

**DCM Shriram Consolidated Ltd (DSCL) announced its
Financial results for the period Q3 & 9M FY13**

The Board declared an interim dividend of 40% i.e. Re. 0.80 per equity share of face value of Rs.2/- each.

Q3FY13 Performance:

- a) **Net Profit of Rs. 60.8 Crores Vs Net Loss of Rs (25.2) Crores in the previous period**
 - a) **Better Margins in Chloro-Vinyl business.**
 - b) **Higher Margins in sale of Sugar stock of previous season.**
 - c) **Reduction in Hariyali's losses consequent to restructuring and rationalization of its operations.**

9M FY13 Performance:

- a) **Net Profit of Rs. 120.6 Crores as compared to Net loss of Rs. (37.6) crores in the previous period.**
 - a) **Better Margins in Chloro-Vinyl business**
 - b) **Sugar turning into profit as compared to losses in previous year.**
 - c) **Reduction in Hariyal's losses**
- b) **Net Revenues higher by 11% at Rs. 4,112 crore.**
 - a) **Farm Solutions, Bioseed, Sugar and Chloro-Vinyl businesses key drivers.**

New Delhi, 1st February 2013: DCM Shriram Consolidated Ltd (DSCL) an integrated business group with extensive presence across the Agriculture and Chloro-Vinyl Industry, today announced its financial results for the third quarter & 9 M FY13.

The Board declared an interim dividend of 40% i.e. Re. 0.80 per equity share of face value of Rs.2/- each.

The Q3FY13 Net Revenue was lower by 4.5% at Rs 1342.8 cr due to lower revenues in Fertilizer and Hariyali, however partly mitigated by Sugar (up 50%) and Chloro-Vinyl (up 17%) and PBIT (before exceptional item) was up at Rs. 102.5 crore in Q3FY13 vs. Rs. 41.4 crore in the last year. While the Net Profit was at Rs. 60.8 crores as compared to Net loss of Rs. (25.2) crores in the corresponding period last year.

In Nine Months FY13 Net Revenues was up by 11% at Rs. 4112 Crores driven by Farm Solutions and Bioseed (up by 28%) along with Sugar and Chloro-Vinyl business. PBIT (before exceptional items) up at Rs. 304 crore in 9M FY13 vs. Rs. 110.1 crore in the last year. While Net Profit was at Rs. 120.6 crores as compared to Net loss of Rs. (37.6) crores last year.

Highlights

Key Highlights for Q3 FY13.

1. Net Revenues lower by 4.5% at Rs. 1342.8 crores due to lower revenues in Fertilizer and Hariyali, however partly mitigated by Sugar (up 50%) and Chloro-Vinyl (up 17%)
2. **PBIT (before exceptional item) up at Rs. 102.5 crore in Q3FY13 vs. Rs. 41.4 crore in the last year. Key drivers**
 - a. **Chloro-Vinyl:** Better realizations of Chloro-Vinyl products along with several cost initiatives the company has undertaken has led to better margins and increase in PBIT in Q3 FY 13 by 106% at Rs. 97.6 crores.
 - b. **Sugar :** Higher Margins and higher volumes have led to increase in PBIT to Rs. 24.9 crores from Rs. 4.8 crores in Previous period.
 - c. **Hariyali: Losses lower at Rs. (3.7) crore vis-à-vis Rs (39.2) crore** - performance in line with plan as the Company has implemented a restructuring and rationalization plan involving restricting activities to profitable product lines only.
3. **Net Profit at Rs. 60.8 crores as compared to Net loss of Rs. (25.2) crores.**

Key Highlights for 9M FY 13.

