



For Immediate Release

DCM Shriram Ltd. announces its Q4 & FY16 financial results
FY 16 revenue at Rs. 5,841 crores; Q4 revenue at Rs. 1,333 crores
FY 16 Net Profit up 41% YoY at Rs. 297 cr (LY: Rs. 211 cr)
Q4 FY 16 Net Profit at Rs. 51 cr (LY: -ve Rs. 40 cr)

- Chloro-vinyl business' earnings recorded moderate growth driven by lower input costs and stable prices in the Chemicals business
- Sugar business turned breakeven from significant losses last year, led by lower cost of production and better prices in Q4
- Chlor-alkali capacity expansion to come on-stream partly in Q1 FY17, full capacity along with additional captive power by Q2 FY 17. Sugar co-gen expansion project expected to be commissioned by Q3 FY 17
- Long Term credit rating upgraded to AA- from A+ earlier. Short term rating affirmed at A1+
- Board of Directors recommended Final Dividend of 40% - Total Dividend in FY16 at 160%

New Delhi, 10th May 2016: DCM Shriram Ltd. announced its Q4 FY16 financial results today.

FY'16 Highlights

	Q4		12M	
	FY16	FY15	FY16	FY15
Net revenue	1,333	1,309	5,841	5,639
PBDIT	130	33	544	450
PBIT	107	7	445	340
Finance Cost	19	28	86	112
PAT	51	(40)	297	211

[Rs.cr]

Key Developments and Outlook:

1. **Net Revenues** stable at Rs 5,841 crores (LY: Rs 5,639 crores)
2. **PBIT** improved substantially to Rs 445 crores during the year (LY: Rs 340 crores):
 - **Chloro-vinyl** - earnings improved to Rs 350 crores from Rs. 317 crores last year driven by stable realizations in Chemicals, Lower input costs and better operating efficiencies which compensated for lower realisations in PVC. Further, additional levies on coal and power generation have raised cost of power for entire Chloro-vinyl businesses.
 - **Sugar business** earnings improved to Rs. 88 cr from a loss of Rs. 68 cr last year as a result of :
 - Subsidies from the UP State Govt. amounting to Rs. 85 crores related to Sugar season 14-15, received and accounted for in the current financial year.
 - Reduction in cost of production for the season 15-16 led by higher Sugar recovery (at 11.1% vs. 9.9% last season)
 - firming up of sugar prices to Rs. 3031/Qtl in Q4 viz Rs. 2675/Qtl in Q3 16 and Rs.2664/Qtl in Q4 last year
 - Last year there was inventory writedown of Rs. 98 crores due to negative margins of ~Rs. 500 per qtl
 - Returns from the business are suboptimal
 - Earnings of **Shriram Farm Solutions and Bioseed** stood lower YoY as deficient monsoons and stressed farmer economics adversely impacted sales volumes during the year. With normal monsoons expected in khariff 16, these businesses to register good growth
 - **Fenesta business'** earnings improved substantially on 18% increase in sales volumes during the year. Order booking also witnessed robust growth with a 63% and 18% increase in 'Projects' and 'Retail' segments
 - Retail segment's revenue contribution was at 72% in FY 16, up from 70% last year
3. **Finance costs** stood lower at Rs 86 crores down from Rs 112 crores in FY 16 primarily due to lower cost of funds
4. **PAT** increased by 41% YoY to Rs 297 crores (LY: Rs 211 crores)
5. **Subsidy** outstanding increased to Rs 761 crores as on March 31, 2016 from Rs 573 crores as on March 31, 2015
6. **Net Debt** as on Mar 31, 2016 stood comfortable at Rs. 1057 crores vis-à-vis Rs. 688 crores as on Mar 31, 2015. The increase is a result of ongoing Chlor Alkali capacity expansion, higher subsidy receivables and sugar inventory.

Q4 Highlights

1. **Net Revenues** up by 1.8% YoY to Rs 1,333 crores primarily due to higher volumes in bulk fertilizers
2. **PBIT** increased to Rs 107 crores from Rs 7 crores in Q4 FY 15
 - a. Sugar business' earnings improved to Rs. 57 crores from –ve Rs. 56 crores in Q4 FY 15
 - i. Positive margins due to better sugar prices and lower cost of production led by higher sugar recoveries. Further last year there was inventory write-down of Rs. 71 crore during the quarter
 - b. Chloro Vinyl businesses' earnings improved to Rs 97 crores from Rs. 72 crores last year, led by higher realisations as well as lower input costs and better efficiencies
 - c. Fertiliser business' earnings improved to Rs. 6 crores led by higher energy efficiencies as well as volumes. Last year there was a maintenance shutdown in March/April 2015.
2. **PAT** improved substantially to Rs. 51 crores from –ve Rs 40 crores in Q4 FY 15

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 has witnessed encouraging performance for the year driven by improvement in the Sugar business fundamentals and stable performance of the Chloro Vinyl business. However Agri-input businesses faced challenges on account of adverse weather conditions during the year.

