



DCM SHRIRAM

BSE Limited Phiroze JeeJeeBhoy Towers, Dalal Street, <u>Mumbai - 400 001</u>	National Stock Exchange of India Ltd., "Exchange Plaza", 5 th Floor, Plot No. C-1, G Block, Bandra-Kurla Complex, Bandra (E) <u>Mumbai – 400 051</u>
SCRIP CODE : 523367	SCRIP CODE : DCMSHRIRAM

Kind Attn: Department of Corporate Communications/Head – Listing Department

Sub: Update on the outcome of Board Meeting dated 23.7.2019

Dear Sirs,

This is in continuation to our letter dated 23.7.2019, please find attached a copy of Result Presentation on Unaudited Financial Results for the quarter ended 30.06.2019.

You are requested to kindly take note the above information on your records.

Thanking You,

Yours faithfully,
For DCM Shriram Ltd

VS
(Sameet Gambhir)
Company Secretary



Dated : 23.7.2019

DCM SHRIRAM LTD.

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CIN No. L74899DL1989PLC034923 • (Formerly DCM Shriram Consolidated Ltd.)



DCM Shriram Ltd.

Q1 FY20 - Results Presentation

July 23, 2019



Safe Harbour

Certain statements in this document may be forward-looking. 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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Q1 FY20 - Key Highlights

1. **Net Revenues** at Rs 1,902 crores down 8% YoY:

- i. Chemicals revenues up 18% YoY at Rs 552 crores led by volumes gain of 22% YoY driven by new capacities additions.
- ii. Fenesta revenues up by 17% YoY driven by both retail and projects.
- iii. Overall Sugar revenues down 22% YoY at Rs 482 crores due to lower sugar volumes resulting from introduction of sales release mechanism by GOI from June'18.
- iv. Bioseeds revenues down 40% YoY at Rs 170 crores. Revenues for India operations lower by 46%, partly due to deferment of sales to Q2 FY20.
- v. Fertilizers revenues down 30% at Rs 160 crores – volumes lower by 31% YoY due to plant shut down. Plant operations are normal now.

2. **PBDIT** up 8% YoY at Rs 374 crores.

- i. Chemicals PBDIT at Rs 270 crores vs Rs 263 crores during Q1 FY19, volumes gain impact offset by softer prices.
- ii. Overall Sugar PBDIT at Rs 87 crores vs Rs 7 crores during same period previous year driven by higher sugar prices and Nil inventory revaluation charge in present quarter (-veRs 30 crores in Q1 FY19).
- iii. Bioseed PBDIT down 36% YoY at Rs 31 crores due to lower volumes.
- iv. Fertilizers PBDIT turned negative Rs 20 crores (LY +ve Rs 11 crores) due to lower volumes and shut down expenses.

3. **PBDIT Margin (to Net Sales)** improved to 20% in Q1 FY20 vs 17% in Q1 FY19 led by Sugar segment (18.1% in Q1 FY20 vs 1.2% in Q1 FY19).

4. **PAT** stood at Rs 221 crores vs Rs 218 crores during same period last year.

5. **ROCE** for TTM improved to 29% from 25% during same period last year.

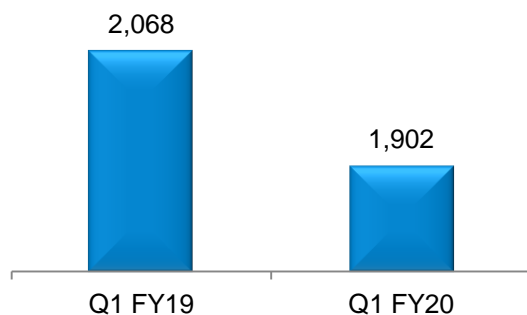
6. **Net Debt** at 30th June, 2019 at Rs 1,186 crores vs Rs 639 crores at 30th June 2018 and Rs 1,265 crores at 31st March, 2019.

7. **Projects under implementation** at investment of Rs 1,642 crores.

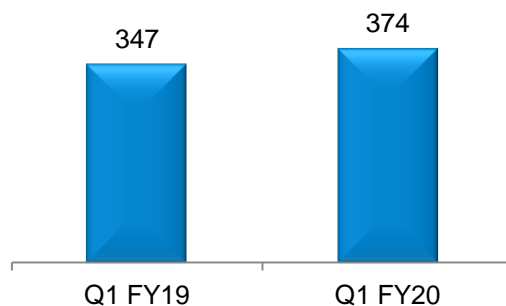
8. **ICRA** reaffirmed **long term rating** of AA and outlook revised to positive from stable. Short Term Rating reaffirmed at A1+, both by ICRA and CRISIL.

