DCM Shriram Consolidated Ltd (DSCL) announced its financial results for Q2 & H1 FY 2012 (Consolidated)

H1 FY12 Consolidated: - **Net Revenues at Rs. 2,296.5 Cr Vs. Rs 2,073.1 Cr in H1 '11**

- **PBIT at Rs 38.4 Crore Vs. a loss of Rs 20.9 Crore in H1 '11.**
- **PAT at net loss of Rs 12.4 Crore Vs. Rs. - 38.4 Cr in H1'11**

Q2 FY12 Consolidated: - **Net Revenues at Rs 1071.3 Cr Vs Rs 1052.8 Cr in Q2'11**

- **PBIT was at - Rs. 15.1 Cr. Vs - Rs 28.3 Cr in Q2'11**
- **PAT at net loss of Rs 38.4 Cr against loss of Rs 29 cr in Q2'11**

New Delhi, 11th November 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 second quarter ended 30th September 2011, FY 2012 (Consolidated) and H1FY12.

The H1FY12 revenue was up by 10.8% at Rs 2,296.5 cr vs Rs 2,073.1 cr in Q1FY11. The PBIT stood at Rs. 38.4 Cr against a loss of Rs. 20.9Cr in H1FY11. PAT at a net loss of Rs. 12.4 Cr for H1FY12 Vs. loss of Rs. 38.4 Cr in H1FY11.

Q2FY12 revenue stood flat at Rs. 1071.3 Crs. as against Rs. 1052.8 Cr in the previous year while PBIT for Q2FY12 was negative at Rs. 15.1 Cr as against loss of Rs 28.3 Cr in the previous year. PAT stood at a net loss Rs 38.4 Cr in Q2FY12 against a loss of Rs 29 cr in Q2FY11.

H1 FY12- Consolidated Financials:

Particulars (Rs Cr)	H1 FY2012	H1 FY2011	% Shift
Net Revenue	2,296.5	2,073.1	*10.8*
EBIDTA	116.8	59.2	*97.3*
PBIT	38.4	(20.9)	
PBT	(15.6)	(54.3)	--
PAT	(12.4)	(38.4)	--

Key Highlights

a) Net Revenues were higher by 10.8% at Rs. 2296.5 crores on overall basis. However, excluding the sale of DAP and MOP (which was nil in the current year as against Rs. 250.4 crores in the previous year), the net revenues were up by 25.9% led by :

   i. 47.6% rise in Bioseed revenues, primarily in India and Philippines.

   ii. 55.7% growth in Sugar revenues led by 53.6% growth in sugar volumes.

   iii. Growth of 37.4% in Chloro-Vinyl revenues led by higher volumes and 2ertilizer2s.

b) PBIT grew to Rs. 38.4 crores from Rs. (20.9) crores in the previous year with

   i. Bioseed: Earnings at Rs. 41.1 crs. (87.5% up from last year).

   ii. Chloro-Vinyl business registering 59.2%growth in earnings at Rs. 74.8 crs.

   iii. Reduction in losses from Sugar segment.

Earnings were adversely affected due to bi-annual scheduled shutdown of 2ertilizer plant (Rs. 16.3 crs) and uncompensated cost increases in urea business as new pricing policy, post expiry of the earlier policy on 31.03.10, has still not been announced.

c) The interest costs were higher by 61.8% at Rs. 54 crores primarily due to higher cost of borrowings.

