For Immediate Release

DCM Shriram Ltd. announces its Q1 FY '17 financial results

Q1 FY '17 Net Revenue at Rs. 1,442 crores (LY: Rs 1,789 cr)

Q1 FY '17 PBDIT up 29% YoY to Rs. 250 cr

Q1 FY '17 Net Profit at Rs. 167 cr, up 34% YoY

- **Chloro-vinyl and Sugar business – major contributors to profit growth**
- **Agri-Inputs businesses continue to be under stress due to adverse weather conditions and tight financial position of farmers**
- **Rs. 725 crores capacity expansion plan in Chemicals and Sugar (Co-generation) business to be fully commissioned in Q3 FY 17**
- **Board has approved another capacity expansion for Chlor-Alkali (including liquid & flakes) at Kota complex with an investment of Rs. 97.3 crores**

New Delhi, 9th Aug 2016: DCM Shriram Ltd. announced its Q1 FY17 financial results today.

Q1 FY'17 Highlights

[Rs.cr]

	Q1	
	FY17	**FY16**
Net revenue	1,442	1,789
PBDIT	250	194
PBIT	226	168
Finance Cost	20	27
PAT	167	124

Key Developments and Outlook – Q1 FY 17

1. **Net Revenues** lower at Rs 1,442 crores vs. Rs 1,789 crores last year due to suspension of trading in DAP/MOP fertilizers. Lower volumes of hybrid seeds (primarily BT cotton) also contributed to decline in revenue
2. **PBIT** stood higher at Rs 226 crores, up 34% YoY (LY: Rs 168 crores)
    a. **Chloro-Vinyl businesses'** earnings improved to Rs 121 crores, up 29% from Rs 94 crores in Q1 FY 16. This increase in earnings was on account of lower costs of key input materials, better efficiencies and higher realizations

    b. Sugar Business' earnings improved to Rs. 32 crore from –ve Rs. 16 crore LY led by better prices and lower cost of production, a result of better recoveries in Sugar Season 2015-16.
4. **Finance costs** at Rs 20 crores was down by 27% YoY from Rs 27 crores in Q1 FY 16 led by lower borrowing costs
5. **PAT** up by 34% YoY to Rs 167 crores. EPS for the quarter at Rs 10.3 up from Rs 7.7 in Q1 FY 16
6. **Net Debt** as on June 30, 2016 stood at Rs. 1,071 crores vs. Rs 690 crores as on June 30, 2015. Increase in net debt was on account of the ongoing expansion projects
7. **Expansion Projects** –
    - The Chemicals project to increase the capacity from 780 TPD to 1285 TPD was partially commissioned in June at Bharuch. Full commissioning including power expansion expected to be completed up by Oct 2016.
    - Sugar Co-gen expansion is progressing as per plan with completion expected by Q3 2017
    - Board has approved expansion in Chemicals business at Kota complex to increase Chlor-Alkali capacity (including liquid & flakes) at an estimated investment of Rs 97.3 crores. Completion expected by Q3 FY18

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 delivered a healthy performance during Q1. All businesses, except Farm Solutions and Bioseed, recorded better performance.

Chloro Vinyl businesses' continue to deliver improved performance as a consequence of our efforts to strengthen cost competitiveness and grow volumes. Lower input prices also contributed to better performance. Our position will further improve post completion of ongoing capacity expansion and efficiency improvement projects in the Chlor-Alkali business. We have taken up a project to further enhance Chlor-Alkali capacity (liquid & flakes) at Kota at an investment of Rs 97 crores. This would be operational in Q3 ' 18 and will provide further growth to this business.

Sugar business' earnings recovered vis-à-vis last year driven by improvement in the margins. We are investing on value addition to the by-products and to increase cane availability to further strengthen this business.

Farm Solutions and Bioseed businesses were adversely impacted due to delay in onset of monsoons, weak farmer economics and tight funds availability.

The Company is confident of delivering healthy growth in the medium term led by expanded capacity and improved cost structure in the Chemicals business, higher returns from value addition to Sugar by-products and targeted growth in the Bioseed and Farm Solutions businesses. Our healthy cash flows and comfortable gearing enable us to undertake growth investments going forward."

Q1 FY '17 Performance Overview & Outlook

CHLORO VINYL:

- Q1 FY17 revenue up by 4% YoY due to higher product prices and marginally higher volumes in Chemicals as well as in Vinyl business
- Earnings were up by 29% YoY due to higher margins
  - Variable costs stood lower driven by lower input prices as well as improved power efficiency
  - Product prices improved YoY. Sequentially PVC prices were up by 8% and chemical prices were down by about 3%
- Capital employed stood higher on account of ongoing Capital expenditure in Chemicals business

Outlook

- Board approved an expansion project in the Chemicals business at the Kota plant at an estimated investment of Rs 97.3 crores. Commissioning expected by Q3 FY 18
- Expansion of Caustic soda capacity was partially (420 TPD) commissioned in June '16 and balance along-with additional captive power capacity expected to be commissioned by Sep / Oct 2016. The capacity added in June '16 is operating at partial load pending commissioning of Power plant.
- Cost structure in Chemicals will further improve after completion of expansion project and technology up-gradation of existing facility
- Caustic as well as PVC prices linked to global price trends, which is presently stable

SUGAR:

- Q1 FY 17 revenue down by 15% YoY due to lower sales volumes vis-à-vis Q1 FY 16; higher realizations moderated the decline in revenue during the quarter.
- Business' earnings turned positive due to better sugar margins, which was primarily due to higher prices and lower cost of production, a result of better recoveries in Sugar Season 2015-16.
  - Earnings during the quarter were adversely impacted by increase in quota on molasses for country liquor to 25% from earlier 15%
- Capital employed higher vs. Q1 FY 16 due to higher closing stock of sugar and lower cane dues

Outlook

- Rational Central and State Govt. policies are to be sustained, to ensure long term viability of the sector
- Sugar co-gen expansion project is on schedule, to be commissioned by Q3 FY2017

SHRIRAM FARM SOLUTIONS:

- Q1 FY 17 revenue declined primarily due to suspension of DAP/MOP fertiliser trading by the company
- 'Value Added' segment's revenue stood lower by 20% vis-à-vis last year
  - Decline in revenue was on account of lower volumes of BT Cotton seeds led by substantial decline in acreage in key markets. Capping of BT Cotton selling price under Seed Price Control Order of the Central Govt. also impacted revenue during the quarter
  - Delay in monsoon and weak agrarian economy, after two years of weak monsoon also impacted volumes
- Business' earnings were impacted due to drop in volumes and margins

Outlook

- Company's focused marketing initiatives, product portfolio expansion and efforts aimed at geographic expansion to drive growth for the 'Value Added' vertical in the medium term
- Subsidy outstandings, that tend to build up in the second half of financial year, remain an area of concern, although these will be lower in the current year due to lower trading in bulk fertilizer

BIOSEED:

- Domestic business' first quarter revenue declined mainly due to lower volumes of BT cotton seeds
  - This was driven by decline in cotton acreages in key markets, with north India witnessing the highest decline
  - Cotton Seed Price Control Order that capped selling price of BT cotton seeds also impacted revenue during the quarter
- Earnings lower primarily due to lower volumes of BT cotton seeds. Margins have been stable
- International businesses – Volumes in Philippines improved. However in Vietnam and Indonesia there has been a delay in season due to adverse climate

Outlook

- Industry facing adversities relating to weather and regulatory framework. We are working on expanding our crop portfolio and product offerings, which would provide stability over medium term

FERTILIZER:

- Urea production up 23% YoY as last year the business undertook a maintenance shutdown
- Revenue stood higher by 9% due to higher sales volumes, a result of higher production. Realizations stood down vis-à-vis last year due to decline in feedstock prices
- Earnings improved due to higher volumes, better energy efficiencies and one time impact of FICC arrears

Outlook

- Company is undertaking measures to further improve energy efficiency
- Subsidy outstandings, that tend to build up in the second half of financial year, remain an area of concern
- Inadequate reimbursement of conversion costs continues to adversely impact business' profitability

OTHERS

Fenesta Windows Systems

- Fenesta business' revenue stood up by 23% YoY driven by higher volumes during the quarter
  - Volumes in 'Retail' and 'Projects' segment up by 15% and 43%, respectively, vs. Q1 last year
  - Retail segment's contribution to revenue stood at 73% vs. 77% in Q1 last year
- Overall order booking up by 15% YoY driven by the 32% YoY increase in 'Retail' segment's order booking
- Business' earnings up by 18% YoY due to higher revenue during the quarter

CEMENT

- Revenue stood up by 62% YoY on account of higher volumes and 15% increase in realizations vis-à-vis last year
- Business reported positive earnings as compared with loss last year led by higher realisations and lower input costs

HARIYALI KISAAN BAZAR:

- Revenues are from fuel sales only.
- Sale of existing land parcels proceeding slowly. Expected to take about 2-3 years

Q1 FY '17 – Segment Performance

Segments	Revenues Q1 FY 16	Revenues Q1 FY 17	Revenues YoY % Change	PBIT Q1 FY 16	PBIT Q1 FY 17	PBIT YoY % Change	PBIT Margins % Q1 FY 16	PBIT Margins % Q1 FY 17
Chloro Vinyl	**315.9**	**329.4**	***4.3***	**93.6**	**121.2**	***29.4***	***29.6***	***36.8***
Sugar	**305.2**	**260.3**	***(14.7)***	**(16.4)**	**31.6**	**-**	***(5.4)***	***12.1***
Agri Inputs	**1,131.1**	**740.1**	***(34.6)***	**104.6**	**88.6**	***(15.3)***	**9.2**	***12.0***
- Shriram Farm Solutions	610.3	286.7	*(53.0)*	25.3	11.0	*(56.4)*	*4.1*	*3.8*
- Bioseed	365.2	283.6	*(22.3)*	84.2	60.7	*(27.9)*	*23.1*	*21.4*
- Fertiliser	155.6	169.8	*9.1*	(4.9)	16.9	-	*(3.2)*	*9.9*
Others	**197.3**	**219.3**	***11.2***	**1.9**	**10.1**	***443.5***	***0.9***	***4.6***
Total	**1,949.5**	**1,549.2**	***(20.5)***	**183.6**	**251.4**	***36.9***	***9.4***	***16.2***
Less: Intersegment Revenue	160.2	107.6	*(32.8)*					
Less: Unallocable expenditure (Net)				15.2	25.5	*68.0*		
Total	**1,789.3**	**1,441.6**	***(19.4)***	**168.4**	**225.9**	***34.0***	***9.4***	***15.7***

For further information, please contact:

Aman Pannu

Head- Corporate Communications

DCM Shriram Ltd.

+91 9899078610