Q1 FY20 - Financial Snapshot

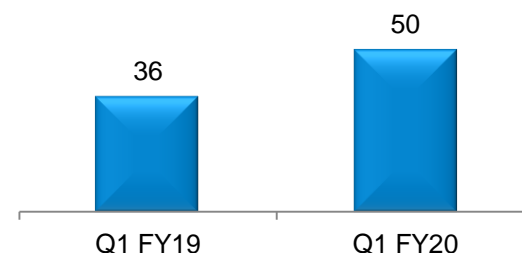
Revenue (Net)



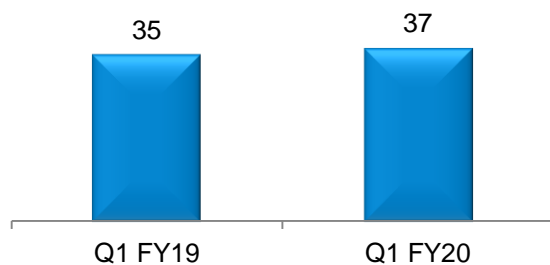
PBDIT



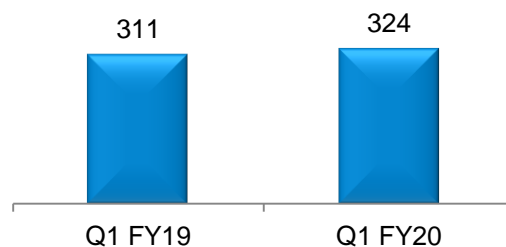
Depreciation



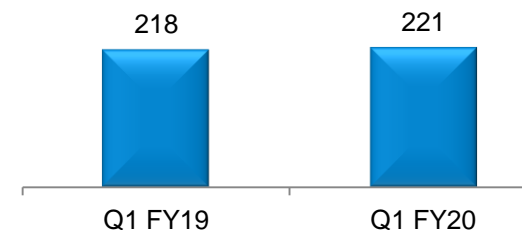
Finance Cost



PBIT



PAT

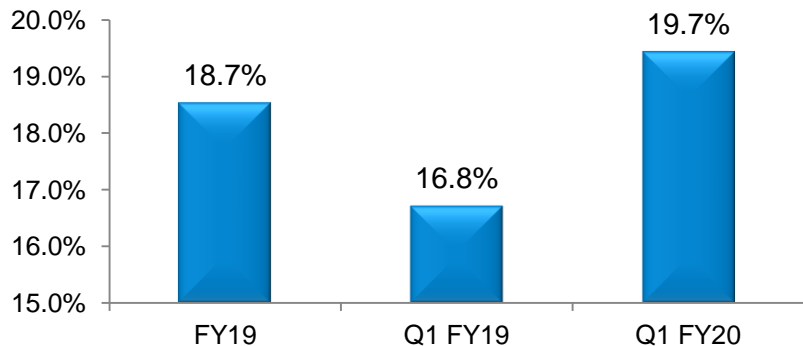


Note: All figures in Rs. crores

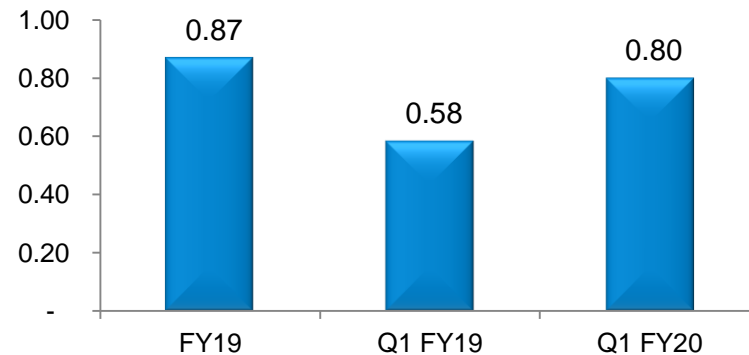
Net revenue includes operating income

Q1 FY20 - Returns & Leverage

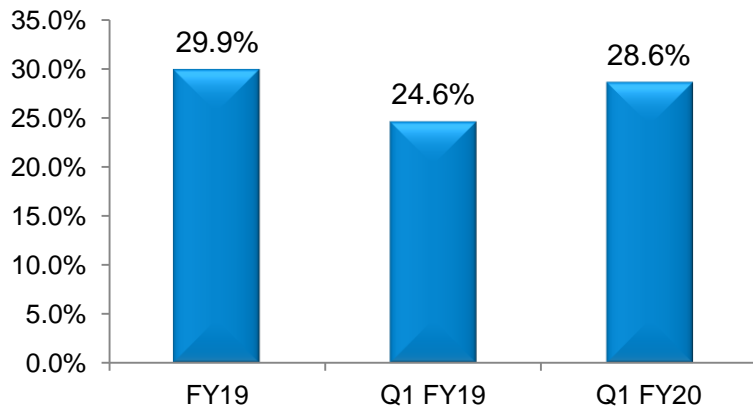
PBDIT to Net Sales



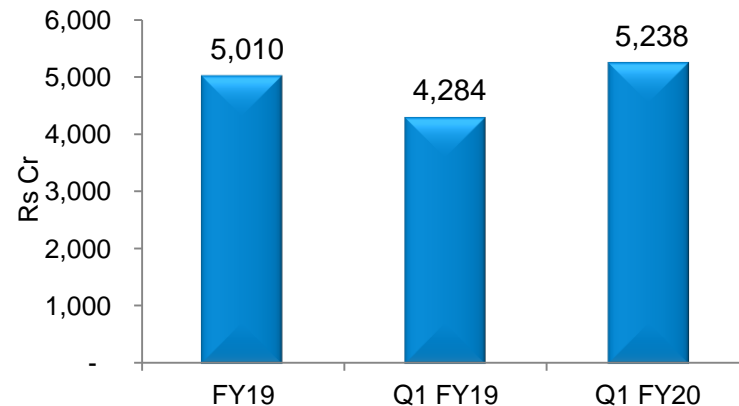
Net Debt/ EBITDA



ROCE



Capital Employed (excluding CWIP)



ROCE and Net Debt/ EBITDA Calculated on TTM basis

Q1 FY20 - Segment Performance

Rs cr

Segments	Revenues			PBIT			PBIT Margins %	
	Q1 FY19	Q1 FY20	YoY % Change	Q1 FY19	Q1 FY20	YoY % Change	Q1 FY19	Q1 FY20
Chemicals	469.0	551.7	17.6	248.1	250.5	1.0	52.9	45.4
Plastics	143.9	139.8	(2.8)	26.8	16.3	(39.2)	18.6	11.6
Sugar	618.1	481.9	(22.0)	(2.8)	72.6	-	(0.4)	15.1
SFS	211.4	197.0	(6.8)	9.8	4.8	(51.7)	4.7	2.4
