earnings impacted by: ○ Claims relating to un-notified urea prices have been re-worked based on updated assessment leading to a charge of Rs 38 crores during the quarter, and ○ Higher shutdown expenses. **Outlook** ▪ Plant operations likely to be stable. ▪ Government has extended the fertilizers pricing policy to be effective till further order. ▪ Expect final outcome during FY20 on revision in fixed costs.

Others

Fenesta Windows	▪ Q4 FY19 net revenues up by 18% YoY at Rs 102 crores led by both Retail Segment and Project Segment. ▪ Retail order booking up 25% YoY and 28% QoQ. Projects order booking up 2% YoY and 11% QoQ.
Cement	▪ Net revenue down 3% YoY in Q4 FY19.
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 26 in March 2018 to 23 presently.

Projects Under Implementation

Projects Under Implementation				
Business	**Project**	**Capacity**	**Investment Rs Cr**	**Project Completion Timeline**
Sugar	Distillery	200 KLD	300	Q3 FY20
Chemicals	Caustic Soda Expansion - Bharuch	700 TPD	671	March' 21
Plastics	PVC expansion at Kota	40 TPD	32	Q3 FY20
Captive Power Plant at Kota	Replacement of existing 50 MW Coal based Power Plant	66 MW	240	Q3 FY20
Captive Power Plant at Bharuch	To meet additional power requirement	120 MW	399	March' 21

Management's Message

Commenting on the performance for the quarter and year ending March 2019, in a joint statement, Mr. Ajay Shriram, Chairman & Senior Managing Director, and Mr. Vikram Shriram, Vice Chairman & Managing Director, said:

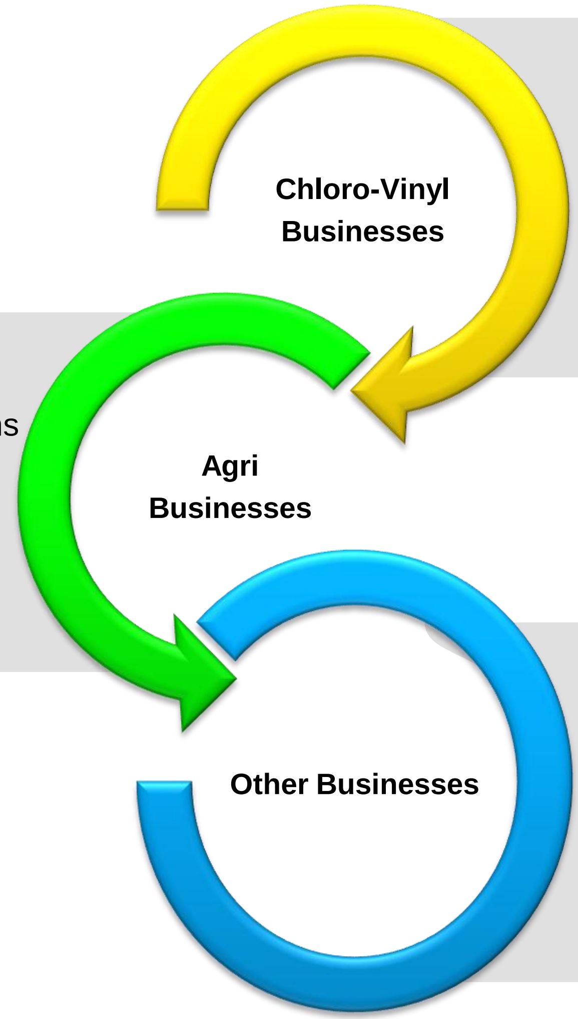
"We are happy to report another quarter of satisfying performance for the company. All our projects and initiatives for achieving scale, strengthening integration, costs reduction and rationalization of un-viable activities have further strengthened our operating and returns profile. This has enabled us to pursue more initiatives for sustained growth over next few years.

