For Immediate Release

DCM Shriram Ltd. announces its Q3 FY ’17 financial results

Q3’17 : Revenues up 10.6%, PAT up 124%

Board Declares an Interim Dividend of 140%

- **Earnings growth for Q3 & 9 month FY17 driven by :**
  - **Higher Volumes with completion of Rs. 700 crs. Expansion projects in Chemicals & bagasse based power (for sale to grid).**
  - **Higher volumes & margins in sugar business.**
- **Implementing Rs. 300 crs. Expansion Projects to be commissioned by Dec 2017.**

New Delhi, 13th Feb 2017: DCM Shriram Ltd. announced its Q3 FY17 financial results today.

Q3 FY’17 Highlights

[Rs.cr]

	Q3			9M		
	FY16	**FY17**	**% Change**	**FY16**	**FY17**	**% Change**
Total Revenue	1,309	1,448	10.6	4,647	**4,408**	(5.1)
PBDIT	101	200	98.9	412	**581**	41.2
PBIT	77	169	120.7	337	**500**	48.4
Finance Cost	15	17	19.4	66	**50**	(24.9)
PAT	61	137	124.4	247	**395**	59.9

Key Developments and Outlook – Q3 FY 17

1. **Total Revenues** up by 10.6% YoY to Rs 1,448 crores (LY: Rs 1,309 crores):

   a. Excluding DAP / MOP, trading of which was suspended in current year, revenue stood higher by 23% YoY

   b. Chloro-Vinyl's revenue stood higher by 14% YoY to Rs 382 crores due to higher Chlor-Alkali volumes from the expanded capacity at Bharuch plant and also because of better PVC realizations

   c. Sugar revenue was up by 179% YoY to Rs 377 crores led by higher sugar & power volumes and better sugar realizations vs. last year

2. **PBIT** improved to Rs 169 crores, up 121% YoY (LY: Rs 77 crores)

   a. **Chloro-Vinyl** recorded higher PBIT with higher Chlor-Alkali sales volumes & lower costs (due to better power efficiencies), higher PVC prices.

   b. **Sugar** business recorded higher sugar & power volumes and +ve sugar margins (vs. –ve last year).

   c. Rising Coal, Carbon material costs and slower Chlorine & PVC Sales restricted the improvements.

3. **Finance costs** stood at Rs 17 crores, up from Rs 15 crores in Q3 FY 16

4. **PAT** up by 124% YoY to Rs 137 crores. EPS for the quarter at Rs 8.4 up from Rs 3.8 in Q3 FY 16

5. **Net Debt** as on Dec 31, 2016 stood at Rs. 774 crores vs. Rs 426 crores as on Dec 31, 2015. Increase in net debt was driven by the expansion projects in chemicals and sugar businesses

6. **Projects Completed in Q3 FY 17**

   a. Chemical Expansion project is fully commissioned with commissioning of Captive Power plant in Nov.'16. The total chemicals capacity stands increased from 780 tpd to 1343 tpd.

   b. Bagasse based co-gen power expansion from 94.5 MW to 110.9 MW

   c. Total power capacity of the company increased from 188 MW to 248 MW coal based and from 94.5 MW to 110.9 MW Bagasse based

7. **New Projects** – The following projects currently underway are proceeding as per schedule, to be completed by Dec 2017

   a. Chlor-Alkali – Expansion/technology upgradation project at Kota plant at an investment of Rs. 97.3 crores.

   b. Sugar – Setting up of a 150 KLD distillery at Hariawan unit to produce ethanol. This project that is estimated to cost Rs. 185 crores.

   c. Fenesta – Expansion of fabrication capacity at an investment of Rs. 18.5 crores.

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 reported healthy earnings growth during the quarter driven by better performance of the Sugar and Chemical businesses.

The company completed the Chlor-Alkali (along with captive power) expansion project at Bharuch (Gujarat). Plant has stabilized and is expected to achieve higher capacity utilization gradually as the market expands. The smaller expansion cum up-gradation project at the Kota plant is expected to be completed by Dec 2017.