- Bulk	54.6	31.3	(42.7)	2.4	(2.8)	-	4.3	(8.9)
- Value Added	156.8	165.7	5.7	7.5	7.5	0.8	4.8	4.5
Bioseed	281.9	170.5	(39.5)	47.7	29.7	(37.8)	16.9	17.4
Fertiliser	227.6	160.3	(29.6)	8.7	(22.5)	-	3.8	(14.0)
Others	213.4	226.7	6.2	11.8	19.7	66.8	5.5	8.7
-Fenesta	92.4	108.1	17.0	10.9	15.8	45.5	11.8	14.6
-Cement	41.7	47.8	14.6	0.9	4.0	365.1	2.1	8.4
-Hariyali Kisaan Bazaar & others	79.3	70.7	(10.8)	0.1	(0.1)	-	0.1	(0.2)
Total	2165.4	1,927.9	(11.0)	350.2	371.0	5.9	16.2	19.2
Less: Intersegment Revenue	97.5	25.4	(73.9)					
Less: Unallocable expenditure (Net)				39.4	47.2	19.8		
Total	2,067.9	1,902.5	(8.0)	310.8	323.9	4.2	15.0	17.0

Note: Net revenue includes operating income

Management's Message

Commenting on the performance for the quarter ending June 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 satisfactory performance of the company in Q1 FY20. We continue to move forward in our strategic direction of expanding scale, strengthening integration, achieve lowest cost of operations and enhance customer focus.