Chemical business continues to record strong performance with continuous volumes growth and steady margins. We have commissioned additional ~ 500 TPD Chlor-Alkali capacity during last 8 months. We are working to add 66 MW power plant by Q3 FY20 to achieve cost reduction and add capacity of 700 TPD in Chlor-Alkali capacity with 120 MW of power by March' 21. This will strengthen our market position and provide economies of scale. We are also working to firm up our plans for forward integration in chlorine downstream products in coming years.

Sugar scenario continues to be challenging with country expected to carry forward inventory equivalent to 6-7 months consumption. Prices remain ~ Rs 200 per Qtl below costs. Distillery operations started in Jan'18, and expanded power sale capacity has provided stability to the business. Commencement of 2nd Distillery in Q3 FY20 will further strengthen the return profile.

Healthy cash generations and strong Balance Sheet continues to be our focus area & helps us in sustained growth going forward."

Segmental Details



- Chemicals
- PVC Resins
- Calcium carbide
- Power

- Agri- Inputs
  - Shriram Farm Solutions
  - Bioseeds
  - Fertilizers
- Sugar

- Fenesta Building Systems
- Cement
- Polymer Compounds
- Hariyali Kisaan Bazaar

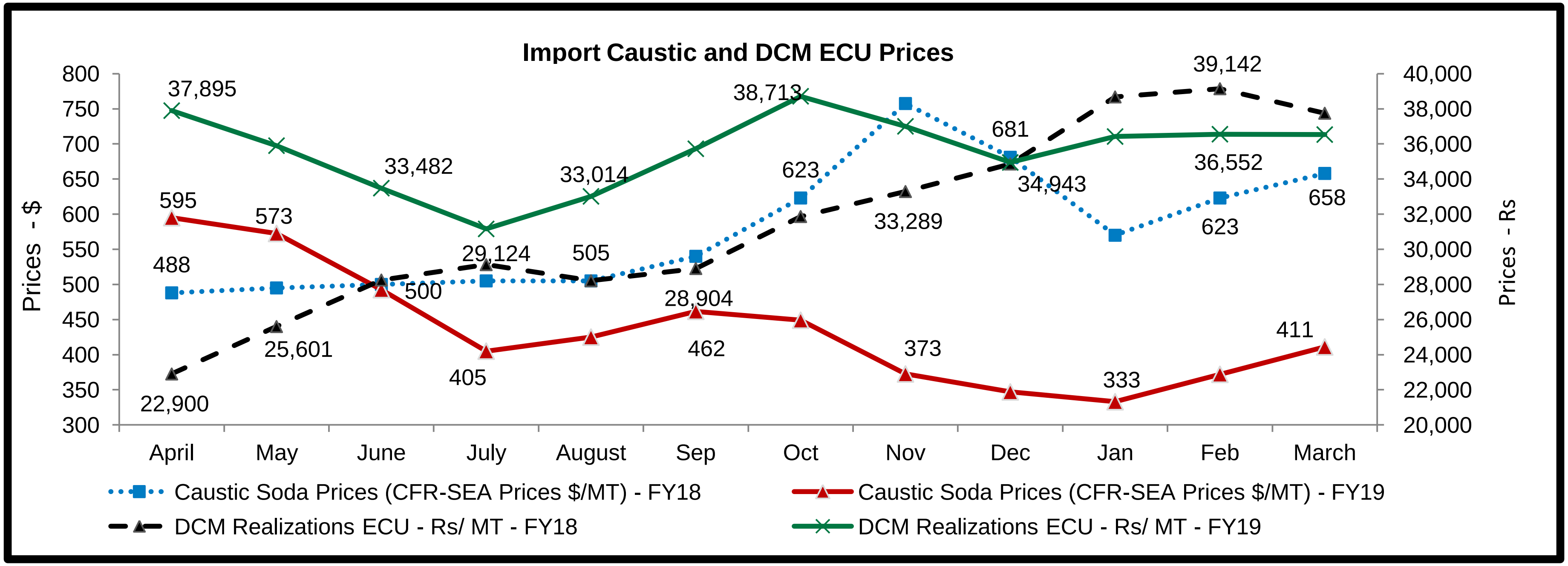
Chloro Vinyl Business

Particulars	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)	Cap. Employed (Rs. Cr.)
Q4 FY19	**676.1**	**271.0**	**1,301**
Q4 FY18	591.2	254.0	1,059
% Shift	*14.4*	*6.7*	*22.9*
FY 19	**2,502.7**	**993.5**	**1,301**
FY 18	2,098.8	817.5	1,059
% Shift	*19.2*	*21.5*	*22.9*

