DCM SHRIRAM

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

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

Sub: Update on the outcome of Board Meeting dated 29.1.2019

Dear Sirs,

This is in continuation to our letter dated 29.1.2019, please find attached a copy of Press Release on Unaudited Financial Results for the quarter and nine months ended 31.12.2018.

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

Thanking You,

Yours faithfully,
For DCM Shriram Ltd.

(Sameet Gambhir)
Company Secretary

Dated : 29.1.2019

For Immediate Release

DCM Shriram Ltd. announces its Q3 FY19 financial results

Net Revenue up 19%, PAT up 6%

Board approves investments of Rs 1,070 crores for expansion of Chlor Alkali capacity by 700 TPD and captive power by 120 MW.

- **Chemicals** continue to drive the growth with revenues up 18% and PBDIT up 8%
- **Sugar** continues to be a drag with –ve margins of about Rs 300/ per qtl. Distillery and power revenues provide some mitigation.
- **Second Interim Dividend** of 210 % making a total of 410%

New Delhi, 29th January, 2019: DCM Shriram Ltd. announced its Q3 FY19 financial results today.

Q3 FY'19 Highlights

Rs.cr

	FY19	FY18	Growth (%)
Net revenue from operations	2,115	1,784	19%
PBDIT	357	347	3%
PBIT	317	311	2%
Finance Cost	19	19	1%
PAT	226	213	6%

Key Developments and Outlook – Q3 FY19

1. Current year's PBDIT carries the charge of Sugar off season expenses(which were deferred till last year) and the loss on account or production/sales of raw sugar for exports amounting in total to Rs 64.7 crores Major part of this would be compensated in Q4'19. The PBDIT excluding these charges has gone up by 21%
2. Net Revenues up by 19% YoY at Rs 2,115 crores:
   i. Own Products – Revenues increased by 27% YoY.
      - Chemicals – Revenues up by 18% YoY with increase in net realizations by 11% and volumes gain of 6% driven by new capacity addition at Kota plant. Revenues up by 21% QoQ with realizations up by 11%.
      - Sugar – Overall revenues (including Power and Distillery) increased by 43% YoY. Sugar revenue up by 37% with domestic sales volumes growth of 40%. Sugar realizations (domestic) were down by 12.7%. Distillery sales started in current year, led to increase in overall segment revenues by 10%.
      - Fenesta – Revenues up by 16% YoY led by retail segment.

   ii. Traded Products – Overall Revenues from traded products down by 11% YoY.
      - Revenues of bulk fertilizers and Hariyali Kisaan Bazaar (Fuel Pumps) down by 53%, a planned initiative.
      - Revenues of value added agri-inputs up by 30%.

3. PBDIT up by 3% (Rs 357 crores vs Rs 347 crores during the same period last year).
   i. Current year's PBDIT carries the charge of Sugar off season expenses(which were deferred till last year) and the loss on account or production/sales of raw sugar for exports amounting to Rs 64.7 crores. Major part of this would be compensated in Q4'19. The PBDIT excluding these charges has gone up by 21%
   ii. Chemicals – PBDIT at Rs 251 crores up by 8% YoY. Margins were lower due to higher input costs & shutdown related costs (including use of DG power during the shutdown).
   iii. Plastics – PBDIT down by 29% YoY at Rs 20 crores due to higher input costs.

iv. Sugar – Overall PBDIT at Rs 53 crores down by 6% YoY after the charges of Rs 64.7 crores of off season expenses and loss on export of raw sugar explained above.

- PBDIT from Distillery (sales started current year only) and Power stood at Rs 70 crores vs Rs 35 crores last year
- Sugar realisation at Rs 3,159/qtl vis a vis Rs 3,618/ last year. The sugar margins are about Rs 300/qtl negative at these prices.
- Company has produced upto Dec 18, 8.57 lac qtl (full MIEQ of 9.2 lac qtls as on date) of raw sugar for export. The sale of entire quantity has been contracted and thus the inventory is valued at the contracted sale price.
- Sugar inventory (excluding exports) has been valued at NRV of Rs 3,030/ Qtl.

v) PBDIT of SFS was up 32% and Fenesta up 27%

4. PAT stood at Rs 226 crores up by 6%. EPS for the quarter stood at Rs 14.42 vs Rs 13.14 in Q3 FY18.

5. Net Debt as on Dec 31, 2018 at Rs. 753 crores (Gross 1,308 crores and Cash & Cash Equivalents at Rs. 555 crores) vs. Rs. 177 crores as on Dec 31, 2017.