Sugar Industry's viability improved during the second half of FY 16 with increase in sugar prices and lower cost of production, a result of high sugar recovery. The Govt. at the Centre and State have evolved more rational policy frameworks in respect of cane pricing, ethanol, exports etc which contributed to the turnaround. It is desirable that the same rational approach continues for restoring health of the industry over medium term.

We are enthused by the performance of Chemical business. The commissioning of expanded capacity at Bharuch in the current year is expected to significantly improve the cost structure and provide volume growth.

Performance of Bioseed and Farm Solutions businesses was impacted due to a weak demand scenario in the backdrop of a second consecutive year of drought and distressed farmer economics. Positive monsoon forecast for the coming season is encouraging for these businesses in India as well as International.

Fertiliser business during the year was impacted by the tightening in energy norms and higher level of subsidy outstanding. We are undertaking measures to improve efficiency to support business' earnings.

Our borrowings are at comfortable levels despite undertaking projects worth Rs 725 crore over FY 16 and 17. These projects will add significant value to the Company from FY 17 onwards. Together with these we continue to spend on cost saving measures to optimise the cost structures which are critical for long term sustainability of our businesses.”

Q4 & FY '16 Performance Overview & Outlook

CHLORO VINYL:

- Chloro Vinyl segment's FY 16 revenue marginally down on lower PVC prices and volumes
- FY 16 earnings improvement on account of higher Chemicals volumes and realizations and lower input costs.
- Power costs rising driven by levies on coal and power generation
- Annual Maintenance shutdown in Plastics business at Kota and chemicals at Bharuch plant impacted volumes and hence revenue during Q4 FY 16
- Fourth quarter earnings improvement was driven by better realizations in Chemicals business
- Capital employed is higher on account of ongoing Chemicals business' capex at Bharuch

Outlook

- Business focused on efficiency improvement initiatives to further improve its cost structure
- Prices will follow global commodity price trends
- Additional Chemicals capacity to come on-stream partly in Q1 FY 17. Full capacity along with additional captive power capacity expected to commission by Q2 FY 17.

SUGAR:

- FY 16 revenue decline was due to lower volumes and lower average realizations during the year. Sugar prices have steadily firmed up since Q3
- Sugar production up by 3% in current season despite 7% decline in cane crushed due to better recoveries at 11.1% from 9.9% in FY 15
- Business earnings improved substantially during FY 16 due to
 - Slightly positive margins in Q4 due to higher prices and lower cost led by better recoveries
 - Last year negative margins led to inventory write-down of Rs 98 crores
- Increase in capital employed was due to higher closing stock of sugar

Outlook

- Industry fundamentals have improved but they need to be sustained over long-term
- Sugar production in India is expected at ~25 Mn MT down from 28.3 Mn MT last year.
- Sugar co-gen expansion project is on schedule, to be commissioned by Q3 FY 17

SHRIRAM FARM SOLUTIONS:

- FY 16, revenue increase was driven by higher sales volumes of bulk fertilizers
- 'Value Added' segment's revenue declined by 6% YoY on lower offtake due to the challenging domestic Agri scenario during the year with two successive years of low monsoons
- Earnings impacted primarily due to decline in margins
- High subsidy outstanding in bulk fertilizers continues to weigh on business' profitability
 - Subsidy outstanding at Rs. 307 crores as on March 31, 2016 vs. Rs 203 crores as on March 31, 2015

Outlook

- Company has rationalized its Bulk fertilizer portfolio by reducing trading of DAP and MOP

- As per IMD¹, 2016 Southwest monsoons are expected to be above average. Normal monsoons will support business performance this year
- Focus is on augmenting marketing initiatives, product portfolio and efforts aimed at expanding distribution network to drive growth over medium term for business' 'Value Added' vertical
- High subsidy outstanding continues to be an area of concern

BIOSEED:

- FY 16 revenues and earnings stood lower on account of lower sales of BT Cotton and Corn hybrid seeds due to adverse climate.
- International business' performance impacted due to lower sales as key markets were affected by the El Nino phenomenon

