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 20.1.2018

Dear Sirs,

This is in continuation to our letter dated 20.1.2018 on the captioned subject, please find attached a copy of Press Release on Unaudited Financial Results for the quarter and nine months ended 31.12.2017.

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 : 20.1.2018

For Immediate Release

DCM Shriram Ltd. announces its Q3 FY '18 financial results

Net Revenue up 31%, Net Profit up 56%

- **Chemicals Revenue and Earnings up led by 34% increase in volumes (company achieving ~100% capacity utilization at expanded facility at Bharuch) and higher prices.**
- **Sugar experiencing tough situation with PBT margins turning –ve Rs. 200 per quintal for sugar year 2017-18**
- **Projects underway totaling ~Rs. 1200 crore in Chemicals and Sugar businesses over next two years on schedule**

New Delhi, 20th Jan 2017: DCM Shriram Ltd. announced its Q3 FY18 financial results today.

Q3 FY'18 Highlights

[Rs.cr]

	Q3		
	FY18	**FY17**	**Growth (%)**
Net revenue from operations	1,784	1,365	31
PBDIT	347	200	74
PBIT	311	169	83
Finance Cost	19	17	7
PAT	213	137	56

Key Developments and Outlook – Q3 FY 18

1. **Net Revenues** at Rs 1,784 crores vs Rs 1,365 crores over same period last year:

    a. Chemicals – Volumes gain of 34% on account of full utilization of expanded capacities at Bharuch, supported by firm prices.

b. Sugar – Volumes were up 19% on account of early commencement of season, share of byproducts increasing.

2. **PBDIT** stood at Rs 347 crores vs Rs.200 crore over same period last year:

   a. Chemicals –Volume gains complemented by firm realizations. Costs, particularly coal, have started rising.

   b. Sugar – Profits declined due to sharp drop in prices of sugar and by products, partly mitigated by higher volumes of sugar and power sales.

   c. SFS – growth in value added inputs led to increase in profits.

   d. Fenesta – Turnover growth led by higher deliveries & execution led to profit growth.

4. **PAT** up by 56% YoY to Rs 213 crores. EPS for the quarter at Rs 13.1 up from Rs 8.4 in Q3 FY'17

5. **Gross Debt** as on Dec 31, 2017 stood at Rs. 631 crores vs. Rs 964 crore as on Dec 31, 2016. **Cash and Cash equivalents** stood at Rs. 454 crore vs Rs. 190 crore for the same period.

6. **Projects under implementation** at investment of ~Rs.1200 crores over next two years in Sugar and Chloro-Vinyl segments, to be commissioned in phases.

7. **Credit Rating** - CRISIL has assigned highest rating of "A1+" to Commercial Paper Programme i.e. same as the rating assigned by ICRA.

9M FY'18 Highlights

[Rs.cr]

	9M		
	FY18	**FY17**	**Growth (%)**
Net revenue from operations	5,334	4,173	28
PBDIT	996	581	71
PBIT	892	500	78
Finance Cost	63	50	26
PAT	619	395	57

Key Developments and Outlook – 9M FY18

1. **Net Revenues** at Rs 5,334 crore vs Rs 4,173 crore over same period last year:

   a. Chemicals – Revenues up by 68% YoY, led by rising volumes due to increased capacity utilization of expanded capacity and rising prices.

b. Sugar – Volumes higher by 52% aided by higher cane crush in SY 16-17.

2. **PBDIT** up by 71% to Rs 996 crores over same period last year:

   a. Chemicals – Higher Volumes and higher realizations supported by cost efficiencies consequent to technology upgradation last year.

   b. Sugar – Profit increase led by higher power sales post completion of expansion / upgradation project and sugar volume growth in SY 16-17.

   c. SFS – growth in profits driven by better margins in value added inputs and a debit of Rs. 11.5 crore relating to DAP/MOP last year.

3. **PAT** at Rs 619 crores against Rs. 395 crores for the same period last year. EPS for the period 9M FY18 at Rs 38.1 up from Rs 24.3 for 9M FY'17

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:

"We are happy to report a healthy performance for the quarter, led by significant volume growth in our Chemicals, Plastics, and Sugar businesses and better operational performance across all our business verticals.

The volumes at the Company's Chlor-alkali plant at Bharuch increased significantly as a result of the capacity expansion project, which was commissioned last year. We are pleased to share that the plant has attained 100% capacity utilization levels and we expect to sustain it at these levels.

Sugar is experiencing difficult price situation. However, higher volumes for Sugar & power and commissioning of distillery by Jan.'18 will partly mitigate the adverse effects of low prices. The industry continues to work with the government for a sustainable policy framework.

Overall, we continue to work towards sustained growth and strengthening competitiveness across all our businesses. With our healthy Balance Sheet and strategic growth initiatives, we are confident of delivering satisfactory growth over medium term".

Q3 FY '18 Performance Overview & Outlook

CHLORO VINYL:

- Net revenue significantly higher by 74%, while earnings improved by 166%.
- Expanded Chemical plant at Bharuch achieves ~ 100% capacity utilization levels. Production volumes at the Bharuch facility registered a growth of 42%, Chemical volumes at Kota remained steady during quarter.
- Chlor-Alkali prices have increased by 45% on a YoY basis.
- Vinyl (PVC) sales volumes registered growth due to low base last year.