1. Net Revenues up by 11% at Rs. 4112 Crores driven by Farm Solutions and Bioseed (up by 28%) along with Sugar and Chloro-Vinyl business.
 2. **PBIT (before exceptional items) up at Rs. 304 crore in 9M FY13 vs. Rs. 110.1 crore in the last year**
 - a. **Sugar PBIT turned positive to Rs. 52.3 crore from a loss of Rs. (6) crore last year** – improvement in free sale sugar margins to Rs. 342 per quintal as compared to Rs. 69 per quintal in previous period.
 - b. **Chloro-Vinyl PBIT up by 97% at Rs. 243.5 crore** - better realizations of Chloro-Vinyl products along with several cost initiatives the company has undertaken helped in moderating the impact of cost increases which led to better margins and increase in PBIT of this business.
 3. **Net Profit at Rs. 120.6 crores as compared to Net loss of Rs. (37.6) crores.**
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Detailed Results

Quarterly Segment Details:

Segments	Revenues*			PBIT*			PBIT Margins %	
	Q3 FY12	Q3 FY13	%	Q3 FY12	Q3 FY13	%	Q3 FY12	Q3 FY13
Agri Input	549.5	496.6	(9.6)	35.6	(1.0)	-	6.5	-
- Fertilisers	143.7	102.6	(28.6)	11.8	(11.3)	--	8.2	(11.0)
- Farm solutions	360.5	349.1	(3.2)	21.9	18.2	(17.0)	6.1	5.2
- Bioseed	45.3	44.9	(0.8)	1.9	(7.9)	-	4.2	(17.6)
Sugar	234.1	350.8	49.9	4.8	24.9	421.7	2.0	7.1
Chloro Vinyl incl. Power	255.9	300.4	17.3	47.4	97.6	106.2	18.5	32.5
Cement	36.0	29.2	(18.9)	5.2	3.6	(32.0)	14.6	12.2
Others	83.4	72.1	(13.6)	(2.0)	(12.5)	--	(2.4)	(17.3)
Sub-Total	1158.9	1249.1	7.8	91	112.6	23.7	7.9	9.0
Hariyali Kisaan Bazaar	273.2	110.5	(59.5)	(39.2)	(3.7)	--	(14.4)	(3.3)
Total	1432.2	1359.5	(5.1)	51.8	108.9	110.2	3.6	8.0

* Rs/Crore.

- **Fertilizer:**
 - PBIT at Rs. Rs. (11.3) crores as against Rs. 11.8 crores- Shutdown in the current quarter resulted in loss of production along with shutdown related expenses. The Company also continues to suffer due to uncompensated cost increases due to non-finalization of new Urea policy.
- **Farm Solutions.**
 - Farm solutions revenues marginally lower at Rs. 349 crores on account of lower DAP/MOP sales (lower by 21%); partly moderated by growth in sale of value-added inputs (up by 19%) and SSP(up by 14%)
 - **PBIT lower by 17% at Rs. 18 crore** – PBIT from Value added inputs were higher by 36%; however, margin pressure in DAP/MOP/SSP due to glut led to lower earnings
- **Bioseed.**
 - Bioseed business is seasonal in nature with revenues skewed towards Q1 and Q4; Q2 and Q3 record subdued earnings and hence the quarterly results are not reflective of annual performance.

- While performance is broadly in line , the PBIT during the quarter is subdued
 - Weak demand for vegetable seeds
 - International operations affected by adverse weather conditions and delayed season.
 - One time credit received in the previous year due to write back of provisions.
- **Sugar.**
 - **Revenues up by 49.9% at Rs. 350.8 crore** - driven by increased free sugar sales volume (up by 47%) at improved realizations (up by 19%).
 - Higher Margins and higher volumes have led to increase in PBIT to Rs. 24.9 crores as compared to Rs. 4.8 crores in previous period .
- **Hariyali Kisaan Bazaar.**
 - **Revenues lower by 60% at Rs. 110.5 crore** – performance in line with plan as the Company has implemented a restructuring and rationalization plan involving restricting activities to profitable product lines only.
 - **Losses lower at Rs. (3.7) crore vis-à-vis loss of Rs (39.2) crore** - performance in line with plan as the Company has implemented a restructuring and rationalization plan involving restricting activities to profitable product lines only.
- **Chloro-Vinyl.**
 - **Revenues up by 17% at Rs. 300.4 crore** – driven by improved realizations of all products, i.e. Chlor-Alkali, PVC Resin and Calcium Carbide.
 - **PBIT up by 106% at Rs. 97.6 crore** driven by realizations of Chloro-Vinyl products along with several cost initiatives the company has undertaken which has led to better margins and PBIT.
- **Cement.**
 - Cement revenues lower by by 19% at Rs. 29 crore and PBIT lower at Rs 3.6 crores as against Rs 5.2 crores essentially led by lower volumes.
- **Others.**
 - **Revenues lower by 14% at Rs. 72.1 crore** - primarily because of lower revenues in Fenesta leading to higher losses in the segment.

