DCM Shriram Consolidated Ltd (DSCL) announced its Financial results for the period Q4 & 12M FY13

The Board recommended final dividend of 40% i.e Re 0.80 Equity Share of Rs 2/- each for the year FY13. The Total dividend for FY13 results to 80% (including the interim dividend paid @ 40%) i.e @ Re 1.60 per Equity Share of Rs 2/- each for the year FY13)

FY13

- **Net Revenues for FY13 up driven by Sugar and Chloro-Vinyl businesses higher by 10% at Rs 5,539 cr vs Rs 5039 cr in FY12.**
- **Net Profit for FY 13 at Rs 203 cr vs Rs 12 cr in FY 12**

Q4FY13

- **Net Revenue Q4 FY 13 at Rs 1427 cr up by 7% over the corresponding period.**
- **Net Profit for Q4FY13 at Rs 82.3 cr vs Rs 49.5 cr in Q4 FY12 up by 66%.**

FY13 & Q4FY13

- **Higher Earnings in Q4&FY 13 driven by:**
  - **Better Margins in Chloro-Vinyl Businesses.**
  - **Lower losses in Hariyali consequent to rationalization of its operations**

New Delhi, 2nd May 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 fourth quarter & 12 M FY13. The Board recommended final dividend of 40% i.e Re 0.80 Equity Share of Rs 2/- each for the year FY13. The Total dividend for FY13 results to 80% (including the interim dividend paid @ 40%) i.e @ Re 1.60 per Equity Share of Rs 2/- each for the year FY13).

Particulars (` Cr)	Q4		% Shift	FY		% Shift
	FY12	FY13		12	13	
Net Revenues	1337	1427	6.7	5,039	5,539	9.9
PBIT (before exceptional item)	97.8	123.3	26.0	207.9	427.3	105.5
PAT	49.5	82.3	66.4	11.9	202.9	

Key Highlights for 12M FY 13.

1. Net Revenues up by 10% at Rs. 5539 Crores driven by Sugar (up by 48%), Farm Solutions (up by 20%) and Chloro-Vinyl businesses(up by 15%)

2. **PBIT (before exceptional items)** up at Rs. 427.3 crore in FY13 vs. Rs. 207.9 crore in the last year

   a. **Chloro-Vinyl PBIT up by 93% at Rs. 344 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.

   b. **Sugar -PBIT in FY13 higher by 110.6**% at Rs. 64.5 crores driven by the following factors:
      i. Higher Margins on Sale of Sugar stock of Previous season, i.e. 2011-12.
      ii. Higher PBIT from Sale of Power.
      iii. However, earnings growth in the year were moderated due to pressure in Sugar business in Q4 FY13 due to negative margins on Sale of Sugar stock of new season along with inventory write down due to higher cost of Production- Impact of this partly mitigated by the removal of 10% levy obligation by the Government.

   c. **Hariyali losses lower at Rs. (34.8) crores as** compared to a loss of Rs.106 crores and is 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. 202.9 crores as compared to Net profit of Rs. 11.9 crores**.

Key Highlights for Q4 FY13.

1. Net Revenues higher by 7% at Rs. 1427 crores due to growth in revenues of Sugar (up 32%) and Chloro-Vinyl businesses (up by 20%). Bioseed and Farm Solutions businesses revenues impacted by delay in receipt of licenses from State Government to sell Bt Cotton.

2. **PBIT (before exceptional item) up at Rs. 123.3 crore in Q4FY13 up by 26%. Key drivers**

   a. **Chloro-Vinyl**: Higher Margins and Earnings in Q4 FY 13 have been driven by higher realizations of PVC Resin and Chlor-Alkali along with the several cost initiatives the company has undertaken over the last 18-24 months. PBIT was higher by 84% at Rs. 100.6.crores.

   b. **Hariyali**: **Losses lower at Rs. (0.8) crore vis-à-vis Rs (18.9) crore -** performance in line with plan as the Company has completed implementing of restructuring and rationalization plan involving restricting activities to profitable product lines only.

   c. **Cement:** PBIT up by 39% at Rs. 5.3 crores driven by better margins driven by several cost initiatives undertaken by the company along with higher realizations.

   d. **Sugar Business- PBIT lower by 67**% at Rs. 12.3 crores due to inventory write down due to higher cost of production- Impact partially mitigated by removal of 10% levy quota by Government.

