DCM Shriram Consolidated Ltd (DSCL) announced its financial results for the fourth quarter ended 31st March 2011 and the FY 2011 (consolidated)

<u>Q4FY11 (Consolidated):</u> - Net Revenues at Rs 1106.9 Crore Vs. Rs 898.6 Crore in Q4 '10

- PBIT at Rs 51.3 Crore Vs. Rs 31.8 Crore in Q4 '10.

- PAT at Rs 28.6 Crore

<u>FY11 (Consolidated):</u>- Net Revenues at Rs 4151.9 Crore Vs. Rs 3546.8 Crore in FY10

- PBIT at Rs 34.3 Crore Vs. Rs 204.6 Crore in FY10.

- PAT at Rs -14.3 Crore

The Board of Directors have recommended dividend of Rs. 0.40 per share ie; 20%

New Delhi, 6th May 2011: DCM Shriram Consolidated Ltd (DSCL) an integrated business group with extensive and growing presence across the Agriculture and Chloro-Vinyl Industry, today announced its financial results for the fourth quarter ended 31st March 2011 and FY 2011 (consolidated).

The FY2011 consolidated revenues stood at Rs 4151.9 cr against Rs 3546.8 cr for FY 2010 a growth of 17%. The PBIT is at Rs 34.3 cr vs Rs 204 cr in FY 2010 and the PAT stood at a loss of Rs 14.3 crore in FY 2011. The Board of Directors have recommended dividend of Rs. 0.40 per share ie; 20%

The Q4 FY11 revenue was up by 23.2% at Rs 1,106.9 cr vs Rs 898.6 cr in Q4FY10. The PBIT stood at Rs 32.3 cr in Q4FY11 vs Rs 14.1 cr in Q4FY10 a growth of 128%. The PAT also saw a growth of 87% at Rs 28.6 cr in Q4FY11 vs 15.3 cr in Q4FY10.

<u>Key Highlights for the Quarter</u>

- Revenue growth of 24% led by Farm solutions (up by 145.1%), Bioseed (up by 43.8%) and Hariyali Kisaan Bazaar (up by 33.3%). Growth in Hariyali led by growth in Retail Sales.
- PBIT up by 61.3% at Rs 51.3 crores. Key Drivers for Growth were :

- Farm solutions up by 425.5% at Rs 7.6 crores driven by volume growth in SSP, Pesticides and Seeds.
- Sugar witnessed positive earnings of Rs 32.9 crores as compared to a loss of Rs 12.9 crores in the previous year.
  - Higher Inventory write off in the previous year on account of higher quantity of levy sugar (increased from 10% to 20%) with very low levy price. Since then levy price has been increased to Rs 1,901 per quintal and % reduced to 10%.
  - Higher profits from Power Sales mitigated the effect of lower sugar margins as compared to previous year.
- Bioseed up by 7.1% at Rs 22.5 crores due to better performance primarily in India.
- Chloro-Vinyl business witnessed drop in margins due to:
  - Increase in input costs of Coal and Carbon material.
  - In the previous year the company sold merchant power which had higher net back per unit of power as compared to Chloro-Vinyl products which we sold this quarter.

- Fertilizer: The earnings in the fertilizer business dipped due to uncompensated cost increases and higher arrears received in the previous year.

<u>Highlights for the Quarter (Consolidated)</u> **Figures in Rs/Cr**

Particulars (` Cr)	Q4 FY2011	Q4 FY2010	% YOY
Net Revenue	1,106.9	898.6	*23.2*
EBIDTA	90.8	73.5	*23.5*
PBIT	51.3	31.8	*61.3*
Interest	19.0	17.6	*7.7*
PBT	32.3	14.1	*128.2*
PAT	28.6	15.3	*87.1*