Outlook & Perspectives:

- i. **Fertilisers (Urea):**
 - i. Business continues to witness uncompensated cost increases due to delay in the finalization of new Urea pricing policy along with higher subsidy outstanding.
 - ii. Going Forward, we expect the plant to operate at full capacity and no planned maintenance shutdown in FY14.
- ii. **Farm Solutions:**
 - i. The performance of this business has been affected by adverse weather patterns and excess supply of Bulk fertilizers.
 - ii. We expect healthy growth in value added Agri-inputs to continue. The position of Bulk fertilizers will remain uncertain for some more time
- iii. **Bioseed:**

- i. The company continues to increase investment in R&D to develop pipeline of superior products which will help the company to sustain and enhance growth in future.
 - ii. We believe that this business will deliver healthy growth in medium term given our product and geographic diversification , healthy product pipeline and continuous investment in research. Year to Year performance may be influenced by climate related developments
- iv. **Sugar:**
 - i. We expect healthy growth in Sugar production in current Sugar season and expect this to sustain in medium term.
 - ii. Margins likely to be under pressure due to higher production cost (SAP increased by 17%) and lower free Sugar realizations; only to be partly cushioned by co-gen power sales.
 - iii. Going forward, the performance of this business will be driven by Government steps to establish a rational Sugar Policy, including Sugar cane and Sugar price regime in the country.
- v. **Hariyali Kisaan Bazaar-** Plan to stop losses by Q4 FY13
- vi. **Chloro-Vinyl Business:**
 - i. Performance is expected to be driven by realizations of Chloro-Vinyl products which has seen some softness recently especially of Chlor-Alkali.
 - ii. Continuous focus on improving cost structures and mitigating impact of rising costs.
 - iii. Rising energy cost remain a key concern
- vii. **Fenesta:**
 - i. The company has increased its focus and efforts to rapidly expand the retail segment. As a part of expanding this business the company is investing heavily to enhance level of promotion activity, strengthen the supply chain and improve the customer interface etc.
 - ii. The company is also focused on faster collections of outstanding debtors relating to projects involving settlement discounts to customers .
 - iii. As a result of the above steps mentioned, we have seen pick up in the levels of booking and we expect the execution to increase in the coming quarters which will help in achieving a good performance in this business
- viii. **Finance:** The Company continues manage its cash flows on a conservative basis.

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 led by

1. *Better Margins in Chloro-Vinyl business*
2. *Higher margins on sale of sugar stock of previous season*
3. *Reduction in Hariyali's losses consequent to restructuring and rationalization of its operations*

The performance of our Agri- Inputs businesses were impacted by adverse weather conditions, which depressed product off-take. Nonetheless, we continue to invest in these businesses as we are confident of delivering healthy performance in the medium to long term given our strong research program, healthy pipeline of products and increasing geographical presence.

In Fenesta, we are investing to scale up our retail business which offers stable growth and are accordingly increasing Publicity and promotion, Improving customer interface, strengthening the supply chain etc. We believe, these efforts will help us achieve better results in coming quarters.

