DCM Shriram Consolidated Ltd (DSCL) announced its Financial results for the period Q2 & H1 FY13

Q2FY13 Performance:

a) **The company records Net Profit of Rs. 28.9 Crores vs. Net Loss of Rs 38.4 Crores in the previous period**

   a) **Better Margins in Chloro-Vinyl business.**

   b) **Upward price movement in Sugar business.**

   c) **Progress in Restructuring and rationalizing Hariyali's operations.**

b) **Net Revenues higher by 25% at Rs. 1,342.2 crore.**

   a) **Key Drivers are Sugar, Farm Solutions and Chloro-Vinyl businesses**.

H1FY13 Performance:

a) **The Company records Net Profit of Rs. 59.8 Crores as compared to Net loss of Rs. 12.4 crores in the previous period.**

   a) Higher Power Sales along with higher sugar prices.
   b) Better Margins in Chloro-Vinyl business

b) **Net Revenues higher by 20.6% at Rs. 2,769.3 crore**

   a) Farm Solutions, Bioseed, Sugar and Chloro-Vinyl businesses key drivers.

New Delhi, 26th October, 2012: 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 & H1 FY13.

Key Highlights for Q2 FY13.

1. Net Revenues up by 25% at Rs. 1342 Crores driven by Sugar (up 88.5%), Farm Solutions (up 71.5%) and Chloro-Vinyl business (up 12.8%)

2. **PBIT up at Rs. 71 crore in Q2FY13 vs. Rs. 0.8 crore in the last year**
   a. **Sugar PBIT swung from a loss of Rs. 2.7 crore last year to positive Rs. 31.3 crore –** Improvement in free sugar margins along with higher volumes.
   b. **Chloro-Vinyl PBIT up by 100.2% at Rs. 72.9 crore** driven by better margins with several cost initiatives which has helped in moderating the impact of cost increases along with higher realizations of all products, i.e. Chlor-Alkali up by 14%, Calcium carbide up by 13% and PVC Resin up by 12%.

3. **Net Profit at Rs. 28.9 crores as compared to Net loss of Rs. 38.4 crores**.

Key Highlights for H1 FY 13.

1. Net Revenues up by 20.6% at Rs. 2769 Crores driven by Sugar (up 58.6%), Farm Solutions (up 55.5%), Bioseed (up 34%) and Chloro-Vinyl business (up 11.4%)

2. **PBIT (before exceptional items)** up at Rs. 201.5 crore in H1FY13 vs. Rs. 68.7 crore in the last year

    a. **Sugar PBIT swung to Rs. 27.3 crore from a loss of Rs. 10.8 crore last year –** improvement in free sale sugar margins along with higher volumes . Additionally, higher sale of co-gen power improved performance.
    b. **Chloro-Vinyl PBIT up by 92% at Rs. 145.9 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 earnings in this business

3. **Net Profit at Rs. 59.8 crores as compared to Net loss of Rs. 12.4 crores**.

Quarterly Segment Details:

	Revenues*			PBIT*			PBIT Margins %	
Segments	**Q2 FY13**	**Q2 FY12**	**%**	**Q2 FY13**	**Q2 FY12**	**%**	**Q2 FY13**	**Q2 FY12**
Agri Input	**524.8**	**340.5**	***54.1***	**(7.3)**	**11.35**	**--**	***(1.4)***	***3.3***
- Fertilisers	141.9	97.6	*45.3*	7.1	(9.8)	--	*5.0*	*(10.0)*
- Farm solutions	350.6	204.5	*71.5*	10.1	18.4	*(44.7)*	*2.9*	*9.0*
- Bioseed	32.3	38.4	*(16.0)*	(24.5)	2.8	--	*(76.0)*	*7.4*
Sugar	**346.5**	**183.8**	***88.5***	**31.3**	**(2.7)**	**--**	***9.0***	***(1.5)***
Hariyali Kisaan Bazaar	**98.6**	**194.8**	***(49.4)***	**(10.0)**	**(28.4)**	**--**	***(10.2)***	***(14.6)***
Chloro Vinyl incl. Power	**270.2**	**239.5**	***12.8***	**72.9**	**36.4**	***100.2***	***27.0***	***15.2***
Cement	**32.0**	**28.8**	***11.1***	**2.1**	**(0.2)**	**--**	***6.5***	***(0.7)***
Others	**72.3**	**90.7**	***(20.2)***	**(4.9)**	**(3.0)**	**--**	***(6.7)***	***(3.3)***

* Rs/Crore.

- **Fertilizer**:
    - **PBIT at Rs. 7.1 crore vis-à-vis a loss of Rs. 9.8 crore –** planned maintenance shutdown in Q2 FY12 resulted in loss of production along with shutdown related expenses. The Company continues to incur uncompensated cost increases due to non-finalization of the new Urea Policy.
- **Farm Solutions**.