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

	Operational		Financial	
Particulars	**Sales (MT)**	**Realizations (Rs./MT)**	**Revenues (Rs Cr.)**	**PBIT (Rs. Cr.)**
Q4 FY19	**123,673**	36,498	**524.0**	**244.3**
Q4 FY18	110,434	38,529	480.8	250.2
% Shift	*12.0*	*(5.3)*	*9.0*	*(2.4)*
FY 19	**464,918**	**35,696**	**1,914.7**	**910.4**
FY 18	*426,522*	*31,821*	*1,541.1*	*723.7*
% Shift	*9.0*	*12.2*	*24.2*	*25.8*



Chemicals

Performance Overview

- Net Revenues up by 9% YoY led by higher volumes by 12%. Higher volumes were driven by new capacity commissioned at Kota plant during the year. ECU prices lower by 5%. Chlorine prices remained positive vs negative last year.
- PBIT for the quarter lower by 2% YoY due to lower realizations. Bharuch plant had a shut down during the quarter. Plant is having normal operations now.
- 332 TPD plant commissioned at Bharuch in April, 2019 to contribute to revenues and earnings in FY20.

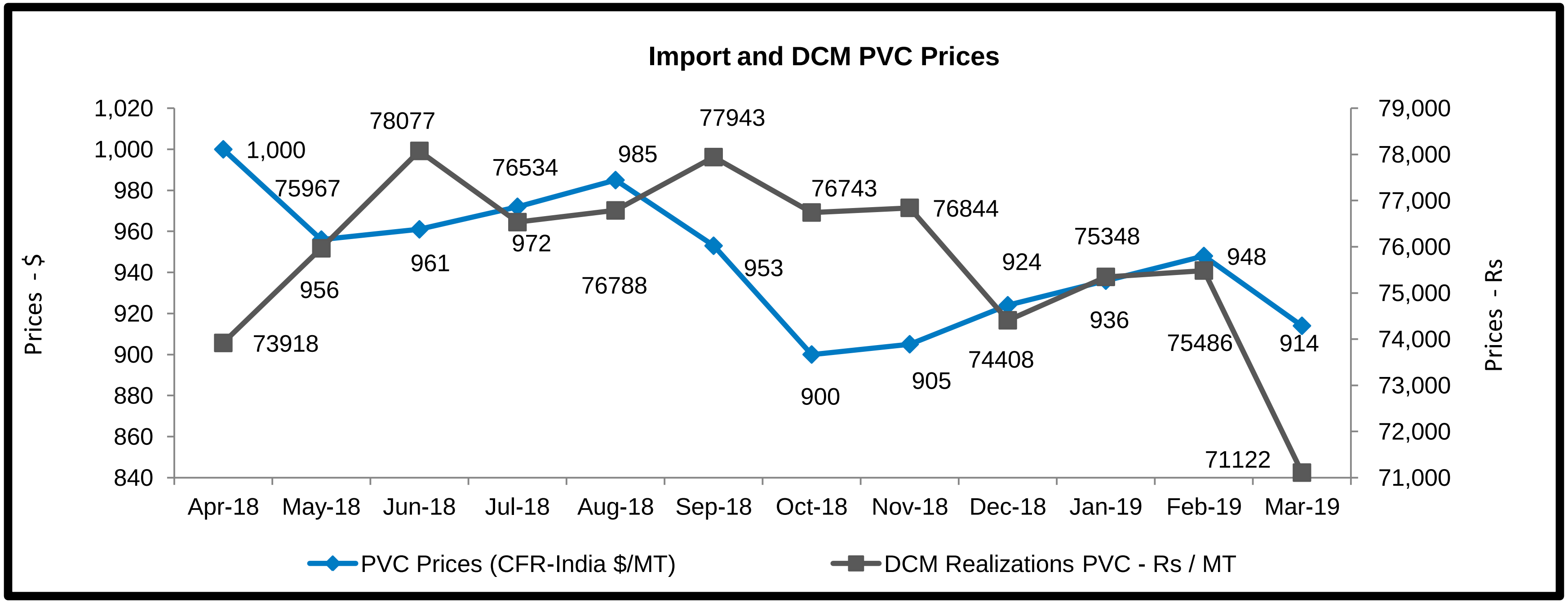
Outlook

- Expansion of Chlor alkali capacity by 700 TPD and captive power by 120 MW at Bharuch to be commissioned by March' 2021.