6. Commissioned:
   a) New 5000 TCD plant for production of refined sugar.
   b) Aluminum Chloride at Bharuch at 40 TPD (vs 10 TPD at September'2018).

7. Projects – Board has approved expansion of Chlor Alkali capacity by 700 TPD and captive power capacity by 120 MW at Bharuch to be commissioned by March' 2021 at an investment of Rs 1070 crores. The company has added 168 TPD chlor alkali capacity in Q2'19 to make it total of 1515 TPD and is adding 332 TPD by April 2019.
8. The Company is also adding 30MW Co gen power at Sugar, 200KLD distillery, 66 MW Power at Kota (to replace existing 50 MW old plant) and 40TPD PVC at Kota.

9. Interim Dividend – The Board declared second interim dividend of XX% (LY: 170%) amounting to Rs XX crores (including DDT). The total dividend for this year so far is %(LY: %)

9M FY'19 Highlights

Rs.cr

	FY19	FY18	Growth (%)
Net revenue from operations	5,883	5,334	10%
PBDIT	1,017	996	2%
PBIT	904	892	1%
Finance Cost	95	63	52%
PAT	613	619	-1%

Key Developments and Outlook – 9M FY19

1. **Net Revenues** at Rs 5,883 crores vs Rs 5,334 crores over same period last year:

    a. Chemicals – Revenues up by 31% YoY, due to increase in prices 20% and increased volumes 8%.

    b. Sugar – Overall revenue (including Sugar, Power & Distillery) up 9% YoY. Sugar revenue down 3%. Sugar prices down 18%.

    c. SFS – Revenue down in bulk fertilizers by 60% YoY in line with the plan to reduce this activity. Revenue excluding Bulk Fertilizer is up by 13% YoY.

    d. Fenesta – Revenues up by 17% led by retail segment.

    e. Bioseed had marginally lower revenues due to challenge in cotton seed business. The other crops performed well. Corn driving growth in international segment.

2. **PBDIT** up by 2% to Rs 1,017 crores over same period last year:

    a. Chemicals – PBDIT at Rs 712 crores was up 37% YoY. Higher Prices and better cost efficiencies consequent to technology up-gradation last year contributed to the growth.

    b. Sugar – Overall earnings declined by 38% in spite of Distillery running at full capacity subsequent to commissioning in Jan' 2018 and higher profits from power sale. The Sugar

prices continue to be under pressure remaining below the costs. Sugar Realizations for 9M'19 at Rs 3,015/ Qtl vs Rs 3,660/ Qtl during same period last year.

c. Fenesta continues registering high PBDIT growth. Profits of Bioseed were lower due to challenge in cotton seed business. SFS earnings improved due to focus on better margins value added inputs.

3. **PAT** at Rs 613 crores against Rs. 619 crores for the same period last year. PAT is down due to higher finance costs and depreciation.

4. EPS for 9M FY19 at Rs 38.42 vs Rs 38.10 for 9M FY18.

5. **CRISIL** reaffirmed the short term rating of 'A1+'. The company's credit rating by ICRA is 'AA' for long term and 'A1+' for short term.

Commenting on the performance for the quarter and 9M ending December 2018, in a joint statement, Mr. Ajay Shriram, Chairman & Senior Managing Director, and Mr. Vikram Shriram, Vice Chairman & Managing Director, said:

"The company delivered satisfactory performance during the quarter and nine months ended December 31, 2018, despite continuing challenges in Sugar Business and rising input costs in other businesses. The performance reflects positive results of the initiatives taken over past few years to strengthen cost competitiveness, enhance capacity and capacity utilisation and value add through integration. The rationalisation of Bulk fertiliser business is almost over which has released capital for growth initiatives.

Sugar business continues to be challenging. However, the commissioning of 30MW power plant in Feb 2019 and of 200 KLD distillery in Q3'20 will further strengthen this business.

In Chemical Business we are undertaking several projects to further enhance scale, add commensurate efficient captive power capacity and carry out forward integration in chlorine downstream products. We will have chlor alkali capacity of ~2545 TPD by March 2021 vs 1345 TPD in March 2018.

We plan to achieve continuous growth in chemicals, sugar, Fenesta, Bioseed and Farm Solutions over medium term. We will take up required investment plans in this direction while maintaining a healthy balance sheet.

Q3 FY19 – Segment Performance

Rs Cr.