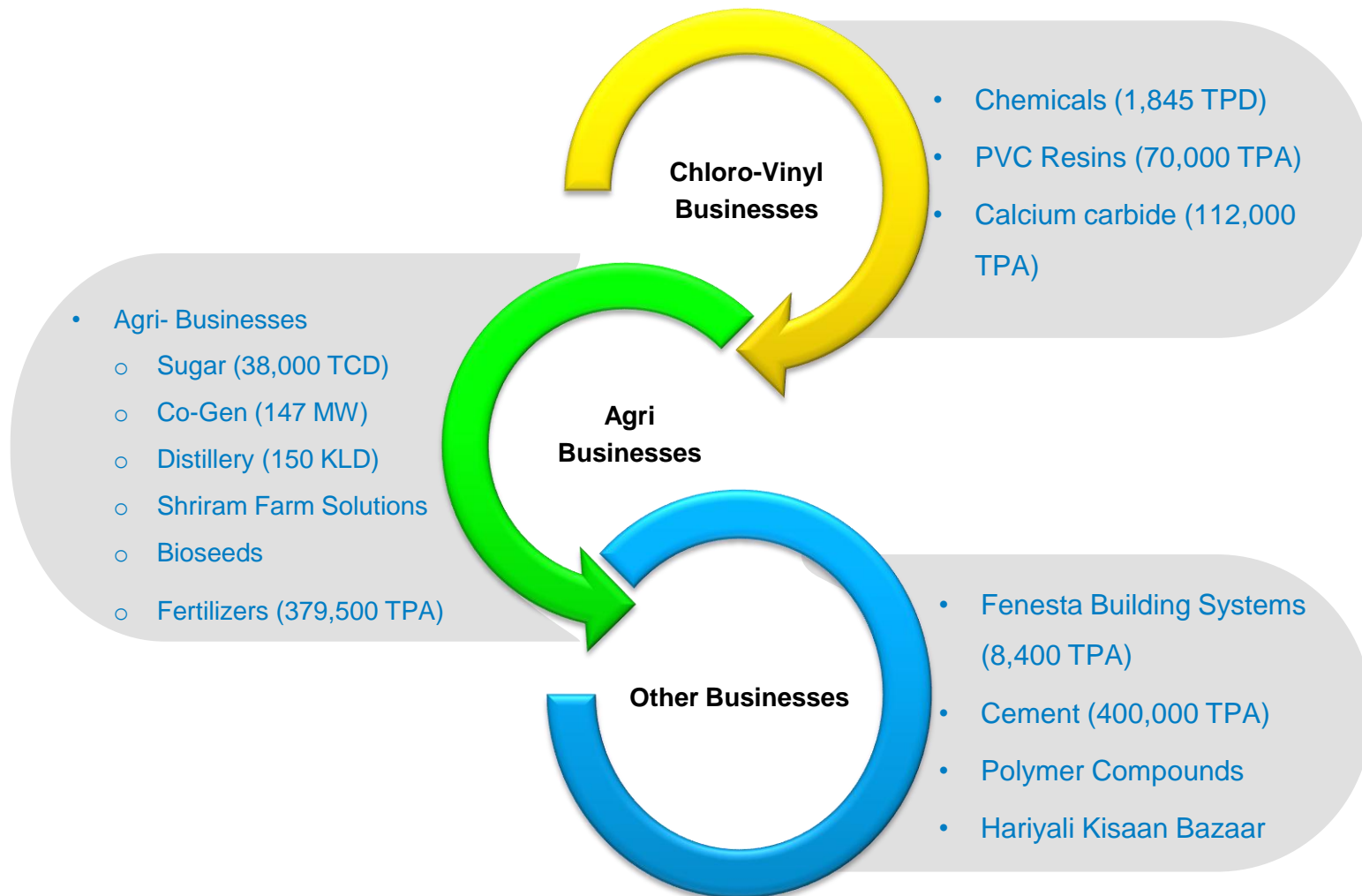
The chemical business achieved good volume growth. Sugar business reported improvements with higher contribution from Distillery operations. Fenesta continues to register satisfactory growth in retail and project segment.

The modernization cum expansion program covering Power, PVC and Distillery operations is progressing as per plan and will be commissioned in Q3 FY20. We are also working on finalizing business plan for chlorine downstream products, which when implemented will further strengthen our business profile.

In Sugar, the industry continues to work with the government to evolve a lasting mechanism to address the demands of the farmers and millers together, as it is apparent to stakeholders including the government that the fortunes of both are linked to each other.