Segment Performance (Q4FY11) **Figures in Rs/Cr**

	Revenues			PBIT			PBIT Margins (%)	
Segments	**Q4 FY11**	**Q4 FY10**	***%YOY***	**Q4 FY11**	**Q4 FY10**	***%YOY***	**Q4 FY11**	**Q4 FY10**
Agri Input	**394.3**	**274.9**	**43.4**	**29.2**	**38.0**	**(23.2)**	**7.4**	**13.8**
- Fertilizers	125.2	132.5	(5.6)	(0.9)	15.6	--	(0.7)	11.8
- Farm solutions	155.9	63.6	145.1	7.6	1.5	425.5	4.9	2.3
- Bioseed	113.2	78.7	43.8	22.5	21.0	7.1	19.9	26.7
Sugar	**239.4**	**208.6**	**14.7**	**32.9**	**(12.9)**	**--**	**13.8**	**(6.2)**
Hariyali Kisaan Bazaar	**211.3**	**158.5**	**33.3**	**(19.0)**	**(21.7)**	**--**	**(9.0)**	**(13.7)**
Chloro-Vinyl incl. Power	**232.0**	**194.2**	**19.4**	**21.9**	**32.0**	**(31.6)**	**9.5**	**16.5**
Cement	**39.2**	**34.9**	**12.3**	**7.5**	**8.8**	**(15.2)**	**19.1**	**25.3**
Others	**83.1**	**77.0**	**7.9**	**(4.9)**	**1.6**	**--**	**(5.9)**	**2.1**

Performance Snapshot for the Q4 FY11 (Consolidated)

1. **Net Revenues** higher by 23.2% at Rs 1,106.9 Crore compared to Rs 898.6 Crore **:**
   a) **Farm solutions:** Revenues up by 145.1% at Rs 155.9 Crore led by increase in sale of SSP, pesticides, seeds and plant growth regulators
   b) **Bioseed:** Revenues increased by 43.8% to Rs 113.2 Crore due to improved sales volumes across India, Philippines and Thailand.
   c) **Hariyali Kisaan Bazaar:** Growth in core retail segment (44%) along with fuel, seeds and milk verticals led to an increase in revenues to Rs 211.3 Crore – same store sales growth encouraging
   d) **Sugar:** Increased sales volumes resulted in 14.7% growth in revenues at Rs 239.4 Crore

e) Chloro Vinyl: Revenues up by 19.4% to Rs 232.0 Crore – due to higher sale of Chloro-Vinyl products at improved realizations compared to Power sales last year.

2. **PBIT** for the quarter up 61.3% at Rs 51.3 Crore:
    a) **Fertilizer:** The earnings in the fertilizer business dipped due to uncompensated cost increases and higher arrears received in the previous year.
    b) **Farm Solutions:** Registered higher PBIT due to volume growth in SSP & value added inputs.
    c) **Bioseed:** PBIT higher by 7.1% at Rs 22.5 Crore. This business is seasonal in nature and hence the results of a quarter are not representative of annual performance
    d) **Sugar:** Swing in Sugar PBIT from Rs (12.9) Crore last year to Rs 32.9 Crore due to
        a) Higher Inventory write off in the Previous year on account of higher quantity of levy sugar (increased from 10% to 20%) with no change in the levy price. Since then levy price has been revised to ` 1,901 per quintal and the quantity has been reduced from 20% to 10%.
        b) Higher profits from Power Sales mitigated the effect of lower sugar margins as compared to previous year.
    e) **Hariyali Kisaan Bazaar:** Robust Sales growth in the next few quarters will help in reducing losses.
    f) **Chloro Vinyl:** PBIT of the Chloro-Vinyl businesses were lower due to the following reasons:
        a) In the previous year the company sold merchant power which had higher net back per unit of power as compared to Chloro-Vinyl products which we have been selling starting from the end of Q2 FY11.
        b) Higher input costs (Coal and Carbon material) exerting pressure on margins.
    g) **Cement:** PBIT declined on the back of lower realizations and higher input costs

3. Net Profit higher by 87.1% at Rs 28.6 Crore

Highlights for FY11 (Consolidated) **Figures in Rs/Cr**

Particulars (` Cr)	FY2011	FY2010	% YOY
Net Revenue	4,151.9	3,546.8	*17.1*
EBIDTA	194.3	367.6	*(47.1)*
Depreciation	160.0	163.0	*(1.8)*
PBIT	34.3	204.6	*(83.2)*
Interest	66.3	88.6	(25.1)
PBT	(32.0)	122.5	--
PAT	(14.3)	84.3	--