- Global caustic prices range bound at around USD 400 per tonne. Domestic prices well align with the global prices over short term.

Plastics

	Operational				Financial	
Particulars	**PVC Sales (MT)**	**PVC XWR Realizations (Rs./MT)**	**Carbide Sales (MT)**	**Carbide XWR Realizations (Rs./MT)**	**Revenues (Rs Cr.)**	**PBIT (Rs. Cr.)**
Q4 FY19	**15,054**	**74,041**	**6,674**	**54,420**	**152.1**	**26.7**
Q4 FY18	12,602	71,885	3,311	46,819	110.3	3.8
% Shift	*19.5*	*3.0*	*101.6*	*16.2*	*37.8*	*600.0*
FY 19	**58,438**	**75,538**	**24,896**	**52,681**	**588.0**	**83.2**
FY 18	*61,868*	*70,304*	*23,867*	*44,057*	*557.7*	*93.8*
% Shift	*(5.5)*	*7.4*	*4.3*	*19.6*	*5.4*	*(11.4)*

Plastics



Performance Overview

- Plastics revenue up by 38% YoY. PVC volumes up 19% and prices up 3%. Carbide volumes up by 102% and prices up by 16%.
- PBIT improved 600% YoY at Rs 27 crores due to improved margins on account of higher prices and lower carbon costs. Petcoke ban by H'onble SC affected Q4 FY18 in terms of higher costs which was allowed in Q1 FY19.

Outlook

- 40 TPD PVC plant at Kota to commission by Q3 FY20.
- Company continues to work on optimizing cost efficiencies to mitigate the impact of rising input costs

