For Immediate Release

DCM Shriram Consolidated Ltd announces its Q3 & 9 Months FY14 financial results

- ***Q3 FY14 profit declines from Rs. 60.8 crs. to Rs. 44.3 crs. due to loss of Rs. 29.9 crs in Sugar Business. Chlorovinyl and Farm inputs provide positive support.***
- **Board of Directors have declared an Interim Dividend of 40%**

New Delhi, 3rd February 2014 : DCM Shriram Consolidated Ltd announced its Q3 & 9 Months FY14 financial results today.

Q3FY14 Highlights:

1. **Net Revenues** higher by 8% at Rs. 1,452.2 driven primarily by Fertiliser, Bioseed and Chloro-Vinyl
2. **Sugar PBIT** stood at negative Rs. 29.9 crore from profit of Rs. 24.9 crore in Q3 FY'13, an impact of Rs. 54.8 crore. Margins turned negative Rs. 383 per quintal from positive Rs. 558 per quintal, consequent to high Cane prices and declining Sugar prices
3. **PBIT (excl. Sugar)** at Rs. 107.4 crore vs. Rs. 77.6 crore :
    a) Chloro-Vinyl businesses continue their robust performance. Plastics business has improved significantly over Q3 FY'13
    b) Fenesta business has reached PBDIT breakeven level (vis a vis losses last year) – while reconfiguring the business model to retail sales.
    c) Value added Inputs (part of Shriram Farm Solutions) registered good turnover and profits growth.
4. **PAT** for Q3 stood at Rs. 44.3 crore compared to Rs. 60.8 crore. For 9M it stood at Rs. 159.6 crs. vs 120.6 crs.
5. **Cash Profits** at Rs. 75.3 crore vis-à-vis Rs. 98.0 crore
6. **Net Debt** as on Dec 31, 2013 stood at Rs. 474.4 crore vis-à-vis Rs. 1,385.9 crore on March 31, 2013

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 healthy performance across our Chloro-vinyl and Agri-input businesses. However, the financial results of the Company were adversely impacted by a loss of Rs. 55 crore

in Sugar business in 9M FY'14. The Sugar outlook is a matter of concern with continuing drop in prices.

Chloro-vinyl businesses continue to perform satisfactory with high capacity utilisation, better cost structure and firm realisations.

Farm solutions particularly the Value added inputs and Bioseed businesses are progressing satisfactorily with good revenue growth and margins. We expect to achieve high growth in these businesses over the medium term.

In Fenesta, we are re-configuring the business to cater to retail and household sector where we have made good progress. We believe that the business will enter high growth phase over the medium term.

Our efforts towards conserving Cash and reducing leverage have strengthened our financial position. We are confident to continue to record good performance going forward.

Q3FY14 Performance Overview & Outlook:

FERTILISERS:

- Higher production vis-à-vis last year as the Company, in Q3 FY13 had undertaken a maintenance shutdown for 22 days
- The plant is currently operating at optimal capacity utilization
- Earnings further impacted by high level of subsidy outstanding. Loans against subsidy, with interest subvention, will ease the impact to a limited extent.
- Impact of uncompensated cost increases due to non-finalization of New Urea pricing policy reflected in earnings

Outlook

- Expect the plant to operate at optimum capacity - no planned maintenance shutdown in FY14
- Delay in the announcement of the new Urea Policy will increasingly lead to uncompensated cost increases

SHRIRAM FARM SOLUTIONS:

- Performance of the business is in line with Q3 FY'13, however 9M witnessed growth of 53% in earnings and 47% in Revenues.
- Value-added inputs revenues were up by 34% and earnings were up 35% in Q3 and 30% and 21% respectively in 9M.
- Lower sales volumes and margins in Bulk fertilizers (DAP/MOP) impacted top-line as well as the earnings in Q3.
- Overall the business growth is in line with the plan

Outlook

- Expect strong growth in value added inputs to continue over next year.
- Bulk fertiliser expected to continue to have margin pressures and longer working capital cycle due to over supply situation
- High subsidy outstanding in Bulk Fertilizer business (DAP/MOP/SSP) is an area of concern

BIOSEED:

- Revenue growth in Q3 FY'14 driven by better performance of Corn hybrid seed in Philippines and Vietnam markets
- International operations stabilizing
- One time Sales returns in overseas operations in Q1 and Q2 going through quality testing phase, may involve some inventory write-off in Q4 FY'14
- Earnings subdued as the Company, in Q3 incurred higher costs towards research and market development given its focus to develop pipeline of superior products which will help the Company to sustain and enhance growth in future

Outlook

- Medium to long term outlook buoyant given several initiatives to introduce new products, geographic diversification, strong market development efforts and good product pipeline with continuing focus on research (conventional and biotech) along with geographic diversification

SUGAR:

- Revenues declined due to lower realizations vis-à-vis Q3 FY13; partly offset by higher sales volumes
- Swing in sugar margins subdued earnings. Margins declined to Rs. (558) per quintal from Rs. 358 per quintal in Q3 FY13

Outlook

- Sugar expected to continue with negative margins resulting from subdued sugar realizations and high cane prices
- Higher sugar recovery will help to partially mitigate the impact
- Sugar cane area is expected to decline for the ensuing season

CHLORO-VINYL:

- Topline driven by higher volumes (15%) and realizations (20%) in PVC Resin; partly moderated due to ~1% decline in Chlor-Alkali realizations vis-à-vis Q3 FY13. However, over Q2 FY14, Chlor-Alkali realizations have improved by ~9%

- Sustained cost containment initiatives have improved the competitiveness of businesses
- Company has commissioned 9th Electrolyser at its Bharuch Chlor-alkali facility at a cost of Rs. 22 crore. This will further help in achieving cost economies.

