



***For Immediate Release***

### **DCM Shriram Consolidated Ltd announces its Q1FY14 financial results**

- **Net Revenue at Rs 1549 Crores up from Rs 1427 Crores in the same quarter last year a growth of 8.5%.**
  - **PBIT before exceptional items up by 28% at Rs. 167.2 Crores**
  - **Net Profit at Rs. 114 Crores as compared to Rs 31 crores.**
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*New Delhi, 30<sup>th</sup> July 2013:* DCM Shriram Consolidated Ltd announced its Q1FY14 financial results today. Net Revenue was at Rs 1549 Crores up from Rs 1427 Crores in the same quarter last year, a growth of 8.5%. PBIT before exceptional items is up by 28% at Rs. 167.2 Crores. The Net Profit stood at Rs. 114 Crores in Q1FY14 as against Rs 31 Crores in Q1FY13 (after exceptional item of Rs. 56.3 Crores).

1. Contributors to PBIT growth are:

- Chloro-Vinyl Business- PBIT up by 11% at Rs. 81.3 Crores
  - Cost reductions mitigated major effects of Price drop.
  - Last year also had shutdown effect.
- Shriram Farm Solutions business up by 42% with Value added inputs up by 19%.
- Almost breakeven in Hariyali business in Q1 FY14 consequent to implementation of the restructuring and rationalization plan involving restricting activities to profitable product lines only.

2. Sugar Business facing challenges with Sugar Margin for current season at **negative** Rs. 171 per quintal as compared to **positive** Rs. 211 per quintal in last season

3. The financial charges are flat at last year's level.

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 glad to report a satisfactory performance in the quarter led by :*

- 1. Better Margins in the Chloro-Vinyl business inspite of lower product prices.*
- 2. Higher earnings in the Shriram Farm Solutions business.*
- 3. Almost Nil losses in Hariyali business consequent to rationalization of its operations.*

*The Chloro-Vinyl business continues to deliver healthy performance with high capacity utilization and sustainable cost reductions achieved by the company in the last two years.*

*Bioseed and Shriram Farm Solutions businesses continue to deliver stable earnings which we expect should sustain going forward. We continue to invest in these businesses as we believe that these will deliver healthy growth rates in the medium term given our strong research programme, healthy pipeline of products and increasing geographical presence.*

*In the Sugar business, the Government has taken several steps in the past 6 months to partially de-control this sector on the sales side, including removal of levy quota, release mechanism etc. The Cane prices and some of the by-product prices and sales, continue to be highly controlled and this does not augment well of a healthy sugar industry. This is putting the financial performance of the Sugar companies under stress. We believe, the Government needs to implement the Rangarajan Committee report to full extent to create a more balanced and stable policy framework for Sugar industry which will benefit the farmers as well as consumers.*

*In Fenesta, the focus on expanding presence in the retail segment is yielding encouraging results.*

*Overall, we expect healthy performance going forward. We also continue to conserve our internal cash generation to further strengthen our financial structure and reduce financial charges”.*

## Q1FY14 Segment Performance

Segments	Revenues*			PBIT*			PBIT Margins %	
	Q1 FY13	Q1 FY14	%	Q1 FY13	Q1 FY14	%	Q1 FY13	Q1 FY14
<b>Agri Input</b>	<b>687.0</b>	<b>896.3</b>	<b>30.5</b>	<b>89.8</b>	<b>94.2</b>	<b>4.9</b>	<b>13.1</b>	<b>10.5</b>
- Fertilisers	136.7	143.8	5.2	7.8	6.8	(12.4)	5.7	4.7
- Shriram Farm solutions	297.9	463.6	55.6	15.0	21.3	42.4	5.0	4.6
- Bioseed	252.4	289.0	14.5	67.1	66.1	(1.5)	26.6	22.9
<b>Sugar</b>	<b>279.7</b>	<b>338.3</b>	<b>21.0</b>	<b>(3.9)</b>	<b>(1.0)</b>	<b>-</b>	<b>(1.4)</b>	<b>(0.3)</b>
<b>Chloro Vinyl Incl. Power</b>	<b>278.3</b>	<b>285.0</b>	<b>2.4</b>	<b>73.0</b>	<b>81.3</b>	<b>11.3</b>	<b>26.2</b>	<b>28.5</b>
<b>Cement</b>	<b>37.6</b>	<b>29.6</b>	<b>(21.1)</b>	<b>6.4</b>	<b>2.6</b>	<b>(60.3)</b>	<b>17.1</b>	<b>8.6</b>
<b>Others</b>	<b>76.4</b>	<b>76.5</b>	<b>-</b>	<b>(6.7)</b>	<b>(0.3)</b>	<b>-</b>	<b>(8.8)</b>	<b>(0.4)</b>
<b>Sub Total</b>	<b>1,358.9</b>	<b>1,625.6</b>	<b>19.6</b>	<b>158.6</b>	<b>176.7</b>	<b>11.4</b>	<b>11.7</b>	<b>10.9</b>
<b>Hariyali Kisaan Bazaar</b>	<b>213.4</b>	<b>121.8</b>	<b>(42.9)</b>	<b>(20.3)</b>	<b>(0.3)</b>	<b>-</b>	<b>(9.5)</b>	<b>(0.2)</b>
<b>Total</b>	<b>1572.3</b>	<b>1747.5</b>	<b>11.1</b>	<b>138.4</b>	<b>176.4</b>	<b>27.5</b>	<b>8.8</b>	<b>10.1</b>
<b>Less: Intersegment Revenue</b>	<b>145.2</b>	<b>198.5</b>	<b>36.7</b>					
<b>Less: Unallocable expenditure</b>				<b>7.8</b>	<b>9.2</b>	<b>17.4</b>		
<b>Total</b>	<b>1427.1</b>	<b>1548.9</b>	<b>8.5</b>	<b>130.6</b>	<b>167.2</b>	<b>28.1</b>	<b>9.1</b>	<b>10.8</b>

