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 29.10.2018

Dear Sirs,

This is in continuation to our letter dated 29.10.2018, please find attached a copy of Press Release on Unaudited Financial Results for the quarter and half year ended 30.9.2018.

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 : 29.10.2018

For Immediate Release

DCM Shriram Ltd. announces its Q2 FY19 financial results

Net Revenue up 6%, PBDIT up 2%

- **Chemicals Business** provides growth momentum with Revenues growth of 23% and PBDIT growth of 21%.
- **Sugar** continues under pressure. 150KLD Distillery commissioned in Jan 2018 mitigates part of the adverse effects.
- **Finance costs** up, a consequence of higher working capital of Sugar and Fertilizer business.
- Board declared **interim dividend** of 200% (LY:200%).

New Delhi, 29th October 2018: DCM Shriram Ltd. announced its Q2 FY19 financial results today.

Q2 FY'19 Highlights

[Rs.cr]

	Q2 FY19	Q2 FY18	Growth (%)
Net revenue from operations	1,700	1,605	6%
PBDIT	313	306	2%
PBIT	276	270	2%
Finance Cost	41	20	106%
PAT	169	172	-2%

Key Developments and Outlook – Q2 FY19

1. **Net Revenues** up by 6% (Rs 1,700 crore vs Rs 1,605 crore for same period last year):
   a. Own Products – Revenues increased by 7% YoY.
      i. Chemicals – Revenues up by 23% YoY with increase in net realizations by 16% and volumes gain of 5%.

ii. Sugar – Overall revenues lower by 7% YoY. Sugar revenue down by 23% with prices down by 14% and volumes down by 9% due to sales restriction by central government. Distillery revenues mitigated partly the lower Sugar revenues.

iii. Fenesta – Revenues up by 16% YoY led by retail segment.

b. Traded Products – Overall revenues from traded products declined by 1% YoY.

i. Revenues of bulk fertilizers and Hariyali Kisaan Bazaar (Fuel Pumps) down by 31%, part of the plan to reduce these activities.

ii. Revenues of value added agri-inputs improved by 40%.

2. **PBDIT** stood at Rs 313 crore vs Rs.306 crore over same period last year. The profit for current year is after charging sugar off season expenses of Rs 31.6 crore for Q2 FY19 (Rs 37.3 crore for H1 FY19). Such expenses were being deferred for interim results till last year.

   a. Chemicals – PBDIT at Rs 198 crore up by 21% YoY. PBDIT growth restricted due to plants shutdown during the period. The plants have restarted and are stable now.

   b. Plastics – PBDIT down by 55% YoY at Rs 16 crore due to higher input costs and lower volumes resulting from shutdown of 10 days.

   c. Sugar – Overall PBDIT at Rs 98 crore up by 20% YoY, a result of Rs 48 crore gain on accounts of inventory revaluation during the quarter. Sugar prices at Rs 3,207/ Qtl for Q2 FY19 are down 14% vs last year. The prices are much lower than the costs of Rs 3585/ per Qtl for SY 2018.

   d. Fenesta business registered over 50% growth in PBDIT. Urea business however had de-growth due to cost increases which are not adequately compensated by govt and a shutdown during the quarter.

3. Finance costs have gone up with higher working capital due to sharp increase in Sugar Inventory and Urea subsidy outstanding, a consequence of introduction of DBT.

4. **PAT** stood at Rs 169 crore vs Rs 172 crore for same period previous year. EPS for the quarter stood at Rs 10.56 vs Rs 10.59 in Q2 FY18.

5. **Gross Debt** as on September 30, 2018 stood at Rs. 915 crore vs. Rs 673 crore as on September 30, 2017. Cash and Cash equivalents stood at Rs. 456 crore vs Rs. 717 crore for the same period.

6. **Commissioned** 168 TPD additional Caustic Soda capacity at Kota and 10 TPD Aluminum Chloride at Bharuch. Will contribute to the revenues and earnings in H2 FY19.
7. **Projects under implementation** at investment of ~ Rs. 1,150 crore over next 4-5 quarters in Sugar and Chloro-Vinyl segments, to be commissioned in phases.
8. **Interim Dividend** – The Board declared an interim dividend of 200% (LY: 200%) amounting to Rs 75.20 crore (including DDT).
9. Company completed the **share buy-back** program on 23rd October, 2018. 64.74 lac shares, representing 3.99% of capital, were bought and extinguished at a total cost of Rs 249.999 crore plus incidentals.