As a growth-oriented enterprise, it is going to be our endeavor to strengthen business through capacity expansion, efficiency improvement and integration in order to realize the next level of growth, while ensuring a strong balance sheet.”

Segmental Details



The business is supported by 248 MW coal based power plant and 147 MW Co-Gen (Co-Gen included above).

Chloro Vinyl Business

Particulars	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)	Cap. Employed (Rs. Cr.)
Q1 FY20	691.5	266.8	1,247.0
Q1 FY19	612.9	274.9	1,035.4
<i>% Shift</i>	<i>12.8</i>	<i>(3.0)</i>	<i>20.4</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 .

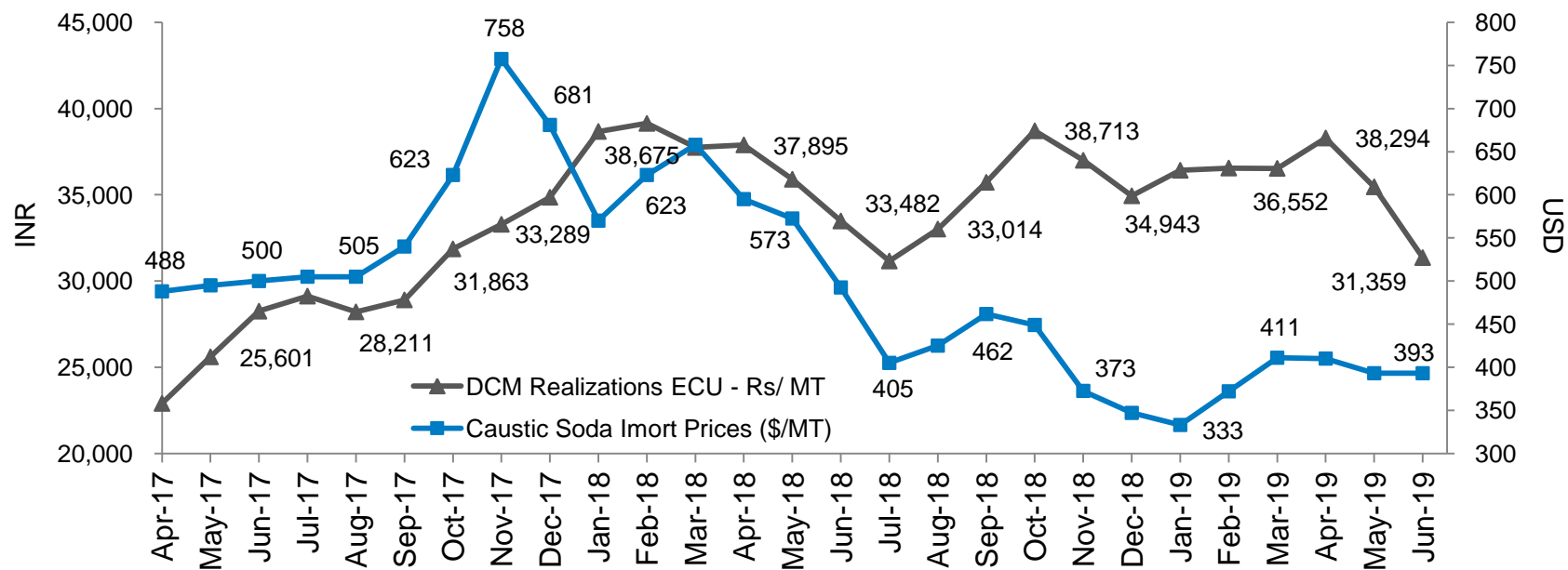
Capital employed has increased YoY pursuant with increase in Fixed Assets due to new capacities additions in chemicals.

Capital employed excludes CWIP.