H1FY12 SEGMENT PERFORMANCE: (*Rs in Cr)*

	Revenues*			PBIT*			PBIT Margins	
Segments	**H1 FY12**	**H1 FY11**	*% Shift*	**H1 FY12**	**H1 FY11**	*% Shift*	**H1 FY12**	**H1 FY11**
Chloro Vinyl incl. Power	**492.4**	**358.2**	*37.4*	**74.8**	**47.0**	*59.2*	*15.2*	*13.1%*
Agri Input	**856.4**	**961.7**	*(10.9)*	**72.3**	**71.4**	*1.3*	*8.4*	*7.4*
- Fertilizers	227.0	229.8	*(1.2)*	0.2	22.2	*(99.2)*	*0.1*	*9.6*
- Farm solutions	417.1	588.1	*(29.1)*	31.0	27.2	*13.7*	*7.4*	*4.6*
- Bioseed	212.3	143.8	*47.6*	41.1	21.9	*87.5*	*19.4*	*15.3*
Sugar	**394.9**	**253.7**	*55.7*	**(10.8)**	**(56.1)**	--	*(2.7)*	*(22.1)*
Hariyali Kisaan Bazaar	**397.1**	**344.7**	*15.2*	**(47.6)**	**(46.7)**	--	*(12.0)*	*(13.5)*
Cement	**64.0**	**57.7**	*10.9*	**6.0**	**6.2**	*(2.6)*	*9.4*	*10.7*
Others	**182.1**	**161.2**	*12.9*	**(6.9)**	**(1.1)**	--	*(3.8)*	*(0.7)*

H1FY12 Performace Overview:

a) **Net Revenues** higher by 10.8% at Rs 2,296.5 crore compared to Rs 2,073.1 crore:

   i. **Bioseed:** Healthy performance across India and Philippines led to an increase of 47.6% in revenues at Rs.212.3 crore (LY Rs. 143.8 crores) - registered growth across all key hybrid categories

   ii. **Chloro Vinyl**: Higher levels of capacity utilization and improved realizations of Chloro-Vinyl products resulted in a 37.4% growth in revenues. (C.Y. Rs. 492.4 crores, L.Y. Rs. 358.2)

   iii. **Fenesta:** Revenues up by 33.7% at Rs. 85.9 crores

   iv. **Hariyali Kisaan Bazaar**: Growth of 15.2% in revenues at Rs.397.1 Crore (L.Y. Rs. 344.7 crores) led by improved performance across core retail (up by 30.7%) and fuel (up by 41.9%).

   v. **Sugar**: Revenues up by 55.7% at Rs 394.9 crore primarily due to higher sugar sales volumes.

   vi. **Farm solutions** Registered ~ 23% growth in revenues of SSP and Value Added inputs. The Company, however, did not carry out any DAP/MOP sales this year (last year : Rs. 250.4 crs.) leading to reduction in overall revenues from this division.

b) **PBIT** for the half year stood at Rs. 38.4 crore as compared to Rs. (20.9) crore in the previous year.

   i. **Chloro-Vinyl:** Better realizations of Chloro-Vinyl products combined with higher capacity utilizations resulted in a growth of 59.2% in this segment. (C.Y. Rs. 74.8 crores, L.Y. Rs. 47.0 crores) However increase in input costs of Coal, Salt etc continue to exert pressure on margins.

   ii. **Sugar**: Losses lower at Rs.10.8 crore from Rs. 56.1 crore in the corresponding period last year due to reduction in negative margins for sugar from Rs.(368) quintal in the previous year to Rs. (29) per quintal in the current year.

   iii. **Bioseed**: Increase of 87.5% at Rs. 41.1 crore (L.Y. Rs. 21.9 crores) driven by 47.6% growth in revenues.

   iv. **Farm Solutions**: Improved by 13.7% at ` 31.0 crore on account of 23% growth in turnover of higher margin value added products and SSP.

   v. **Fertilizers**: Lower earnings due to increase in uncompensated costs, arrears received in the first half last year and planned maintenance shutdown in the current quarter.

c) **Net Loss** of Rs. 12.4 crore compared to a loss of Rs. 38.4 crore.

Q2 FY12 Consolidated Financials

Particulars (` crore)	Q2 FY2012	Q2 FY2011	% Shift
Net Revenue	1,071.3	1,052.8	*1.8*
EBIDTA	24.1	11.9	*102.4*
PBIT	(15.1)	(28.3)	
PBT	(44.3)	(43.9)	--
PAT	(38.4)	(29.0)	--

Key Highlights

a) Net Revenues flat at Rs. 1071.3 Crs. on overall basis. However, excluding the sale of DAP and MOP (which was nil in the current year as against Rs. 242.5 crores in the previous year), the net revenues were up by 32.2% led by :

   i. 104.7% rise in sugar revenues primarily due to increase in sugar volumes

   ii. 38.9% increase in revenue of Chloro-Vinyl due to higher capacity utilization and improved realisation of Chloro-Vinyl products.