H1 FY'19 Highlights

[Rs.cr]

	H1 FY19	H1 FY18	Growth (%)
Net revenue from operations	3,768	3,551	6%
PBDIT	661	648	2%
PBIT	587	581	1%
Finance Cost	77	44	74%
PAT	387	406	-5%

Key Developments and Outlook – H1 FY19

1. **Net Revenues** at Rs 3,768 crore vs Rs 3,551 crore over same period last year:

    a. Chemicals – Revenues up by 40% YoY, due to increase in prices 27% and increased volumes 9%.

    b. Sugar – Overall revenue down 4%. Sugar revenue down 17%. Sugar prices down 20%.

    c. SFS – Revenue down in bulk fertilizers by 42% in line with the plan to reduce this activity.

    d. Fenesta – Revenues up by 18% led by retail segment.

    e. Bioseed had marginally lower revenues due to challenge in cotton seed business. The other crops performed well.

2. **PBDIT** up by 2% to Rs 661 crore over same period last year:

    a. Chemicals – PBDIT at Rs 460 crore was up 61% YOY. Higher Volumes and better cost efficiencies consequent to technology up-gradation last year contributed to the growth. The products prices have also been firm, the same were under pressure last year.

    b. Sugar – Profits went down by 47% inspite of significant gains from the Distillery, commissioned in Jan 2018 and higher profits from power sale. The Sugar prices for H1'19 at Rs 2947/ Qtl were substantially lower than the costs of Rs 3585/ Qtl. Prices have improved to ~ Rs 3250/Qtl but continue to be below the costs.

    c. Fenesta business registering high PBDIT growth as it gains volume. Profits of Bioseed, SFS have been lower due to challenge in cotton seed business. Fertilizer and Cement business also faced PBDIT decline due to margin pressure.

3. **PAT** at Rs 387 crore against Rs. 406 crore for the same period last year. PAT is down due to higher finance costs and depreciation.

4. EPS for H1 FY19 at Rs 24.00 vs Rs 24.97 for H1 FY18.

5. **ICRA** reaffirmed the long term rating of 'AA' and short term rating of 'A1+'.

Commenting on the performance for the quarter and financial year, in a joint statement, Mr. Ajay Shriram, Chairman & Senior Managing Director, and Mr. Vikram Shriram, Vice Chairman & Managing Director, said:

"We are happy with satisfactory performance of the company during the quarter. We have progressed well on all our growth and profit improvement plans. The rationalization of bulk fertilizers and Hariyali business is also moving satisfactorily.

The product prices in almost all our businesses are improving. The expansion projects in Chemicals, PVC, Sugar (including Co-Gen Power and Distillery) and chlorine based chemicals have started coming on stream from Sep/Oct 18. These steps will provide volume growth as well as better margins.

Sugar business has recorded positive developments with several steps taken by central and UP government. The industry however, still continues to face severe challenges with sugar prices being substantially lower than the costs. Faster implementation of the measure announced and more proactive measures will help in strengthening the sector which will reduce stress for the farmers and the industry.

Fenesta continues to grow in retail and project segments even in tough business environment. Bioseed and Farm Solutions are expected to grow over medium term.

We will continue to take up projects for continuous growth & margins improvement while maintaining a healthy balance sheet."