Outlook

- Healthy demand growth, particularly for Chlorine, should provide support to overall ECU prices.
- Domestic caustic soda prices to move in line with international trends.
- Company expects to sustain high capacity utilisation.
- Salt / Coal costs have started rising.
- Projects under implementation -
    - Expansion at Kota and Aluminum Chloride at Bharuch, are progressing as per plan.
    - 146 TPA capacity at Bharuch to come on-stream by Q1 FY 20 and 84 TPA capacity at Kota to come on-stream by Q3 FY'20.

SUGAR:

- Net revenue reported growth of 21%, with higher sugar and power volumes.
- Prices of Sugar, Molasses & bagasse have seen sharp decline leading to 45% drop in profits.
- PBT margins for SY 17-18 have turned negative Rs. 200 per quintal from positive Rs. 495 per quintal for SY 2016-17.

Outlook

- Expect to sustain volume growth for the season for sugar/power.
- Industry required some policy intervention to support minimum viability.
- The 150 KLD Distillery project at Hariawan unit will be commissioned by end of Jan'18.
- Expansion at Hariawan unit progressing as per schedule-
    - Sugar Capacity (5000 TCD) and Co-gen (34 MW) - to be completed by 3rd Quarter FY'19.
    - Distillery (100 KLD) – to be completed by 3rd Quarter FY'20.

SHRIRAM FARM SOLUTIONS:

- Net revenue came in higher by 27%, including impact of recognizing SSP subsidy arrear (in revenues & cots) for Q2 FY18.
- Net revenue higher for the Value added inputs by about 30%.
- Earnings grew by 74% with higher sales of Value Added Inputs.

Outlook

- Business is expected to follow healthy trends in line with the industry.

BIOSEED:

- Net revenue was up 8% and losses lower during the quarter.
- Performance in the business division remained steady especially given that Q3 is an off-season for this business in India and in the overseas markets.
- India - Net revenues marginally down at Rs. 37 crore from Rs. 44 crore during previous period.
- International - Net revenue up 136% at Rs. 19.5 crore.

Outlook

- Expect business performance to improve hereon, supported by the various strategic initiatives undertaken by the Company.
- Company working towards research led expansion of its crop portfolio and product offerings, which is expected to provide growth prospects over the medium-to-long term.

FERTILIZER:

- Net revenue was up 13% and earnings were higher by 83%.
- Sales volumes came in higher by 4% Y-o-Y led by higher production.
- Margins improved with better operating efficiencies.
- Arrears of Rs. 5.5 crore related to freight subsidy recognized during the quarter (total Rs. 19.5 crore Year to Date).

Outlook

- Company is evaluating steps to further improve energy efficiency.
- Subsidy outstanding tends to build up towards the end of the Financial year.

OTHERS

FENESTA WINDOWS SYSTEMS:

- Q3 FY18 Net revenue increased by 33% YoY, Revenues to December'17 up 32%.
    - Volumes in 'Retail' and 'Projects' segment up by 11% and 117% YoY, respectively.
    - Retail segment's contribution to net sales stood at 62% vs. 72% in Q3 last year.
- Overall order booking up by 10% YoY

CEMENT:

- Net revenue was higher by 3%.
- Declining earnings reflects moderation in traded cement volumes.

HARIYALI KISAAN BAZAR:

- Revenues are from fuel sales only.
- Sale of existing land parcels proceeding slowly. Expected to take about 2-3 years

Q3 FY '18 – Segment Performance

	Revenues (Net)			PBIT			PBIT Margins %	
Segments	Q3 FY 17	Q3 FY 18	YoY % Change	Q3 FY 17	Q3 FY 18	YoY % Change	Q3 FY 17	Q3 FY 18
Chloro Vinyl	**331.5**	**577.6**	***74.2***	**90.9**	**241.8**	***166.0***	***27.4***	***41.9***
Sugar	**358.1**	**431.9**	***20.6***	**87.9**	**48.8**	***(44.5)***	***24.5***	***11.3***
Agri Inputs	**490.4**	**587.4**	***19.8***	**20.0**	**47.6**	***138.0***	***4.1***	***8.1***
- SFS	248.4	316.4	*27.4*	19.1	33.3	*73.9*	*7.7*	*10.5*
- Bioseed	52.6	56.6	*7.6*	(13.0)	(11.0)	-	*(24.7)*	*(19.5)*
- Fertiliser	189.4	214.5	*13.2*	13.8	25.3	*83.1*	*7.3*	*11.8*
Others	**193.7**	**197.6**	***2.0***	**(1.1)**	**3.0**	**-**	***(0.6)***	***1.5***
Total	**1,373.7**	**1,794.6**	***30.6***	**197.8**	**341.1**	***72.5***	***14.4***	***19.0***
Less: Intersegment Revenue	8.4	10.9	*30.3*					
Less: Unallocable expenditure (Net)				28.5	30.6	*7.4*		
Total	**1,365.4**	**1,783.7**	***30.6***	**169.3**	**310.6**	***83.4***	***12.4***	***17.4***

For further information, please contact:

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