Chemicals

Particulars	Operational		Financial	
	Sales (MT)	Realisations (Rs./MT)	Revenues (Rs Cr.)	PBIT (Rs. Cr.)
Q1 FY20	136,882	35,025	551.7	250.5
Q1 FY19	112,439	35,743	469.0	248.1
% Shift	21.7	(2.0)	17.6	1.0

Import Caustic and DCM ECU Prices



Performance Overview

- Net Revenues up by 18% YoY at Rs 552 crores.
 - Volumes up 22% YoY driven by new capacity commissioned at Kota plant (168 TPD) during Oct'18 and at 332 TPD at Bharuch in April'19. Q1 FY20 saw increase of effective capacity by 31% YoY.
 - ECU prices lower by 2% due to softer Caustic (Liquid) and Chlorine prices compared to same period last year. Caustic soda flakes price premium over liquid also dropped sharply.
 - Aluminum chloride commission in FY19 contributed to revenues.
- PBIT for the quarter marginally up 1% YoY, volumes impact offset by:
 - Higher salt prices
 - Softer ECU and Flakes premium.
- PBIT Margins at 45.4% for Q1 FY20 vs 52.9% for Q1 FY19 vs 47.5% for FY19.

Outlook

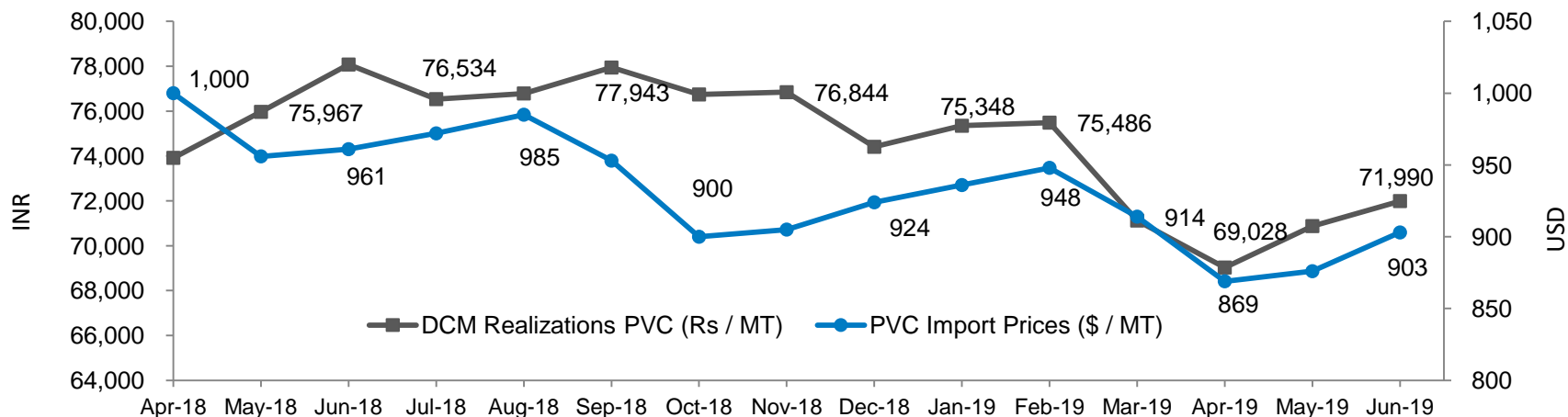
- Expansion of Chlor alkali capacity by 700 TPD and captive power by 120 MW at Bharuch progressing well.
- Product prices are witnessing a downward trend.

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 FY20	15,300	70,398	5,152	55,896	139.8	16.3
Q1 FY19	15,179	75,724	4,996	50,898	143.9	26.8
<i>% Shift</i>	<i>0.8</i>	<i>(7.0)</i>	<i>3.1</i>	<i>9.8</i>	<i>(2.8)</i>	<i>(39.2)</i>

Plastics

Import PVC and DCM PVC Prices



Performance Overview

- Plastics revenue lower 3% YoY at Rs 140 crores due to PVC realizations lower 7% YoY. PVC volumes remained at similar levels of last year. Carbide realizations and volumes up 10% and 3% YoY respectively.
- PBIT down 39% YoY at Rs 16 crores. PBIT margin down to 11.6% for Q1 FY20 vs 18.6% for Q1 FY19 due to lower PVC realizations.

Outlook

- 40 TPD PVC plant and the more efficient 66 MW power plant at Kota to be commissioned by Q3 FY20.
- Domestic PVC prices trend in line with global prices.