   iii. 36.9% growth in Bioseed revenues due to higher volume of BT cotton and Vegetable Seeds in Indian Market.

b) With the Company shifting totally to sale of Chlor-Alkali and Plastic products, PBIT from Chloro-Vinyl segment went up to Rs.35.8 crs. (last year Rs. 9.3 crs.)

c) PBIT was negative at Rs. 15.1 crs. due to :

   i. Planned bi-annual maintenance shutdown of the Fertilizer plant had an impact of Rs. 16.3 crores, including production loss of Rs. 6.4 crores. The earnings were also impacted due to uncompensated cost increases as the new Urea pricing policy post expiry of the earlier policy on 31st March, 2010, has still not been finalised by Govt.

   ii. Planned shutdown of Power and Cement plants.

   iii. One time MTM losses on Agri Commodities in our Hariyali business.

   iv. Margins have moved from negative to positive in sugar business however they remain sub-optimal.

d) The interest costs were higher by 86.7% at Rs. 29.3 crores primarily due to higher cost of borrowings. The borrowings were also higher.

Q2 FY12- Segment Performance

	Revenues*			PBIT*			PBIT Margins	
Segments	**Q2 FY12**	**Q2 FY11**	*% YOY*	**Q2 FY12**	**Q2 FY11**	*% YOY*	**Q2 FY12**	**Q2 FY11**
Chloro Vinyl incl. Power	**239.5**	**172.4**	*38.9*	**35.8**	**9.3**	*286.2*	*14.9*	*5.4*
Agri Input	**340.5**	**531.0**	*(35.9)*	**10.6**	**26.5**	*(60.1)*	*3.1*	*5.0*
- Fertilizers	97.6	112.3	*(13.1)*	(9.8)	10.4	--	*(10.1)*	*9.3*
- Farm solutions	204.5	390.7	*(47.7)*	18.3	18.4	*(0.5)*	*8.9*	*4.7*
- Bioseed	38.4	28.0	*36.9*	2.2	(2.2)	--	*5.6*	*(8.0)*
Sugar	**183.8**	**89.8**	*104.7*	**(2.7)**	**(17.9)**	--	*(1.5)*	*(19.9)*
Hariyali Kisaan Bazaar	**194.8**	**156.6**	*24.4*	**(28.4)**	**(26.5)**	--	*(14.6)*	*(16.9)*
Cement	**28.8**	**25.7**	*12.0*	**(0.2)**	**(1.5)**	--	*(0.7)*	*(5.8)*
Others	**90.7**	**85.1**	*6.5*	**(2.7)**	**0.5**	--	*(2.9)*	*0.6*

a) **Net Revenues** stable at Rs. 1,071.3 crore compared to Rs. 1,052.8 crore . However they were up by 32.2% on an overall basis (excluding the sale of DAP and MOP which was nil in the current year as against Rs. 242.5 crores in the previous year).

i. **Sugar**: Revenues were higher by 104.7% at Rs. 183.8 crores (L.Y. Rs. 89.8 crores) primarily due to increased sales volumes of sugar.

ii. **Bioseed**: Revenues increased by 36.9 % to Rs. 38.4 crore (L.Y. Rs. 28.0 crores) due to higher volumes in BT Cotton and Vegetable Seeds in Indian market.

iii. **Chloro Vinyl**: Higher levels of capacity utilization of Chlor-Alkali and Plastic products along with improved realizations resulted in revenue growth of 38.9% to Rs. 239.5 crore (L.Y. Rs. 172.4 crores)

iv. **Hariyali Kisaan Bazaar**: Overall revenues grew by 24.4% at Rs. 194.8 crores. The retail segment grew by 28.2%, whereas the fuel segment grew by 46.1%. However, Seeds and Commodity trading vertical witnessed degrowth as a result of our decision of not carrying out trades in certain crops.

v. **Fenesta**: Revenues were by higher 31.4% at Rs. 45.6 crores

vi. **Farm solutions:** Registered ~ 38% growth in revenues of SSP and Value Added inputs. The Company, however, did not carry out any DAP/MOP sales this year (last year : Rs. 242. 5 crs.) leading to reduction in overall revenues from this division.