The power co-generation up-gradation/expansion project in Sugar business has also been successfully commissioned and has achieved full capacity utilization. Distillery project is on schedule to be commissioned by Dec 2017.

The commissioning of all the above projects will provide stable profit growth and will improve our competitiveness. We continue to focus on ensuring healthy balance sheet, which will enable us to take up consistent growth initiatives over the medium-long term."

Q3 FY ’17 Performance Overview & Outlook

Chloro-Vinyl

- Chloro-Vinyl segment’s Q3 FY 17 revenue stood higher by 14% YoY primarily on account of
  - Higher Chemicals volumes from the Bharuch unit, post completion of the expansion project.
  - PVC sales volumes were lower although production was stable.
  - Selling prices of Chlor-Alkali as well as PVC improved by 11% and 5% respectively, vs Q2 FY 17
- PBIT margins were lower, which will improve as capacity utilization improves in Bharuch plant and PVC sales improve
- Coal as well as carbon material costs are rising
  - Capital employed stood higher vis-à-vis last year on account of completion of the Chemicals business’

Outlook

- Capacity utilization at Bharuch facility is expected to increase gradually as chlorine market picks up
- Global prices are trending firm, providing support to domestic prices
- Rising prices of Coal and Carbon material is putting pressure on input costs

Sugar

- Company’s Co-gen power up-gradation / expansion project was completed during Q3 FY 17 raising business’ total power capacity to 111 MW
- Crushing operations started early in Nov 2017, leading to higher production vs same season period last year. Sugar recovery stood at 10.46% till Dec ’16 vs. 10.67% during same period last season
- Q3 Revenue stood higher by 179% YoY primarily due to higher sales volumes and better realizations; Higher sale of power during the quarter also contributed to increase in Q3 revenue
- PBIT improved during Q3 due to better margins in sugar and increase in co-gen power sales
- Capital employed stood higher by 24% YoY to Rs 687 crores on account of the higher closing stock and higher cost of production this season vs last season

Outlook

- Increase in SAP by UP Govt. for Sugar season 16-17 is leading to higher cost of production
- Sugar recovery is expected to be lower than last season due to climatic conditions

Shriram Farm Solutions

- Q3 revenues (excluding DAP / MOP revenues of last year as we suspended these activities in the current year) remained flat vs. last year
- ‘Value Added’ inputs segment revenue was up by 7% YoY driven by higher sales of seeds and crop care chemicals
- Business’ PBIT stood higher by 6% YoY during the quarter on account of better performance of the ‘Value added’ inputs segment

Outlook

- Company is focused on driving growth in the ‘Value Added’ vertical through marketing initiatives, product portfolio and geographic expansion initiatives

Bioseed

- Q3 is inherently an off season for Bioseed business
- Q3 FY 17 revenues increased by 12% YoY led by domestic operations.
- In International business, Philippines and Indonesia have registered improved volumes for the quarter as well as 9 months, however Vietnam is facing challenges
- Lower losses in Q3 vis-à-vis last year is a result of higher revenue and better margins in the domestic business and improvement in international operations

Outlook

- Business expected to witness growth in the medium term on account of higher sales in the Southern and Central markets driven by high focus on R&D and a strong product pipeline
- Augmenting product portfolio and marketing efforts to drive growth in operations

Fertilisers

- Q3 FY 17 revenue lower by 17% YoY on account of lower volumes and a 13% decline in realizations, due to decline in gas prices during the quarter. Gas prices are a pass through
- Energy efficiency has improved during the quarter
- Subsidy outstanding is lower at Rs. 213 crore vs.Rs. 324 crore same period last year

Outlook

- Energy efficiency continues to improve. Company evaluating measures to further improve energy efficiencies
- Profitability continues to be adversely impacted by inadequate reimbursement of conversion costs
- Subsidy outstanding position has improved, but remains a concern due to inconsistency of release