Overall, given reduction of losses in Hariyali, achievement of higher capacity utilization in Sugar and our successful initiatives on containing costs, we expect healthy performance going forward. “

9 Month FY13 Segment Details:

Segments	Revenues*			PBIT*			PBIT Margins %	
	9M FY12	9M FY13	%	9M FY12	9M FY13	%	9M FY12	9M FY13
Agri Input	1,405.9	1708.3	21.5	108.8	81.5	(25.1)	7.8	4.8
- Fertilisers	370.8	381.1	2.8	12.1	3.5	(70.7)	3.2	0.9
- Farm solutions	777.6	997.6	28.3	53.1	43.3	(18.5)	6.8	4.3
- Bioseed	257.6	329.6	27.9	43.7	34.7	(20.6)	17.0	10.5
Sugar	629.0	977.0	55.3	(6.0)	52.3	--	(1.0)	5.3
Chloro Vinyl incl. Power	748.3	848.8	13.4	123.3	243.5	97.4	16.5	28.7
Cement	100.0	98.8	(1.2)	11.3	12.1	7.0	11.3	12.2
Others	265.5	220.8	(16.8)	(8.7)	(24.0)	--	(3.3)	(10.9)
Sub-Total	3148.7	3853.7	22.4	228.7	365.4	59.7	7.3	9.5
Hariyali Kisaan Bazaar	670.3	422.5	(37.0)	(87.1)	(34.0)	--	(13.0)	(8.0)
Total	3819.1	4276.2	12.0	141.7	331.3	133.8	3.7	7.7

* Rs/Crore

Note:

1) 9M FY12 PAT is after accounting for charge of Rs. 38.1 crore for differential cane price for the sugar season 2007-08 pursuant to the Honorable Supreme court's order dated 17th January 2012

2) 9M FY13 PAT is after accounting for charge of Rs. 56.3 crore in on account of expenses and provisions for impairment losses on assets and expenses consequent to Company's decision to restructure and rationalize Hariyali's operations

- **Fertilizer**
 - PBIT is lower at Rs 3.5 crores as against Rs. 12 crores due to lower volumes as compared to previous period as the company had undertaken plant shutdown. This led to lower volumes along with shutdown expenses. Apart from this, the company continues to suffer uncompensated cost as the earlier policy expired on 31st March 2010 and the new pricing policy has yet to be announced. All these factors have led to decline in PBIT.
 - **Farm Solutions.**
 - **Revenues up by 28% at Rs. 997.6 crore** - revenues driven by growth in Value-added inputs (up by 39%) along with sale of DAP & MOP (up 45%)
 - **PBIT lower by 19% at Rs. 43.3 crore** – PBIT for 9 M FY13 from Value added inputs were higher by 36%; however, margin pressure in DAP/MOP/SSP led to lower PBIT.
 - **Bioseed**
 - **PBIT was lower during the period due to following reasons.**
 - Continuous investment in R&D.
 - International operations affected by adverse weather conditions.
 - The Cotton seed business is facing margin pressures due to rise in costs and selling prices being capped by Government
 - **Sugar**
 - **Revenues up by 55% at Rs. 977 crore** – led by increased free sugar sales volumes by 41% at improved realizations .
 - **PBIT turned positive to Rs. 52.3 crore from a loss of Rs. (6.0) crore last year** – Improvement in free sugar margins to Rs. 342 per quintal compared to Rs. 69 per quintal.
 - **Chloro-Vinyl**
 - **Revenues up by 13.4% at Rs. 848.8 crore** – Revenues driven by improvement in realizations of all products.
 - **PBIT up by 97.4% at Rs. 243.5 crore** - better realizations of Chloro-Vinyl products along with several cost initiatives the company has undertaken helped in moderating the impact of cost increases which led to better margins and increase in PBIT in this business.
 - **Hariyali Kisaan Bazaar revenues lower by 37% at Rs. 422.5 crore** – performance in line with plan as the Company has implemented a restructuring and rationalization plan involving restricting activities to profitable product lines only.
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