For Immediate Release

DCM Shriram Ltd. announces its Q4 and FY 17 financial results

FY 17 Net Profit up 83% at Rs. 552 cr (LY: Rs. 302 cr)

Q4 FY 17 Net Profit at Rs. 156 cr (LY: Rs. 55 cr)

HIGHLIGHTS (FY 17)

- **Completed capacity expansion projects for Chlor-Alkali (incl. captive power) at Bharuch & Power Co-gen at Sugar business – Total investments Rs. ~700 cr**
- **Sugar business Revenue up 65% at Rs. 1,601 cr and PBIT at Rs. 315 cr vs Rs. 88 cr LY**
  - **Led by higher volumes, better margins and higher power sales**
- **Chemicals Business revenue up 22% at Rs. 1,012 cr and PBIT at Rs. 289 cr vs Rs. 245 cr LY**
  - **Led by higher volumes**
- **Projects for setting up 150 KLD distillery and expansion in Chemicals at Kota (Total investments of Rs 282.5 cr) progressing as per schedule. Commissioning in Q4 FY 18**
- **The board recommended a final dividend of 40%. The total dividend in FY17 is 290% vs 160% in FY 16**

New Delhi, 1st May 2017: DCM Shriram Ltd. announced its Q4 & FY17 financial results today.

Q4 and FY17 - Key Financials

[Rs.cr]

	Q4			FY		
	FY16	**FY17**	**% Change**	**FY16**	**FY17**	**% Change**
Total Revenue	1,392	1,723	23.7	6,071	6,164	1.5
PBDIT	134	236	76.5	546	818	49.9
PBIT	111	204	84.2	448	705	57.3
Finance Cost	19	22	13.4	85	71	(16.4)
PAT	55	156	186.7	302	552	82.8

Key Developments and Outlook – FY 17

1. **Total Revenues** stood at Rs. 6164.0 cr vs Rs. 6070.9 cr last year
   a. Revenues excluding DAP / MOP (suspended DAP/MOP trading in current year) grew by 14% YoY
   b. Sugar Business revenue was up 65% to Rs 1601 cr with higher volumes and realizations
   c. Chemicals business revenue grew by 22% to Rs 1012 cr driven by higher volumes from expanded capacity at the Bharuch (Gujarat) plant

2. **PBDIT** improved to Rs. 817.9 cr up 50%, driven by
   a. Sugar Business – Higher volumes of sugar & power and better margins
   b. Chemicals Business - Higher volumes
   c. Bioseed India, Fenesta, Cement and Fertilizer businesses also contributed to the improvements in higher earnings
   d. Overall PBDIT margins improved to ~13% from ~9% last year
   e. Rising Coal, Carbon material costs and low prices of Chlorine restricted the improvements

3. **PAT** increased to Rs 551.7 cr, up 83% from Rs 301.8 cr in FY 16
4. **EPS** for the year at Rs 34.0 up from Rs 18.6 in FY 16
5. **Net Debt** as on March 31, 2017 stood at Rs. 928 cr vs. Rs 1057 cr as on March 31, 2016. Net Debt to equity stood at 0.37x as on March 31, 2017 vs 0.51x as on March 31, 2016.
6. **Projects Completed in FY 17** at an investment of ~ Rs. 700 cr.
   a. Chemical capacity increased from 780 tpd to 1343 tpd
   b. Coal based captive power capacity increased from 188 MW to 248 MW
   c. Bagasse based co-gen power expansion from 94.5 MW to 110.9 MW
7. **New Projects** – The following projects currently underway, progressing as per schedule, to be completed by Q4 FY 18
   a. Chlor-Alkali – Expansion/upgradation project at Kota plant at an investment of Rs. 97.5 cr
   b. Sugar – 150 kld distillery at Hariawan unit, at an investment of Rs. 185 cr.
   c. Fenesta – Expansion of fabrication and extrusion capacity at an investment of Rs. 18.5 cr.
8. **In the Standalone accounts** (no impact on Consolidated financials), the company has taken a write-down of Rs. 85.12 cr in the value of investments in Bioseed International business, keeping in view the longer gestation period and higher losses over last few years due to one time inventory write offs

Key Developments and Outlook – Q4 FY 17

1. **Total Revenues** stood at Rs. 1723.0 cr vs Rs. 1392.4 cr last year. Revenues excluding DAP / MOP grew by 30% YoY, led by:
    a. Sugar Business revenue was up 67% to Rs 552 cr with higher volumes and realization
    b. Chemicals business revenue grew by 45% to Rs 293 cr driven by higher volumes from expanded capacity at the Bharuch (Gujarat) plant
2. **PBDIT** improved to Rs. 236.4 cr up 77%, driven by
    a. Sugar Business – Higher volumes of sugar & power and better margins
    b. Chemicals Business - Higher volumes
    c. Overall PBDIT margins stood at ~13.7% from ~9.6% last year
3. **Standalone profits** of the Company had an impact of Rs. 85.12 cr on account of write-down of investments in Bioseed International business.
4. **Finance costs** stood at Rs. 21.7 cr vs Rs. 19.1 cr in FY 16
5. **PAT** increased to Rs 156.4 cr, up 187% from Rs. 54.5 cr in FY 16

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 recorded satisfactory operational as well as financial performance during the year. Healthy earnings growth during the year was a result of robust performance of the Sugar, Chemical and Plastic businesses. Other businesses also did well.

Sugar operations in SY 17 have improved with growth in sugar production by ~45% and power export by ~62%. Commissioning of distillery will provide further impetus to the business. We are strengthening our cane development efforts further to achieve higher volumes on sustained basis.