Sugar

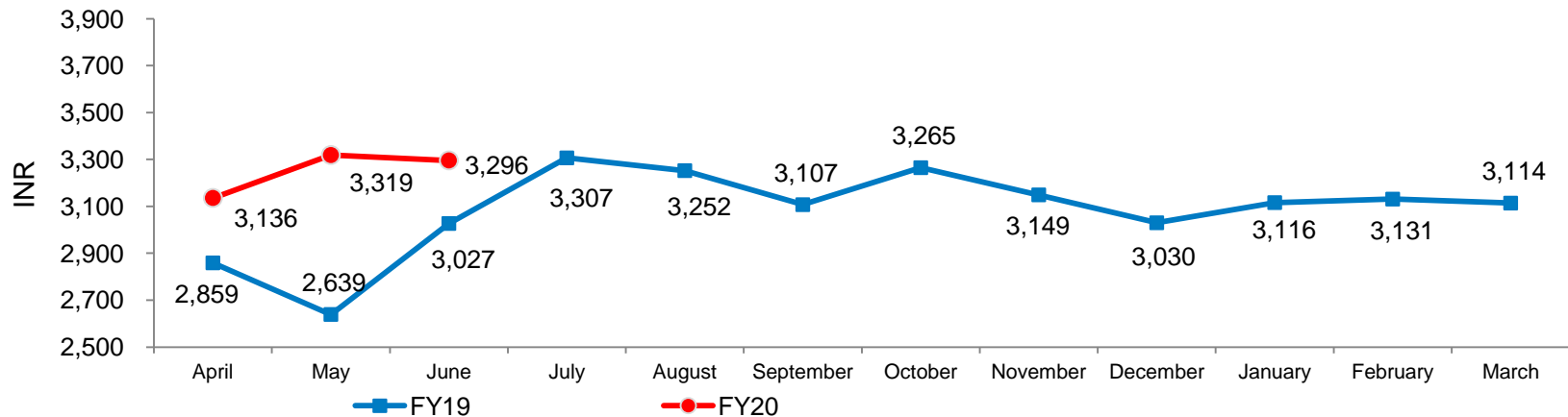
Particulars	Operational				Financial			
	Sugar Production (Lac Qtls)	Sales (Volume)			Sugar Realizations (Domestic) (Rs/ Qtl)	Revenues (Rs Cr.)	PBIT (Rs Cr.)	Cap. Employed (Rs Cr.)
		Sugar (Domestic) (Lac Qtls)	Power (Lac Units)	Distillery (Lac Ltrs)				
Q1 FY20	13.8	11.5	701.0	129.1	3,249	481.9	72.6	2,027.7
Q1 FY19	19.4	18.0	1,017.5	87.1	2,773	618.1	(2.8)	1,092.6
% Shift	(28.6)	(35.7)	(31.1)	48.2	17.2	(22.0)	-	85.6

Sugar Capacity : 38,000 TCD Power Co-Gen : 147 MW (Exportable 86 MW) Distillery : 150 KLD (Addl. 200 KLD to start in Q3 FY20)

Capital employed excludes CWIP.

Sugar

DCM Sugar Realizations (Rs/ Qtl)



Performance Overview

- Season performance:

Particulars	SY18	SY19
Season Days	220	182
Cane Crushed (Lac Qtl)	611	542
Recovery (%)	11.0%	12.1%
Sugar Production (Lac Qtl)	67.5	65.5

- Sugar season 2018 continued till 16th June, 2018 vs present season 2019 till 26th May, 2019. Longer sugar season last year led to higher sugar production and power exports.

Sugar Segment

Performance Overview

- Sugar revenues down 22% YoY at Rs 482 crores due to lower volumes of sugar domestic sale and power sales.
- Sugar domestic volumes down 36% YoY. GOI imposed sales release mechanism in June'18 which is continuing, thereby, resulting in lower sugar volumes in present quarter vs same quarter last year.
- Power volumes down 31% YoY in Q1 FY20 as season 2019 ended on 26th May, 2019 while season 2018 continued till 16th June, 2018, resulting in lesser crushing days in present quarter.
- Distillery volumes up 48% YoY. Distillery dispatches started from April'18, however, stabilized in June'18.
- Cost for SY19 is at ~Rs 3,260 per Qtl. Present domestic sugar prices are ~Rs 3,200 per Qtl.
- Sugar inventory at 30th June, 2019 stood 41.19 lac Qtl (33.87 lac Qtl previous quarter) valued at Rs 2,982 per Qtl.
- Sold entire sugar (raw) export quantity of 9.2 lac qtl (0.5 lac qtl in present quarter) up to 30th June, 2019. Entire quantity of 9.2 lac qtl was contracted and produced up to Q4 FY19.
- Overall segment PBIT for the quarter at Rs 73 crores vs –ve 3 crores during same period last year due to:
 - Contribution from Distillery.
 - Better sugar realizations.
 - Q1 FY20 has Nil inventory revaluation charge vs –ve Rs 30 crores in Q1 FY19.
 - Production subsidy accrued in present quarter amounting to Rs 10 crores.