Q2 FY19 – Segment Performance

Rs Crore

Segments	Revenues			PBIT			PBIT Margins %	
	Q2 FY18	Q2 FY19	*YoY % Change*	Q2 FY18	Q2 FY19	*YoY % Change*	Q2 FY18	Q2 FY19
Chloro Vinyl	**484.7**	**553.2**	***14.1***	**178.7**	**195.8**	***9.6***	***36.9***	***35.4***
Sugar	**516.5**	**478.9**	***(7.3)***	**74.1**	**87.4**	***18.0***	***14.3***	***18.2***
- Sugar	516.5	397.4	*(23.1)*	74.0	35.6	*(51.8)*	*14.3*	*9.0*
- Power	0.0	7.5	*27,380.4*	0.1	4.1	*7,712.7*	*192.2*	*54.6*
- Distillery	-	74.0	-	-	47.7	-	-	*64.4*
SFS	**151.7**	**156.9**	***3.4***	***6.8***	**1.3**	***(80.5)***	***4.5***	***0.8***
- Bulk	61.1	30.2	*(50.5)*	2.4	(5.3)	-	*3.9*	*(17.5)*
- Value Added	90.6	126.7	*39.8*	4.4	6.6	*50.6*	*4.8*	*5.2*
Bioseed	**80.0**	**82.7**	***3.4***	**(2.2)**	**(4.0)**	**-**	***(2.7)***	***(4.8)***
Fertilizer	**196.4**	**247.0**	***25.8***	**33.2**	**17.6**	***(47.2)***	***16.9***	***7.1***
Others	**188.7**	**191.5**	***1.5***	**11.3**	**12.7**	***12.7***	***6.0***	***6.7***
-Fenesta	85.1	99.0	*16.4*	7.9	13.1	*67.0*	*9.2*	*13.3*
-Cement	44.6	40.3	*(9.7)*	3.4	(0.3)	-	*7.6*	*(0.6)*
-Hariyali Kisaan Bazaar & others	59.0	52.2	*(11.5)*	0.1	(0.2)	-	*0.1*	*(0.3)*
Total	**1618.0**	**1,710.3**	***5.7***	**301.9**	**310.8**	***3.0***	***18.7***	***18.2***
Less: Intersegment Revenue	13.3	10.2	(22.9)					
Less: Unallocable expenditure (Net)				31.7	35.0	*10.4*		
Total	**1,604.7**	**1,700.1**	***5.9***	**270.2**	**275.9**	***2.1***	***16.8***	***16.2***

H1 FY19 - Segment Performance

Rs Crore

Segments	H1 FY18	H1 FY19	*YoY % Change*	H1 FY18	H1 FY19	*YoY % Change*	H1 FY18	H1 FY19
Chloro Vinyl	**930.0**	**1,166.1**	***25.4***	**321.7**	**470.7**	***46.3***	***34.6***	***40.4***
Sugar	**1,142.2**	**1,097.0**	***(4.0)***	**182.2**	**84.6**	***(53.5)***	***16.0***	***7.7***
- Sugar	1,116.5	926.1	*(17.1)*	168.1	(32.2)	-	*15.1*	*(3.5)*
- Power	25.7	60.5	*135.1*	14.1	46.5	*230.6*	*54.6*	*76.8*
- Distillery	-	110.5	-	-	70.3	-	-	*63.6*
SFS	**428.4**	**368.3**	***(14.0)***	**17.4**	**11.2**	***(36.0)***	***-***	***3.0***
- Bulk	146.8	84.9	*(42.2)*	4.1	(2.9)	-	*2.8*	*(3.5)*
- Value Added	281.6	283.5	*0.7*	13.4	14.1	*5.5*	*4.7*	*5.0*
Bioseed	**386.5**	**364.7**	***(5.6)***	**77.1**	**43.8**	***(43.3)***	***20.0***	***12.0***
Fertilizer	**364.3**	**474.7**	***30.3***	**34.3**	**26.2**	***(23.5)***	***9.4***	***5.5***
Others	**410.5**	**405.0**	***(1.4)***	**21.4**	**24.6**	***14.6***	***5.2***	***6.1***
-Fenesta	162.3	191.5	*18.0*	13.5	24.0	*77.7*	*8.3*	*12.5*
-Cement	94.1	82.0	*(12.9)*	8.5	0.6	*(92.8)*	*9.1*	*0.7*
-Hariyali Kisaan Bazaar & others	154.1	131.5	*(14.7)*	(0.6)	(0.1)	-	*(0.4)*	*(0.0)*
Total	**3,661.8**	**3,875.8**	***5.8***	**654.2**	**661.0**	***1.0***	***17.9***	***17.1***
Less: Intersegment Revenue	111.2	107.8	*(3.1)*					
Less: Unallocable expenditure (Net)				73.1	74.3	1.7		
Total	**3,550.7**	**3,768.0**	***6.1***	**581.1**	**586.7**	***1.0***	***16.4***	***15.6***

For further information, please contact:

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