Segment Performance (FY11) **Figures in `/Cr**

	Revenues*			PBIT*			PBIT Margins (%)	
Segments	**FY11**	**FY10**	***%YOY***	**FY11**	**FY10**	***%YOY***	**FY11**	**FY10**
Agri Input	**1,686.5**	**1,088.7**	**54.9**	**108.4**	**89.7**	**20.9**	**6.4**	**8.2**
- Fertilizers	471.2	479.5	(1.7)	29.2	44.6	(34.5)	6.2	9.3
- Farm solutions	923.8	406.8	127.1	41.4	16.7	148.2	4.5	4.1
- Bioseed	291.5	202.5	43.9	37.8	28.4	33.1	13.0	14.0
Sugar	**614.4**	**733.5**	**(16.2)**	**(7.1)**	**42.5**	--	**(1.2)**	**5.8**
Hariyali Kisaan Bazaar	**774.0**	**630.0**	**22.9**	**(83.1)**	**(81.2)**	--	**(10.7)**	**(12.9)**
Chloro-Vinyl incl. Power	**810.0**	**772.5**	**4.9**	**90.0**	**175.2**	**(48.6)**	**11.1**	**22.7**
Cement	**122.9**	**134.7**	**(8.7)**	**16.4**	**37.2**	**(55.9)**	**13.4**	**27.6**
Others	**320.6**	**305.7**	**4.9**	**(11.8)**	**(1.6)**	--	**(3.7)**	**(0.5)**

Key Highlights for FY11 (Consolidated)

a) Revenues higher by 17.1% at Rs 4,151.9 Crore led by:

- Farm Solutions revenues up 127.1% with high volume growth in bulk fertilizers(i.e. DAP, MOP and SSP) and value added inputs

- Healthy demand across hybrids in all geographies led to a 43.9% rise in Bioseed revenues
- Hariyali Kisaan Bazaar revenues up by 22.9% primarily due to growth in Fuel, Core retail & Seeds vertical

b) PBIT at Rs 34.3 Crore compared to Rs 204.6 Crore in FY10 essentially due to reduction in margins in Sugar, Chloro-Vinyl and Cement businesses. This was partially mitigated by the growth-led performance of the Bioseed and Farm solutions businesses

Performance Snapshot for the FY11 (Consolidated)

1. **Net Revenues** higher by 17.1% at Rs 4,151.9 Crore compared to Rs 3546.78 Crore :
   a. **Farm solutions:** Revenues higher by 127.1% at Rs 923.3 Crore on the back of DAP & MOP sales along with higher SSP and value added input sales.
   b. **Bioseed**: Healthy performance across geographies led to an increase of 43.9% in revenues at Rs 291.5 Crore - registered growth across all hybrid seeds
   c. **Hariyali Kisaan Bazaar**: Growth of 22.9% in revenues at Rs 774.0 Crore led by improved performance across fuel, seeds, milk & retail.
   d. **Sugar**: Revenues lower primarily due to decline in sugar volumes by 20.4% as compared to the previous year – though partially mitigated by power.
   e. **Chloro Vinyl**: Revenue higher by 4.9% to Rs 810.0 Crore due to higher sale of Chloro-Vinyl products at improved realizations compared to power sales last year.
2. **PBIT** for the year stood at Rs 34.3 Crore
   a. **Fertilizers:** Decline in earnings due to uncompensated cost increases and higher arrears received in the previous year.
   b. **Farm Solutions**: PBIT improved by 148.2% at Rs 41.4 Crore due to higher contribution from both value added products and bulk fertilizers.
   c. **Bioseed**: Increase of 33.1% at Rs 37.8 Crore driven essentially by better performance in India and Phillipines and strong demand across hybrid seeds
   d. **Sugar**: The business witnessed decline in PBIT due to
      i. Significant dip in free margins from Rs 480 per quintal last year to Rs (182) per quintal in the current year.
      ii. Decline in sales volume

iii. Profitability partially mitigated by lower inventory write off` and sale of co-gen power to the state grid

e. **Hariyali Kisaan Bazaar:** Losses higher on an annual level due to one time rationalization expenses incurred during the year

f. **Chloro Vinyl**: PBIT of this segment declined due to:

   i. Previous year had higher net back per unit of Power on back of higher Power realizations.