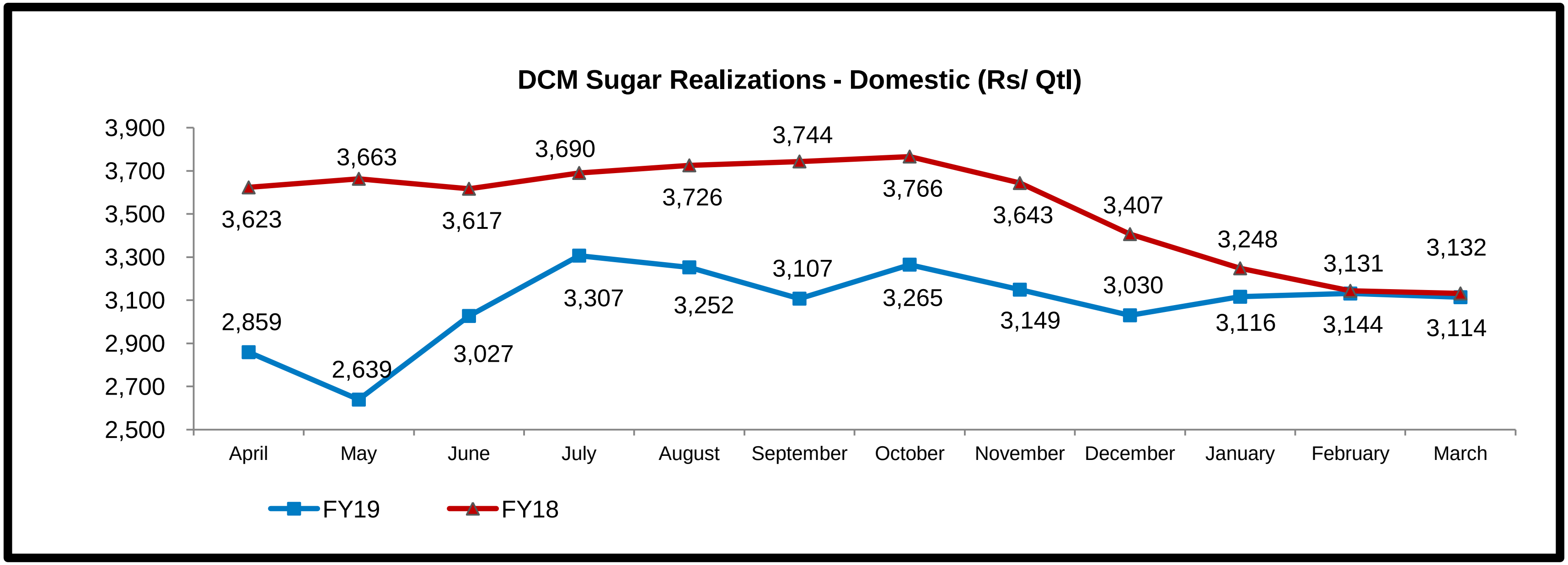
Sugar

Particulars	Q4 FY18	Q4 FY19	YoY % Change	FY 18	FY 19	YoY % Change
Revenues (Rs. cr.)						
Sugar	325.1	520.4	60.1	1,828.8	1,975.2	8.0
Power	54.7	67.5	23.3	125.2	174.0	39.0
Distillery	0.1	49.6	-	0.1	203.8	-
Total	***379.8***	***637.4***	***67.8***	***1,954.0***	***2,353.0***	***20.4***
PBIT (Rs cr.)						
Sugar	*(179.8)*	*137.7*	-	*(0.5)*	*80.2*	-
Power	*42.6*	*51.2*	*20.2*	*94.3*	*127.4*	*35.2*
Distillery	0.6	38.5	-	0.6	147.0	-
Total	*(136.6)*	*227.4*	-	*94.3*	*354.6*	*275.9*

Company operates its sugar business at four locations in state of UP viz Ajbapur, Loni, Hariawan and Rupapur. Total operating crushing capacity is 38,000 TCD. Sugar business is supported by 141 MW co-gen power plant. Distillery operating capacity stands at 150 KLD. Second Distillery of 200 KLD to be commissioned by Q3 FY20.

Sugar

Particulars	Sugar Production (Lac Qtls)	Sales (Volume) Sugar (Domestic) (Lac Qtls)	Sales (Volume) Power (Lac Units)	Sales (Volume) Distillery (Lac Ltrs)	Sugar Realizations (Domestic) (Rs/ Qtl)	Cap. Employed (Rs Cr.)
Q4 FY19	**33.9**	**11.2**	**1313.0**	**113.1**	**3120**	**2039**
Q4 FY18	*29.8*	*9.4*	*1120.2*	*0.2*	*3174*	*1290*
% Shift	*13.6*	*19.2*	*17.2*	*-*	*(1.7)*	*58.1*
FY 19	**69.3**	**55.4**	**3,360.4**	**483.9**	**3,036**	**2,039**
FY 18	*54.0*	*48.5*	*2,507.6*	*0.2*	*3,566*	*1,290*
% Shift	*28.3*	*14.3*	*34.0*	*-*	*(14.8)*	*58.1*