	Revenues			PBIT			PBIT Margins %	
Segments	**Q3 FY18**	**Q3 FY19**	***YoY % Change***	**Q3 FY18**	**Q3 FY19**	***YoY % Change***	**Q3 FY18**	**Q3 FY19**
Chloro Vinyl	**577.6**	**660.6**	***14.4***	**241.8**	**251.9**	***4.1***	***41.9***	***38.1***
Sugar	**431.9**	**618.5**	***43.2***	**48.8**	**42.5**	***-12.8***	***11.3***	***6.9***
- Sugar	387.2	528.8	*36.6*	13.5	-27.8	-	*3.5*	*-5.2*
- Power	44.7	46.0	*2.9*	35.3	32.6	*-7.7*	*78.9*	*70.7*
- Distillery	-	43.7	-	-	37.7	-	-	*86.4*
SFS	**316.4**	**275.8**	***-12.8***	**33.3**	**44.0**	***32.3***	***10.5***	***16.0***
- Bulk	120.3	21.6	*-82.1*	2.6	-3.1	-	*2.1*	*-14.5*
- Value Added	196.0	254.2	*29.7*	30.7	47.1	*53.4*	*15.7*	*18.5*
Bioseed	**56.6**	**63.3**	***11.7***	**-11.0**	**-14.4**	**-**	***-19.4***	***-22.7***
Fertilizer	**214.5**	**299.0**	***39.4***	**25.3**	**24.0**	***-5.2***	***11.8***	***8.0***
Others	**197.6**	**209.7**	***6.1***	**3.0**	**5.2**	***76.4***	***1.5***	***2.5***
-Fenesta	83.4	97.0	*16.3*	9.0	12.0	*33.7*	*10.7*	*12.3*
-Cement	39.2	42.3	*8.0*	-6.5	-6.4	-	*-16.6*	*-15.1*
-Hariyali Kisaan Bazaar & others	75.0	70.4	*-6.2*	0.5	-0.3	-	*0.7*	*-0.4*
Total	**1794.6**	**2126.9**	***18.5***	**341.1**	**353.3**	***3.6***	***19.1***	***16.7***
Less: Intersegment Revenue	10.9	11.6	6.6					
Less: Unallocable expenditure (Net)				30.6	36.0	*17.8*		
Total	**1783.7**	**2115.2**	***18.6***	**310.6**	**317.2**	***2.1***	***17.4***	***15.0***

9M FY19 - Segment Performance

Rs Cr.

	Revenues			PBIT			PBIT Margins %	
Segments	**9M FY18**	**9M FY19**	***YoY % Change***	**9M FY18**	**9M FY19**	***YoY % Change***	**9M FY18**	**9M FY19**
Chloro Vinyl	**1,507.6**	**1,826.7**	***21.2***	**563.5**	**722.6**	***28.2***	***37.4***	***39.6***
Sugar	**1,574.1**	**1,715.6**	***9.0***	**230.9**	**127.2**	***-44.9***	***14.7***	***7.4***
- Sugar	1,503.6	1,454.9	*-3.2*	181.6	-57.6	-	*12.1*	*-4.0*
- Power	70.4	106.5	*51.2*	49.3	76.2	*54.4*	*70.1*	*71.5*
- Distillery	-	154.2	-	-	108.5	-	-	*70.4*
SFS	**744.8**	**644.1**	***-13.5***	**50.7**	**55.2**	***8.8***	***6.8***	***8.6***
- Bulk	267.2	106.4	*-60.2*	6.6	-6.0	-	*2.5*	*-5.7*
- Value Added	477.6	537.7	*12.6*	44.1	61.2	*38.7*	*9.2*	*11.4*
Bioseed	**443.1**	**427.9**	***-3.4***	**66.1**	**29.4**	***-55.6***	***14.9***	***6.9***
Fertilizer	**578.8**	**773.7**	***33.7***	**59.6**	**50.2**	***-15.7***	***10.3***	***6.5***
Others	**608.1**	**614.6**	***1.1***	**24.4**	**29.8**	***22.1***	***4.0***	***4.8***
-Fenesta	245.7	288.5	*17.4*	22.5	36.0	*60.2*	*9.1*	*12.5*
-Cement	133.3	124.3	*-6.7*	2.0	-5.8	-	*1.5*	*-4.7*
-Hariyali Kisaan Bazaar & others	229.1	201.8	*-11.9*	-0.1	-0.4	-	*0.0*	*-0.2*
Total	**5,456.5**	**6,002.6**	***10.0***	**995.3**	**1,013.7**	***1.9***	***18.7***	***17.2***
Less: Intersegment Revenue	122.1	119.4	*-2.2*					
Less: Unallocable expenditure (Net)				103.7	110.4	6.5		
Total	**5,334.4**	**5,883.2**	***10.3***	**891.6**	**903.9**	***1.4***	***16.7***	***15.4***

For further information, please contact:

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