b) PBIT for the quarter stood at Rs. (15.1) crore as compared to Rs.(28.3) crore in the previous year.

   i. Chloro- Vinyl: The earnings from the Chloro-Vinyl business witnessed a significant improvement to Rs. 35.8crores as compared to Rs. 9.3 crore in the previous year. This was driven by higher capacity utilizations and better realizations of Chlor-Alkali and Plastic products. The net back per unit of Power at Kota was Rs. 6. 13 per KWH as against Rs. 4.55 per KWH last year.

   ii. Bioseed : The business witnessed improved performance primarily due to lower rates of Royalty on BT Cotton . This business is seasonal in nature and hence the results of a quarter are not representative of the annual performance.

   iii. Sugar: Losses in Sugar business reduced to Rs. (2.7) crores as compared to Rs.(17.9) crores in the previous year as the negative free sugar margins of Rs. 464/- per quintal in the previous year turned to positive Rs. 64/- per quintal in the current year.

   iv. Cement: The cement business witnessed Losses in the current quarter due to planned maintenance shutdown at Kota and rise in input costs such as Coal. etc which was only partially mitigated by improved realizations.

   v. Fenesta: PBIT higher by 38.6% at Rs. 1.2 crores

   vi. Fertilizer : Lower earnings due to bi-annual planned maintenance shutdown which resulted in production loss as well as maintenance expenses, increase in uncompensated costs due to non finalization of the Urea policy and higher arrears received in Q2 FY11.

   vii. Hariyali Kisaan Bazaar: The business witnessed higher losses due to one time MTM losses in the commodity trading vertical due to the volatility witnessed in the commodity markets in the quarter.

c) Net Loss stood at Rs. 38.4 Crore as compared to loss of Rs. 29.0 crore in the previous year

Outlook & Perspectives:

i. **Fertilizers** : This business remains a stable cash generating operation. The production has stabilized post the maintenance shutdown undertaken during the current quarter. We expect the loss of production volumes will be made up during the remainder of the year. We hope the government will finalize the Urea policy soon as it is leading to uncompensated cost increases and will keep making timely subsidy payments.

ii. **Farm Solutions:** Growth trend to continue through sale of wide range of value added products – focus on earnings performance remains strong.

iii. **Bioseed**: Bioseed will continue to record good growth supported by healthy pipeline of products any adverse changes in the climate conditions may impact performance.

iv. **Sugar**: Expect High sugarcane production leading to higher utilizations. Unprecedented increase in the cane prices by 17%-20% will significantly increase the cost of production. We expect the Government to take adequate steps to allow increase in the price of sugar to commensurate with the cost increases through various policy tools such as permitting exports etc.

v. **Hariyali Kisaan Bazaar**: We are implementing a plan to achieve improvement in the financial results of this business. This would include achieving high growth in same store sales, rationalizing under-performing outlets and costs, piloting different models and faster growth of agri-businesses.

vi. **Chloro-Vinyl Business**: The earnings of this business will be determined by the movement in selling prices and our continuous efforts to rationalize costs with a view to mitigate the impact of rising coal & energy cost. Volumes will continue to remain healthy.

vii. **Fenesta**: Order booking and rate of execution continues to witness traction – Good performance expected in the coming quarters

viii. **Finance:** Company continues to manage cash flows on a conservative basis. The increase in interest rates in the last few months in the economy will have impact on financial charges

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:

"The earnings for the quarter were adversely affected due to onetime effects of planned maintenance shutdown of the Fertilizer and Power plants and MTM Losses on Agri commodities in our Hariyali Business. The rise in interest costs put further pressures on earnings.

In our Chloro-Vinyl business, the realizations were reasonable. Rising input costs such as Coal, Salt etc continue to put pressure on the margins in this business, however, our cost rationalization measures have partly mitigated the impact of rising input costs.

The Agri Input business, i.e. Bioseed and Farm solutions continues to hold strong promise and we expect healthy earnings growth going forward. The Key to performance of the Sugar and Urea business will be the policy responses by the Government. In our Hariyali business, we are implementing a plan to achieve improvement in financial performance and expect better results in FY13. Our Fenesta business continues to witness healthy order booking and we expect good performance from this business. Overall, we expect improvement in our performance going forward."

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.

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