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.

Shriram Farm Solutions

Particulars	Revenues (Rs. Cr.)			PBIT (Rs. Cr.)			Cap. Employed (Rs. Cr.)
	Bulk	Value Added	Total	Bulk	Value Added	Total	
Q1 FY20	31.3	165.7	197.0	(2.8)	7.5	4.8	228.5
Q1 FY19	54.6	156.8	211.4	2.4	7.5	9.8	349.8
<i>% Shift</i>	<i>(42.7)</i>	<i>5.7</i>	<i>(6.8)</i>	<i>-</i>	<i>0.8</i>	<i>(51.7)</i>	<i>(34.7)</i>

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 7% YoY.
- Value added inputs revenues up 6% YoY.
- Bulk fertilizer revenue down by 43% as part of the strategy.
- Overall PBIT lower impacted by losses in Bulk Fertilizers for provision taken for old debtors for Rs 3 crores.

Outlook

- Monsoon continues to be erratic in key markets.

Capital employed excludes CWIP.

Particulars	Revenues (Rs. Cr.)			PBIT (Rs. Cr.)	Cap. Employed (Rs. Cr.)
	India	International	Total		
Q1 FY20	136.5	34.0	170.5	29.7	472.5
Q1 FY19	251.4	30.6	281.9	47.7	440.4
% Shift	(45.7)	11.0	(39.5)	(37.8)	7.3

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

- Overall revenues down by 40% YoY.
 - India operations are heavily dependent on monsoons. Net Revenue for India operations down 46% YoY primarily impacted by lower volumes in BT cotton due to lower area sown resulting from deficit rainfall. Sowing started late which resulted in part deferment of sales to Q2 FY20.
 - International business revenue up 11% driven by corn in Philippines and Indonesia.
- PBIT for the present quarter lower impacted by India operations.

Outlook

- Monsoon continues to be erratic in key markets.

Capital employed excludes CWIP.

Fertilizers (Urea)

Particulars	Operational		Financial		
	Sales (MT)	Realisations (Rs./MT)	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)	Cap. Employed (Rs. Cr.)
Q1 FY20	62,778	24,131	160.3	(22.5)	466.6
Q1 FY19	91,457	23,848	227.6	8.7	518.6
% Shift	(31.4)	1.2	(29.6)	-	(10.0)

Performance Overview

- Net revenues lower 30% YoY due to lower volumes.
- Plant had a shut down in April'19. Stable now.
- Subsidy outstanding as on 30th June, 2019 Rs 388 crores vs Rs 453 crores as on 30th June, 2018.
- PBIT turned to negative due to lower volumes and shut down costs.

Outlook

- Plant is stable.
- Expect clarity on pricing policy in next few months.

Capital employed excludes CWIP.

Other Businesses

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

Revenues under 'Others' stood at Rs 227 crores in Q1 FY20 from Rs. 213 crores in Q1 FY19. PBIT for the quarter stood at Rs. 20 crores vis-à-vis Rs. 12 crores in Q1 FY19.

Fenesta Building Systems

Particulars	Operational			Financial	
	Order Book (Rs Cr.)			Revenues (Rs Cr.)	PBIT (Rs. Cr.)
	Retail	Projects	Total		
Q1 FY20	80.8	33.3	114.1	108.1	15.8
Q1 FY19	70.5	34.2	104.7	92.4	10.9
<i>% Shift</i>	<i>14.7</i>	<i>(2.8)</i>	<i>9.0</i>	<i>17.0</i>	<i>45.5</i>

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

Performance Overview

- Overall order book up 9% YoY for present quarter. Retail order book up by 15% YoY. Projects down 3%.
- Revenues up by 17% YoY led by both retail and project segment.
- PBIT margin improved to 15% in Q1 FY20 from 12% in same quarter last year.

Outlook

- 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.)
Q1 FY20	112,519	3,610	47.8	4.0
Q1 FY19	112,476	2,931	41.7	0.9
% Shift	0.0	23.2	14.6	365.1

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 up 15% YoY during the quarter led by improved realizations.

Outlook

- Business working on 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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