**Note- PBIT here refers to PBIT before exceptional items.**

**\*(Figures in Rs/Crores)**

## Q1 FY14 - Performance Overview & Outlook

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### Fertilisers

- Operational performance satisfactory. Sales Volumes higher by 4% as compared to same period last year.
- PBIT continues to be under pressure due to non-revision of Retention prices due 3 years ago.
- Subsidy payments are now current and regular.

### Shriram Farm Solutions

- **Revenues from** this business were higher by 56% at Rs. 464 Crores. The growth in revenues was driven by growth in both segments, i.e. Value added inputs ( up by 34%) and Bulk Fertilizers ( up by 110%). In the Bulk fertilizers, the company sold DAP ( Rs. 80 Crores Vs Nil in Q1 FY13)
  - Growth in Value added inputs was mainly due to shift in sale of Bt Cotton seed to Q1FY14 from Q4 FY13 due to delay in receipt of licenses from State Governments.
  - Margins from Hybrid seed sales were lower as compared to last year.
- **PBIT from Value added inputs was up by 19%. Overall PBIT went up by 42% due to higher volume of DAP.**

### Bioseed

- **Revenues of this** business were higher by 14% at Rs. 289 Crores driven by healthy growth in Indian operations, however overall growth was moderated due to higher sales returns in Philippines.
- Last year had recorded high sales returns in India in Q2. Do not expect that in current year and thus expect better results on" To September" basis.
- **PBIT for the quarter was flat at Rs. 66 Crores.**
  - Dip in Cotton margins due to rising costs and lower prices consequent to over supply of Cotton seeds.
  - Negative PBIT in Philippines consequent to Sales returns.

### Sugar

- Higher free sugar volumes has led to revenue growth of 21% at Rs. 338 Crores.
- PBIT Negative due to negative margins. Realizations at Rs. 3160/quintal with cost of production of Rs. 3331/quintal. The Company had valued sugar stocks on 31<sup>st</sup> March,13 on expected NRV .

- Power dues outstanding for more than six months making Power generation unremunerative.

### **Chloro- Vinyl**

- Revenues from this business were up by 2% at Rs. 285 Crores.
  - Plastics Revenue up by 14% driven by higher volumes and realizations ( up by 3%) .
  - Chemicals Revenue down by 6% with realizations down by 19%, Volumes have been up as last year had an extended shutdown of plant at one location.
- PBIT has gone up to Rs. 81.3 Crores ( L.Y.- Rs. 73 Crores) inspite of sharp drop in Chlor-Alkali prices. This increase is due to .
  - Reduction in direct cost of PVC by ~ 11% as a consequence of various cost rationalizations measures.
  - Reduction in direct cost of Chemicals by ~ 10% .
  - Higher production in current year as last year had extended shutdown at one of the Chemicals plant.

### **Cement**

- Revenues lower by 21% at Rs. 29.6 crores driven by lower volumes ( down by 18%) and lower realizations ( lower by 3%).
- PBIT lower by 60% at Rs. 2.6 crores due to lower volumes and dip in margins in this business.

### **Hariyali Kisaan Bazaar**

- Revenue and PBIT performance in line with plan as the Company has implemented a restructuring and rationalization plan involving restricting activities to profitable product lines only. Current revenues only from fuel sales.
- The Company is focused on sale of surplus properties which is progressing as per plan.

### **Others**

- PBIT loss in “ Others” segment lower due to better performance of the Fenesta business due to encouraging results focus in the retail segment.
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## **Outlook**

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### **Fertiliser**

- Expect the plant to operate at higher capacity
- The earnings of this business will continue to be under pressure till Government revises the Retention prices.
- We hope Subsidy payments does not get into arrears going forward

### **Shriram Farm Solutions:**

- We continue to focus on expanding product range especially in the higher margin value-added segment combined with increasing geographical reach.
- We expect the Value added segment to witness healthy growth rates in medium term.

### **Bioseed**

- The Company believes that this business will deliver healthy growth in medium to long term given continuous investment in research( both conventional and biotech) along with geographic and product diversification.
- Cotton seed oversupply situation likely to normalize after a year.

### **Sugar**

- Sugar margins continue to be negative due to low Sugar prices.
  - Going forward, the performance of this business will be driven by
    - Rational Cane prices for Sugar season 13-14.
    - Positive support to increase Sugar prices.
    - Implementation of the Rangarajan committee report to full extent.

### **Chloro-Vinyl**

- Prices of both Chlor-Alkali and PVC have seen upward trend in July primarily due to rupee depreciation. Global prices are stable.
- Expect to sustain the benefits of cost reductions achieved over last 2 years.

**About Us:**

DSCL is an integrated business entity, with extensive and growing presence across the entire Agrirural value chain and Chloro-Vinyl industry. The Company has added innovative value- added businesses in these domains. Large captive power facilities producing power at competitive cost, provide competitive advantage to its Chloro-Vinyl businesses.

For more information on the Company, its products and services please log on to [www.dscl.com](http://www.dscl.com) or contact:

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