Outlook

- Normal monsoons in 2016 likely to boost business performance during this year
- Central Govt's decision to regulate BT cotton seed prices and trait value may impact business performance
- Business, driven by high focus on R&D and a strong product pipeline, is augmenting product portfolio and marketing efforts to enable growth in India and international operations in all markets

FERTILIZER:

- Operating performance stable
- Earnings during the year impacted by tightening in energy norms under the New Urea Policy
- Efficiency improvement measures implemented in December'15 led to lower energy consumption especially in Q4 FY 16
- High subsidy out standings continued to weigh on business earnings during the year
 - Subsidy outstanding stood at Rs 454 crores vs. Rs 370 crores as on March 31, 2015

Outlook

- Company undertaking measures to further improve energy efficiency
- Subsidy outstanding likely to remain high thereby exerting pressure on earnings
- Inadequate reimbursement of conversion costs continues to adversely impact business' profitability

OTHERS

Fenesta Windows Systems

- Fenesta business' revenue increased on account of higher volumes during the year
- Retail segment's contribution to revenue sustained at 72% in FY 16, up from 70% last year
- Overall Order Booking increased by 29% in FY 16 with 'Projects' and 'Retail' segment's order booking increasing by 63% and 18%, respectively
- Business operations achieved PBT positive in FY 16 driven by 21% rise in sales volumes

CEMENT

- Revenue increase in FY 16 was due to higher sales volumes, a result of higher production during the year
- Business' PBIT loss narrowed in FY 16 over last year due to higher volumes and lower input costs

HARIYALI KISAAN BAZAR:

- Revenues are from fuel sales only. Losses in the quarter on account of reduction in realizable value of property held for sale.
- Business is focused on sale of existing land parcels however sales were slow in FY 16. Expected to take about 2-3 years

Q4 FY '16 – Segment Performance

Segments	Revenues			PBIT			PBIT Margins %	
	Q4 FY15	Q4 FY16	YoY % Change	Q4 FY15	Q4 FY16	YoY % Change	Q4 FY15	Q4 FY16
Chloro Vinyl	308.3	293.8	(4.7)	72.2	97.1	34.6	23.4	33.1
Sugar	326.8	314.2	(3.9)	(56.0)	57.1	-	(17.1)	18.2
Agri Inputs	495.4	539.5	8.9	7.9	5.2	(34.4)	1.6	1.0
- Shriram Farm Solutions	247.6	322.4	30.2	16.4	16.8	2.5	6.6	5.2
- Bioseed	77.8	41.3	(46.9)	(10.8)	(17.8)	-	(13.9)	(43.1)
- Fertiliser	170.1	175.9	3.4	2.3	6.2	167.7	1.4	3.5
Others	197.5	194.5	(1.5)	1.6	(3.4)	-	0.8	(1.7)
Total	1,328.0	1,342.0	1.1	25.6	156.1	508.6	1.9	11.6
Less: Intersegment Revenue	18.7	9.1	(51.6)					
Less: Unallocable expenditure (Net)				19.1	49.3	158.2		
Total	1,309.3	1,333.0	1.8	6.6	106.8	1,529.9	0.5	8.0

FY '16 – Segment Performance

Segments	Revenues			PBIT			PBIT Margins %	
	FY15	FY16	YoY % Change	FY15	FY16	YoY % Change	FY15	FY16
Chloro Vinyl	1,242.3	1,221.8	(1.6)	317.1	350.3	10.5	25.5	28.7
Sugar	1,037.1	923.8	(10.9)	(68.5)	87.9	-	(6.6)	9.5
Agri Inputs	2,713.1	3,080.9	13.6	156.7	112.0	(28.5)	5.8	3.6
- Shriram Farm Solutions	1,416.7	1,798.3	26.9	87.2	72.8	(16.4)	6.2	4.1
- Bioseed	570.3	484.5	(15.0)	32.1	8.0	(75.0)	5.6	1.7
- Fertiliser	726.2	798.1	9.9	37.4	31.1	(16.7)	5.1	3.9
Others	866.5	805.5	(7.0)	(2.1)	0.4	-	(0.2)	0.1
Total	5,859.0	6,032.1	3.0	403.2	550.6	36.6	6.9	9.1
Less: Intersegment Revenue	219.8	190.9	(13.2)					
Less: Unallocable expenditure (Net)				63.1	105.7	67.5		
Total	5639.2	5841.2	3.6	340.1	445.0	30.8	6.0	7.6

*Rs in Cr

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