   ii. Significant dip in merchant Power realizations since Q2 FY11; shift to Chloro-Vinyl products.

   iii. Net back higher from sale of Chloro-Vinyl products lower as compared to Power Sale

   iv. The Increase in cost of Coal/Carbon materials putting pressure on margins

g. **Cement**: PBIT declined on the back of dip in realizations along with higher input costs

3. **Net Loss** of Rs (14.3) Crore as against Net Profit of Rs 84.3 Crore last year

Outlook & Perspective

➢ **Fertilizers (Urea)**: This business remains a stable cash generating operation. Early finalization of new Urea policy will be beneficial as it is leading to uncompensated cost increases.

➢ **Farm Solutions (Agri Input)**: Growth trend to continue with wide range of value added products and bulk fertilizers which are subject to government policies.

➢ **Bioseed**: Increasing focus on R&D to innovate and launch new products supported by normal weather conditions in key regions of operation expected to facilitate robust growth

➢ **Sugar**: High sugar production leading to better utilizations and costs. Likely to remain margin positive in the coming year

➢ **Hariyali Kisaan Bazaar**: Implemented the plan involving a focused price value proposition and product offering for rural population based on intensive customer feedback. Benefits of these efforts expected to be visible from H1 FY2012 onwards

- **Chloro-Vinyl Business**: Plants for Chloro-Vinyl products are operating at full capacities. Increase in input cost i.e; coal/carbon material putting pressure on margins. The performance of this business is now being driven by realizations of Chloro-Vinyl products
- **Fenesta**: Healthy order booking in both retail and institutional segment. Longer order book to execution cycle particularly in institutional segment may result in deferred performance in the short term – while the longer term outlook remains positive
- **Finance:** Company continues to conserve cash. However, going forward the increase in interest rates in the last few months may result in higher finance costs

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 an improved operational performance across both our Chloro-Vinyl and Agri-Rural business.

In the Chloro-Vinyl businesses, post Q2FY11 we increased the manufacturing of Chloro-Vinyl products in light of unremunerative power realizations to maximize earnings per unit of power generated. Our plants for Chloro-Vinyl products are operating at full capacities. However the input costs such as Coal/Carbon Materials are putting pressure on the margins. In the coming quarters, expect product prices to go up to compensate the cost increases.

Farm Solutions and Bioseed businesses recorded robust growth supported by strong research base and market development efforts. Our diverse product offerings combined with a wide-spread distribution, reach and brand makes us well poised to benefit from opportunity arising in this segment.

Sugar business is showing signs of improvement. Volumes and stable sugar realizations will play a major role in earnings performance.

The early results of providing a focused price value proposition and product offering to rural population through Hariyali Kisaan Bazaar business are encouraging and we expect performance to improve going forward. Fenesta continues to progress satisfactorily.

Overall, we expect better performance with improving market conditions in our businesses.

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About DCM Shriram Consolidated Limited (DSCL)

DSCL is an integrated business group, with extensive and growing presence across the entire Agri-rural value chain and Energy led Chloro-Vinyl industry. The Company is adding innovative value- added businesses in these domains. With a large base of captive power produced at a competitive cost, the Company aims at maximizing value creation in its Chloro-Vinyl businesses. The high-value and knowledge based business being incubated by DSCL include Hariyali Kisaan Bazaar, Fenesta Building Systems and Hybrid Seeds.

For more information on the Company, its products and services please log on to www.dscl.com.

For further information please contact:

Aman Pannu
Head- Corporate Communications
DCM Shriram Consolidated Ltd (DSCL)
011-42100260
amanpannu@dscl.com