Others

Fenesta Windows

- Fenesta business’ revenue stood higher by 21% YoY, driven by a 42% YoY increase in ‘Retail’ segment’s revenue led by higher volumes and better realizations
- Order Booking witnessed strong growth for both ‘Retail’ and ‘Project’ segments in Q3 FY 17
- Business operations continue to be positive at PBT level

Cement

- Q3 revenue stood up by 9% YoY on account of better volumes and realizations YoY
- Realisations and volumes are witnessed a sequential decline
- Increase in input costs of energy contributed to reduction in margins

Q3 FY 17 – Segment Results

	Revenues			PBIT			PBIT Margins %	
Segments	**Q3 FY16**	**Q3 FY17**	**YoY % Change**	**Q3 FY16**	**Q3 FY17**	**YoY % Change**	**Q3 FY16**	**Q3 FY17**
Chloro Vinyl	**336.1**	**382.5**	***13.8***	**83.1**	**90.9**	***9.4***	***24.7***	***23.8***
Sugar	**135.0**	**377.1**	***179.4***	**(1.9)**	**87.9**	**-**	***(1.4)***	***23.3***
Agri Inputs	**655.9**	**491.1**	***(25.1)***	**14.6**	**20.0**	***37.4***	**2.2**	***4.1***
- SFS (DAP / MOP)	130.3	0	-	1.9	(0.9)	-	*1.5*	-
- SFS (Excl. DAP / MOP)	248.7	248.4	*(0.1)*	16.1	20.1	*24.5*	*6.5*	*8.1*
- Bioseed	47.1	52.6	*11.8*	(20.4)	(13.0)	-	*(43.3)*	*(24.6)*
- Fertiliser	229.8	190.0	*(17.3)*	16.9	13.8	*(18.0)*	*7.3*	*7.3*
Others	**195.0**	**206.0**	***5.7***	**(1.6)**	**(1.1)**	**-**	***(0.8)***	***(0.5)***
Total	**1,321.9**	**1,456.7**	***10.2***	**94.2**	**197.7**	***110.0***	***7.1***	***13.6***
Less: Intersegment Revenue	12.7	8.4	-					
Less: Unallocable expenditure (Net)				17.5	28.4	*62.7*		
Total	**1,309.2**	**1,448.3**	***10.6***	**76.7**	**169.3**	***120.7***	**5.9**	***11.7***

9M FY 17 – Segment Results

	Revenues			PBIT			PBIT Margins %	
Segments	9M FY16	9M FY17	YoY % Change	9M FY16	9M FY17	YoY % Change	9M FY16	9M FY17
Chloro Vinyl	**1,048.5**	**1,128.7**	***7.6***	**252.4**	**284.0**	***12.5***	***24.1***	***25.2***
Sugar	**638.4**	**1,049.0**	***64.3***	**30.7**	**182.0**	***492.1***	***4.8***	***17.4***
Agri Inputs	**2,547.6**	**1,711.2**	***(32.8)***	**106.4**	**102.9**	***(3.2)***	***4.2***	***6.0***
- SFS (DAP / MOP)	618.5	0	-	10.0	(11.2)	-	*1.6*	-
- SFS (Excl. DAP / MOP)	857.6	777.1	*(9.4)*	45.7	38.2	*(15.6)*	*5.3*	*5.0*
- Bioseed	447.6	399.6	*(10.7)*	25.8	39.6	*53.4*	*5.8*	*9.9*
- Fertiliser	623.9	534.6	*(14.3)*	24.8	36.3	*46.1*	*4.0*	*6.8*
Others	**589.5**	**638.5**	***8.3***	**2.7**	**12.0**	***345.2***	***0.5***	***1.9***
Total	**4,823.9**	**4,527.5**	***(6.1)***	**392.2**	**580.9**	***48.1***	***8.1***	***12.8***
Less: Intersegment Revenue	177.3	119.2	*(32.7)*					
Less: Unallocable expenditure (Net)				55.4	81.1	*46.4*		
Total	**4,646.7**	**4,408.2**	***(5.1)***	**336.8**	**499.9**	***48.4***	***7.2***	***11.3***

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