<u>Outlook</u>

- Overall performance is encouraging and is expected to remain firm in the near term
- Channelizing efforts on continuously improving cost structures to mitigate the impact of rising input costs

HARIYALI KISAAN BAZAAR:

- Topline and earnings performance in line with plan as the Company implemented a restructuring and rationalization plan involving restricting activities to profitable product lines only
- Current operating revenues only from fuel sales
- Company continues to focus on sale of surplus properties

OTHERS:

- PBIT loss in "Others" segment substantially lower vis-à-vis Q3 FY13 due to better performance of Fenesta Building System – driven by encouraging growth of 33% in revenues from retail segment and improvement in cost efficiencies
- **Q3 FY14 - Segment Performance:**

	Revenues*			PBIT*#			PBIT Margins %	
Segments	**Q3 FY13**	**Q3 FY14**	**%**	**Q3 FY13**	**Q3 FY14**	**%**	**Q3 FY13**	**Q3 FY14**
Agri Input	**496.5**	**580.2**	***16.8***	**(1.1)**	**12.6**	**--**	***(0.2)***	***2.2***
- Fertilisers	102.6	169.7	*65.4*	(11.3)	5.2	--	*(11.0)*	*3.1*
- Shriram Farm Soln.	349.1	343.0	*(1.7)*	18.2	18.2	--	*5.2*	*5.3*
- Bioseed	44.9	67.4	*50.2*	(7.9)	(10.8)	--	*(17.6)*	*(16.0)*
Sugar	**350.8**	**337.9**	***(3.7)***	**24.9**	**(29.9)**	**--**	***7.1***	***(8.8)***
Chloro Vinyl incl. Power	**300.3**	**330.4**	***10.0***	**97.6**	**110.8**	***13.5***	***32.5***	***33.5***
Cement	**29.2**	**30.5**	***4.6***	**3.6**	**(4.7)**	**--**	***12.2***	***(15.4)***
Hariyali Kisaan Bazaar	**110.5**	**112.1**	***1.4***	**(3.7)**	**1.7**	**--**	***(3.3)***	***1.6***
Others	**72.1**	**77.4**	***7.4***	**(12.5)**	**(0.6)**	**--**	***(17.3)***	***(0.7)***
Total	**1,359.5**	**1,468.5**	***8.0***	**108.9**	**90.0**	***(17.4)***	***8.0***	***6.1***
Less: Intersegment Revenue	**16.7**	**16.4**	***(2.2)***					
Less: Unallocable expenditure				**6.4**	**12.5**	***95.0***		
Total	**1,342.8**	**1,452.1**	***8.1***	**102.5**	**77.5**	***(24.4)***	***7.6***	***5.3***

*Rs in CR ; # PBIT here refers to PBIT before exceptional items

9 Months FY14 Financial Snapshots:

- Revenues stood at Rs 4,703 for 9 Months FY14 as against Rs 4,112 in 9 Months ended FY13
- PBIT Stood at Rs 293 cr in 9 Months ended FY 14 as against Rs Rs 304 in the corresponding period in 2013
- PAT stood at Rs 160 cr as against Rs 121 cr in 9 Months ended FY13.

- **9M FY14 - Segment Performance:**

	Revenues*			PBIT*#			PBIT Margins %	
Segments	**9M FY13**	**9M FY14**	**%**	**9M FY13**	**9M FY14**	**%**	**9M FY13**	**9M FY14**
Agri Input	**1,708.3**	**2312.6**	***35.4***	**81.5**	**114.3**	***40.4***	***4.8***	***4.9***
- Fertilisers	381.1	458.6	*20.3*	3.5	15.0	*324.4*	*0.9*	*3.3*
- Shriram Farm Soln.	997.6	1,466.4	*47.0*	43.3	66.0	*52.6*	*4.3*	*4.5*
- Bioseed	329.6	387.6	*17.6*	34.7	33.4	*(3.8)*	*10.5*	*8.6*
Sugar	**977.0**	**1,054.6**	***7.9***	**52.3**	**(55.5)**	**--**	***5.3***	***(5.3)***
Chloro Vinyl incl. Power	**848.8**	**901.6**	***6.2***	**243.5**	**276.8**	***13.6***	***28.7***	***30.7***
Cement	**98.8**	**89.6**	***(9.3)***	**12.1**	**(3.5)**	**--**	***12.2***	***(3.9)***
Others	**220.8**	**229.2**	***3.8***	**(24.0)**	**(1.3)**	**--**	***(10.9)***	***(0.6)***
Sub Total	**3,853.7**	**4,587.5**	***19.0***	**365.3**	**330.8**	***(9.4)***	***9.5***	***7.2***
Hariyali Kisaan Bazaar	**422.5**	**327.6**	***(22.5)***	**(34.0)**	**2.7**	**--**	***(8.0)***	***0.8***
Total	**4,276.2**	**4,915.1**	***14.9***	**331.3**	**333.5**	***0.7***	***7.7***	***6.8***
Less: Intersegment Revenue	**164.1**	**212.0**	***29.2***					
Less: Unallocable expenditure				**27.3**	**40.6**	***49.0***		
Total	**4,112.1**	**4,703.0**	***14.4***	**304.0**	**292.8**	***(3.7)***	***7.4***	***6.2***

*Rs in CR ; # PBIT here refers to PBIT before exceptional items

About DCM Shriram Consolidated Ltd:

DCM Shriram Consolidated Ltd is an integrated business entity, with extensive and growing presence across the entire Agri-rural 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 or contact:

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DCM Shriram Consolidated Ltd

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