3. **Net Profit at Rs. 82.3 crores up 66%.**

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12 Month FY13 Segment Details:

	Revenues*			PBIT*			PBIT Margins %	
Segments	**FY12**	**FY13**	**%**	**FY12**	**FY13**	**%**	**FY12**	**FY13**
Agri Input	**1,982.6**	**2,268.8**	***14.4***	**143.2**	**113.5**	***(20.8)***	***7.2***	***5.0***
- Fertilisers	503.6	525.9	*4.4*	20.0	11.1	*(44.8)*	*4.0*	*2.1*
- Farm Solutions	1,087.6	1,302.3	*19.7*	60.5	50.8	*(16.0)*	*5.6*	*3.9*
- Bioseed	391.4	440.6	*12.6*	62.7	51.6	(17.7)	*16.0*	*11.7*
Sugar	**907.9**	**1,345.5**	***48.2***	**30.6**	**64.5**	***110.6***	***3.4***	***4.8***
Chloro Vinyl incl. Power	**1,009.7**	**1,162.0**	***15.1***	**178.2**	**344.1**	***93.1***	***17.6***	***29.6***
Cement	**140.7**	**135.2**	***(3.9)***	**15.1**	**17.3**	***15.0***	***10.7***	***12.8***
Others	**347.6**	**291.3**	***(16.2)***	**(15.9)**	**(32.8)**	**--**	***(4.6)***	***(11.3)***
Sub-Total	**4,388.5**	**5,202.9**	***18.6***	**351.2**	**506.6**	***44.2***	***8.0***	***9.7***
Hariyali Kisaan Bazaar	**853.4**	**515.6**	***(39.6)***	**(106.0)**	**(34.8)**	**--**	***(12.4)***	***(6.7)***
Total	**5,241.9**	**5,718.4**	***9.1***	**245.3**	**471.8**	***92.4***	***4.7***	***8.3***

* Rs/Crore

Note

1) **FY13 Exceptional Items include** charge of Rs. 53.6 crores on account of expenses incurred, losses on sale and provision for impairment of surplus assets consequent to restructuring and rationalization of Hariyali Kisaan Bazaar's operations during the year.

2) **FY12 Exceptional item includes** Rs. 38.1 crore accounted for differential cane price paid for the sugar season 2007-08 pursuant to the Honorable Supreme court's order dated 17th January 2012

Business Wise highlights

- **Fertilizer**
  - PBIT in FY 13 were lower due to continued uncompensated cost increases due to delay in non-finalization of New Urea pricing policy.

- **Farm Solutions**.
  - Revenues for FY 13 higher by 20% at Rs. 1302 crores.
  - Value Added Inputs grew by 15%. Could not sell Cotton seeds in March 13 due to delay in receipt of licenses from State Government. On comparable basis it grew by ~ 30%.

- **Bioseed**
  - Revenues higher by 13% driven by growth especially in Philippines. Indian business revenues affected due to No Cotton seed sale in March 13 caused by delay in receipt of licenses from State Governments in Northern states. Growth in Corn and Rice segments.

- PBIT in FY13 lower by 18% due to.
  - Lower margins on Cotton seed sale due to rising costs and cap on selling prices by local Governments.
  - Expenses being incurred on increasing geographical presence and research programme.
  - One time credit received in the previous year due to write back for provisions made.

- **Sugar**
  - Revenue higher by 48% driven by higher free sugar sale volumes and realizations.
  - PBIT in FY13 higher by 110.6% at Rs. 64.5 crores driven by the following factors:
    - Higher Margins on Sale of Sugar stock of Previous season, i.e. 2011-12.
    - Higher PBIT from Sale of Power.
    - However, earnings growth in the year were moderated due to pressure in Sugar business in Q4 FY13 due to negative margins on Sale of Sugar stock of new season along with inventory write down due to higher cost of Production- Impact of this partly mitigated by the removal of 10% levy obligation by the Government.

- **Chloro-Vinyl**
  - Higher Realizations and Volumes of Chlor-Alkali and PVC Resin have led to revenue growth.
  - Higher Margins and Earnings have been driven by higher realizations of PVC Resin (up by 9%) and Chlor-Alkali (up by 12.7%) along with the several cost initiatives the company has undertaken over the last 18-24 months.

Quarterly Segment Details:

	Revenues*			PBIT*			PBIT Margins%	
Segments	**Q4 FY12**	**Q4 FY13**	**%**	**Q4 FY12**	**Q4 FY13**	**%**	**Q4 FY12**	**Q4 FY13**
Agri Input	**576.7**	**560.6**	***(2.8)***	**34.6**	**32.0**	***(7.4)***	***6.0***	***5.7***
- Fertilisers	132.8	144.8	*9.0*	8.0	7.5	*(5.6)*	*6.0*	*5.2*
-Farm Solutions	310.0	304.7	*(1.7)*	7.6	7.6	-	*2.4*	*2.5*
- Bioseed	133.8	111.1	*(17.0)*	19.0	16.9	*(11.1)*	*14.2*	*15.2*
Sugar	**278.9**	**368.5**	***32.1***	**36.7**	**12.3**	***(66.6)***	***13.1***	***3.3***
Chloro Vinyl incl. Power	**261.4**	**313.2**	***19.8***	**54.8**	**100.6**	***83.5***	***21.0***	***32.1***
Cement	**40.6**	**36.5**	***(10.3)***	**3.8**	**5.3**	***38.8***	***9.3***	***14.4***
Others	**82.1**	**70.5**	***(14.1)***	**(7.2)**	**(8.8)**	**--**	***(8.8)***	***(12.5)***
Sub-Total	**1,239.7**	**1,349.2**	***8.8***	**122.7**	**141.3**	***15.2***	***9.9***	***10.5***
Hariyali Kisaan Bazaar	**183.1**	**93.0**	***(49.2)***	**(18.9)**	**(0.8)**	**--**	***(10.3)***	***(0.9)***
Total	**1,422.8**	**1,442.2**	***1.4***	**103.8**	**140.5**	***35.4***	***7.3***	***9.7***

* Rs/Crore.

Q4 Business Wise highlights

- **Farm Solutions**.
  - Revenues in Q4 FY13 marginally lower at Rs. 304.7 crores due to dip in Sales of Value added inputs - delay in receipt of license required from State Governments in India to sell Bt Cotton which resulted in Nil sales of Cotton.
  - PBIT for Q4FY13 flat due to dip in PBIT from Value added inputs due to no sales of Bt Cotton seeds.
- **Bioseed**.
  - Revenues in Q4 FY13 lower by 17% due to lower sales in India; however partly mitigated by growth in Philippines.
    - India business revenues affected due to No Cotton seed sale in March 13 caused by delay in receipt of licenses from State Government in Northern States.
  - PBIT in Q4 FY13 lower by 11% essentially due to lower sales.
- **Sugar**.
  - Revenue higher by 32% driven by higher free sugar sale volumes and realizations.
  - Q4 FY13 earnings moderated due to Inventory write down due to higher cost of production, negative margins on the sale of new sugar and this was partially offset by the removal of 10% levy obligations by the Government.

- **Chloro-Vinyl**.
  - Revenues higher by 20% at Rs. 313 crores driven by higher volumes and realizations of Chlor-Alkali and PVC Resins.
  - PBIT higher by 83.5% at Rs. 100.6 crores- Earnings have been driven by higher realizations of PVC Resin (up by 10%)and Chlor-Alkali (up by 7%) along with the several cost initiatives the company has undertaken over the last 18-24 months
- **Cement**
  - Revenues in Q4 FY13 lower by 10% at Rs. 36.5 crores due to lower volumes.
  - PBIT up by 39% at Rs. 5.3 crores due to better margins

- **Hariyali Kisaan Bazaar**.
  - Revenues lower by 49%- 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. (0.8) crore vis-à-vis loss of Rs (18.9) crore -** performance in line with plan as the Company has implemented a restructuring and rationalization plan involving restricting activities to profitable product lines only.

- **Others**.
  - **Revenues lower by 14% at Rs. 70 crores** - primarily because of lower revenues in Fenesta leading to higher losses in the segment.

Commenting on the performance for the period, in a joint statement, Mr. Ajay Shriram, Chairman & Senior Managing Director, and Mr. Vikram Shriram, Vice Chairman & Managing Director, DCM Shriram Consolidated Ltd said:

" We are glad to report a satisfactory performance led by:

1. *Better Margins in Chloro-Vinyl businesses.*

2. *Lower losses in Hariyali business consequent to rationalization of its operations.*
3. *Higher Margins on sale of sugar stock of previous season, partly mitigated by inventory write down of stock of new season.*

The performance of our Bioseed and Farm Solutions businesses has been affected by difficult operating business environment including adverse weather conditions in our regions of operations. We continue to invest in these businesses and we are confident that these businesses will deliver healthy growth in the medium to long term given our strong research programs, healthy pipeline of products and increasing geographical presence.

In the Chloro-Vinyl business, recently we have witnessed some softness in product prices, however the company further is taking several steps to improve its cost structures.

In the Sugar business, We welcome the decision of removal of levy and release mechanism by the Government. However, the earnings from this business will remain under pressure in the coming quarters due to very high cane prices and softness in Sugar prices and we hope the Government takes further steps towards de-control especially linking the Cane price with Sugar prices which would provide a more stable operating environment.

In Fenesta, we continue to take various steps to expand presence in the retail segment. The initial result of this exercise is encouraging and we expect better results in the foreseeable future.

Overall, given that losses from Hariyali are behind us, and that most of our businesses are delivering satisfactory performance, 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."