Sugar Segment

Performance Overview

- Overall revenues up by 68% YoY.
- Sugar revenues up by 60% YoY at Rs 520 crores.
- Power revenues up by 23% at Rs 67 crores.
- Distillery revenues for the quarter stood at Rs 50 crores vs Nil for the same period last year.
- Sugar domestic volumes up by 19% YoY. Sugar exports contributed to revenues at Rs 128 crores (Nil in Q4 FY18). The net realizations (domestic) were lower by 2% YoY at Rs 3,120 per Qtl. Cost for SY 2019 is at ~Rs 3,300 per Qtl leading to a –ve margin of ~Rs 200 per Qtl.
- Q4 FY18 had sugar inventory write down charge of Rs 119 crores and charge of Rs 28 crores on export obligation.
- Off season expenses were being deferred for interim results till last year. This has led to +ve impact of Rs 37.4 crores in current quarter over Q4 FY18.
- Sugar inventory (domestic) at 31st March, 2019 stood 38.89 lac Qtl (28.97 lac Qtl previous year) valued at average rate of Rs 3,049 per Qtl.
- Recoveries for SY 2019 at 12.0% vs SY 2018 (up to march) at 11.0% offsetting lower cane crush (as production remained at similar levels for SY 2019 vs SY 2018 (up to March)).
- Contracted and produced entire sugar (raw) export quantity of 9.2 lac qtl as on date including 8.7 lac qtl sold up to 31st March 2019.
- Overall PBIT for the quarter at Rs 227 crores vs –ve 137 crores in Q4 FY18. Sugar PBIT stood at Rs 138 crores vs –ve Rs 180 crores during same period last year.
- Refined sugar expansion of 5000 TCD and 30 MW Co-Gen commissioned during Q4 FY19 are having stable operations.

Outlook

- 200 KLD Distillery – to be commissioned by 3rd Quarter FY’20 to provide full integration on molasses, thereby, providing insulation to molasses prices volatility.

Agri- Input Businesses

The Agri input businesses contributed to 20% of the Company's revenues during Q4 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	
Q4 FY19	**17.3**	**55.3**	**72.5**	**(13.1)**	**(1.4)**	**(14.5)**	**206**
Q4 FY18	75.8	67.6	143.3	2.3	(1.3)	1.1	273
% Shift	*(77.2)*	*(18.2)*	*(49.4)*	-	-	-	*(24.4)*
FY 19	**123.7**	**592.9**	**716.6**	**(19.2)**	**59.8**	**40.7**	**206**
FY 18	342.9	545.2	888.1	9.0	42.8	51.8	273
% Shift	*(63.9)*	*8.8*	*(19.3)*	-	*39.8*	*(21.4)*	*(24.4)*

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

- Overall revenues down by 49% YoY.
- Bulk fertilizer revenue down by 77%. Activities under bulk products to be phased out completely.
- Value added inputs revenues down by 18% YoY for the quarter, up 9% YoY for FY19.
- Overall PBIT lower impacted by winding down cost of Bulk fertilizers. Provision for winding down costs in Q4 FY19 is at Rs 9 crores (Nil in Q4 FY18).

Outlook

- Enhanced focus on value added products will lead to better growth and profits in medium term.

Bioseed

Particulars	Revenues (Rs. Cr.) India	Revenues (Rs. Cr.) International	Revenues (Rs. Cr.) Total	PBIT (Rs. Cr.)	Cap. Employed (Rs. Cr.)
Q4 FY19	**31.9**	**12.4**	**44.4**	**(26.2)**	**433**
Q4 FY18	34.7	15.2	49.9	(45.5)	389
% Shift	*(8.0)*	*(18.3)*	*(11.1)*	-	*11.3*
FY 19	**390.2**	**82.1**	**472.3**	**3.2**	**433**
FY 18	403.9	89.2	493.0	20.7	389
% Shift	*(3.4)*	*(8.0)*	*(4.2)*	*(84.5)*	*11.3*

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

- Bioseed overall revenues down by 11% YoY. Q4 generally has a low volumes for this segment.
  - Net Revenue for India operations down 8% YoY.
  - International business revenue lower by 18% impacted by corn sales in Philippines.
- Losses from the business were significantly lower during the quarter YoY. Lower provision for old debtors and slow moving inventory (Rs 8 crores in Q4 FY19 vs Rs 28 crores in Q4 FY18).