The expanded Chlor-Alkali plant at Bharuch has stabilised. Capacity utilisation is constrained due to low chlorine demand. We are working on expanding chlorine sales and the overall capacity utilisation.

Better monsoons last year along with expectation of a normal monsoon this year should augur well for our Agri input businesses in India. We are taking steps to turn-around Bioseed International business.

The cash generation is robust, balance sheet is strong and business model has strengthened. We look forward to further strengthen our businesses and invest in growth of the Company over the medium term."

Q4 & FY17 - Performance Overview & Outlook

Chloro Vinyl:

1. Overview
   - Segment revenue for FY'17 stood higher by 15% YoY and 38% YoY for Q4 supported by:
     i. Chemicals volumes up 26% in FY'17 and 60% in Q4 consequent to capacity expansion at Bharuch unit. Capacity utilization at Bharuch unit is witnessing an upward trend post completion of expansion in Q3 FY'17.
     ii. Plastics business had stable volumes and higher price realization
   - Selling prices of Chlor-Alkali were lower by 4% for FY'17 and 12% for Q4 (YoY), on account of lower Chlorine prices. PVC prices were up 10% for the year and 17% for Q4 vs same period last year
   - Input costs of Power have risen, impacting the margins. Efficiencies have improved especially in Bharuch, post completion of expansion and modernization
2. Outlook
   - Capacity utilization at Bharuch facility 77% for Q4 FY17 and will increase further, as chlorine market picks up
   - Chlor Alkali ECU prices are soft due to rupee appreciation effect and soft Chlorine prices; PVC prices are stable.
   - Rising prices of Coal and Carbon material is putting pressure on margins
   - Expansion of Chemicals at Kota at an investment of Rs. 97.5 cr is progressing as per plan; to commission in Q4 FY'18

Sugar:

1. Overview
   - The sugar season'17 has witnessed ~ 45% growth in cane crushed; Crushing still on in one factory. Sugar recovery at ~11.1 %, same as last season.
   - FY 17 Revenue stood higher by 65% YoY and Q4 revenues stood higher by 67% (YoY), due to higher sales volumes and better realizations; Higher sale of power from expanded capacity also contributed to increase in revenue
   - Earnings improved led by better margins, volumes as well as increase in co-gen power sales
2. Outlook
   - Sugar prices are stable
   - Distillery project at Hariawan unit with an investment of Rs. 185 cr is progressing as per plan and will commission by Q4 FY'18

Shriram Farm Solutions:

1. Overview
    - FY 17 revenues were down 44% led by DAP/MOP which was suspended during the year. Revenue of 'Value added' inputs' vertical lower by 6% YoY
    - 'Value Added inputs' performance for the year was impacted in Kharif '16 as well as Rabi season by lower demand and change in sowing patterns towards lower value inputs. This was a result of two consecutive year of poor and erratic monsoons leading to weak farmer economics
    - Earnings adversely impacted due to lower margins in the bulk as well as Value added business
    - Subsidy outstanding at Rs. 208 cr vs Rs. 307 cr last year
2. Outlook
    - With better monsoons and harvest in last Kharif season, and expectation of a normal monsoon this season by IMD, the volumes and margins for 'value added' vertical in the current season are expected to improve
    - Company is focused on driving growth in the 'Value Added' vertical through marketing initiatives, product portfolio and geographic expansion initiatives

Bioseed:

1. Overview
    - FY'17 revenues in India were lower by about 6% due to decline in cotton acreages in key markets during Kharif'16. Cotton Seed Price Control Order that capped selling price of BT cotton seeds also impacted revenues. Other crops performed better.
    - FY 17 international business revenues increased 18% led by Philippines and Indonesia
    - Earnings in India business improved on account of better margins. However in international business, except for Philippines, the earnings were lower than last year.
    - The company has taken write-down of Rs 85.12 cr in the value of investments in Bioseed International business in the Standalone accounts (no impact on Consolidated financials), keeping in view the longer gestation period and higher losses over last few years due to one time inventory write offs
2. Outlook
    - Business expected to witness improvement in the current Khariff season especially in BT cotton with expected increase in acreage. However normal monsoons will be the key.
    - Augmenting product portfolio with focused R&D and marketing efforts to drive growth in operations

Fertilisers:

1. Overview
    - FY 17 revenue declined with marginally lower volumes down 1.4% and 9% decline in realizations, a result of lower gas prices which is a pass through
    - Energy efficiency has improved during the year
    - During the year business received arrears to the extent of Rs. 18.5 cr for earlier years, of this Rs. 9.4 cr was received during the quarter.
    - Subsidy outstanding is lower at Rs. 347 cr vs. Rs. 451 cr last year
2. Outlook
    - Company is evaluating measures to further improve energy efficiencies
    - Profitability continues to be impacted by inadequate reimbursement of conversion costs
    - Subsidy outstanding position has improved, but remains a concern due to inconsistency of release

Other Businesses:

1. Fenesta Windows
    - Fenesta business' revenue stood higher by 20% YoY, driven by robust increase in 'Retail' segment's revenue led by higher volumes and better realizations
    - Order Booking witnessed strong growth for both 'Retail' and 'Project' segments
2. Cement
    - FY'17 revenue as well as earnings were up on account of stable volumes and improved realizations YoY
    - Input costs under pressure with increase in energy costs
3. Hariyali Kisaan Bazaar
    - Revenues from fuel sales only
    - Business focused on sale of existing properties, which is progressing slowly