Outlook

- Likely under stress due to weather uncertainty & delays in approval of new products.

Fertilizers (Urea)

Particulars	Operational		Financial		
	Sales (MT)	Realizations (Rs./MT)	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)	Cap. Employed (Rs. Cr.)
Q4 FY19	**102,660**	**24,666**	**267.3**	**(32.5)**	**606**
Q4 FY18	102,039	21,112	222.8	18.3	453
% Shift	*0.6*	*16.8*	*19.9*	-	*33.6*
FY 19	**394,755**	**24,782**	**1,041.0**	**17.7**	**606**
FY 18	*404,548*	*19,360*	*801.6*	*77.9*	*453*
% Shift	*(2.4)*	*28.0*	*29.9*	*(77.2)*	*33.6*

Performance Overview

- Net revenues up by 20% YoY due to higher prices (i.e. reflection of higher energy cost, a pass through).
- Subsidy outstanding as on 31st March, 2019 Rs 533 crores vs Rs 383 crores as on 31st March, 2018 leading to higher capital employed. Loan under SBA arrangement of Rs 114 crores.
- Plant had a shut down in March/ April 2019.
- Earnings impacted by:
  - Claims relating to un-notified urea prices have been re-worked based on updated assessment leading to a charge of Rs 38 crores during the quarter and
  - Higher shutdown expenses.

Outlook

- Plant operations likely to be stable.
- Government has extended the fertilizers pricing policy to be effective till further order.
- Expect final outcome during FY20 on revision in fixed costs.

Other Businesses

The ‘Others’ Segment in the financial results, includes Cement, Fenesta Building Systems and Hariyali Kisaan Bazaar.

Revenues under ‘Others’ stood at Rs 200 crores in Q4 FY19 from Rs. 196 crores in Q4 FY18. PBIT for the quarter stood at Rs. 8 crores vis-à-vis Rs. 10 crores in Q4 FY18.

Fenesta Building Systems

Particulars	Operational			Financial
	Order Book (Rs Cr.)			Revenues (Rs Cr.)
	Retail	Projects	Total	
Q4 FY19	**98.3**	**35.7**	**134.0**	**101.9**
Q4 FY18	78.6	35.1	113.6	86.6
% Shift	*25.1*	*1.9*	*17.9*	*17.7*
FY19	***326.0***	***130.3***	**456.3**	**390.4**
FY18	*267.4*	*112.3*	379.7	332.4
% Shift	*21.9*	*16.0*	*20.2*	*17.5*

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

Performance Overview

- Q4 FY19 net revenues up by 18% YoY at Rs 102 crores led by both Retail Segment and Project Segment.
- Retail order booking up 25% YoY and 28% QoQ. Projects order booking up 2% YoY and 11% QoQ.

Outlook

- Emphasis on 'Retail' segment to drive sustainable growth through higher sales across wide product portfolio by providing exceptional customer experience.
- 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: Sales (MT)	Operational: Realizations (Rs./MT)	Financial: Revenues (Rs. Cr.)	Financial: PBIT (Rs. Cr.)
Q4 FY19	**109,299**	***3,116***	**42.5**	**(1.6)**
Q4 FY18	110,179	3,028	43.7	1.1
% Shift	*(0.8)*	*2.9*	*(2.8)*	-
FY 19	**434,546**	***3,058***	**166.8**	**(7.5)**
FY 18	*448,454*	*3,084*	*177.0*	3.1
% Shift	*(3.1)*	*(0.8)*	*(5.8)*	-

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 3% YoY during the quarter due to lower volumes.

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** or contact:

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