    - **Farm solutions revenues up by 71.5% at Rs. 350.6 crore** - driven by sale of DAP & MOP (Rs. 120 crore vs Rs. 1 crore in Q2 FY12) along with growth in value added inputs (up by 26%)
    - **PBIT lower by 44.7% at Rs. 10.1 crore** – PBIT from Value added inputs was up by 44% for the period, however adverse FX movements pertaining to import of DAP and MOP moderated the earnings
- **Bioseed**.
    - Revenues lower by 16.0% at Rs. 32.3 crore essentially due to higher sales returns in Indian operations due to weak monsoon in northern regions which has impacted product off take. However, the impact of the same has partly been mitigated by better performance of our operations in Philippines.
    - **PBIT lower at loss of Rs. 24.5 crore –** The earnings are lower due to higher sales returns than anticipated in Indian operations along with lower than expected off take due to poor monsoons.
- **Sugar**.
    - **Revenues up by 88.5% at Rs. 346.5 crore -** driven by increased free sugar sales volume (up by 71%) at improved realizations (up by 22%).
    - **PBIT swung from a loss of Rs. 2.7 crore last year to positive Rs. 31.3 crore –** Improvement in free sugar margins along with higher volumes.
- **Hariyali Kisaan Bazaar**.
    - **Revenues lower by 49.4% at Rs. 98.6 crore** – performance in line with plan as the Company is implementing a restructuring and rationalization plan involving restricting activities to profitable product lines only.
    - **Losses lower at Rs. 10 crore vis-à-vis 28.4 crore -** performance in line with plan as the Company is implementing a restructuring and rationalization plan involving restricting activities to profitable product lines only.
- **Chloro-Vinyl**.
    - **Revenues up by 12.8% at Rs. 270.2 crore –** driven by improved realizations of all products, i.e. Chlor-Alkali, PVC Resin and Calcium Carbide along with higher volumes of Chlor-Alkali.
    - **PBIT up by 100.2% at Rs. 72.9 crore** driven by better margins with several cost initiatives which has helped in moderating the impact of cost increases along with higher realizations of all products, i.e. Chlor-Alkali up by 14%, Calcium carbide up by 13% and PVC Resin up by 12%.
- **Cement**.
    - **Cement revenues up by 11.1% at Rs. 32.0 crore and PBIT up at Rs 2 crores as against loss of Rs 0.2 crores -** driven by higher realizations.
- **Fenesta**.
    - **Revenues lower by 16% at Rs. 38.2 crore** - significant slowdown in the institutional segment – however, only partly mitigated by the increase in retail segment

Outlook & Perspectives:

i. **Fertilisers (Urea):**
    i. Business continues to witness cost pressures due to non-finalization of the New Urea Policy.
    ii. The Company will be undertaking a maintenance shutdown in Q3 FY13.

ii. **Farm Solutions:**

i. In the Medium term, we expect this business to continue to witness healthy growth rates as the company continues to focus on expanding its product range especially in its higher margin Value added segment and Geographical presence.

ii. The near term performance will be driven by weather conditions.

iii. **Bioseed:**

i. In the balance period, we expect the performance of our operations in Philippines and Vietnam to be healthy, however will be driven by the weather conditions in Q4 FY13 which is their main season.

ii. Medium term outlook for this business continues to remains strong. We expect Healthy growth rates to be driven by products launched in the last 1-2 years, healthy product pipeline, continued focus on R&D and strengthening of market development activities supported by normal weather conditions in key regions of operation

iv. **Sugar:**

i. Presently, margins in this business are healthy;

ii. Going forward, the performance of this business will be determined by policy announcements the Government will make on Cane pricing and Import/Exports regulations.

iii. The Company is taking several steps to further improve its capacity utilization levels through its intensive cane development program.

v. **Hariyali Kisaan Bazaar:** On completion of restructuring and rationalization plan i.e. Q3 FY13, we expect to stop financial losses by Q4 FY13.

vi. **Chloro-Vinyl Business:** The performance of this business will be driven by realizations of Chloro-Vinyl products which presently remain remunerative along with efforts to mitigate the impact of high input costs.

vii. **Fenesta**: Continue to focus on strengthening the retail business through expansion of distribution network and promotion efforts. These steps will help Fenesta business in achieving healthy growth rates going forward

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 satisfactory performance during the quarter led by:

1. *Continuing better Margins in Chloro-Vinyl business with firm prices and tight cost control.*
2. *Upward price movement in Sugar.*
3. *Progress in restructuring and rationalizing Hariyali's operations.*

We continue to focus our efforts in improving cost structure in Chloro-Vinyl and Sugar businesses and complete the restructuring plan for Hariyali in FY13.

The Agri-Inputs businesses- Farm Solutions and Bioseed continue to progress well though the financial performance was adversely impacted due to unfavorable weather conditions in our key operating areas. We are confident of registering good growth in these businesses over medium term. Overall, we expect to continue to record healthy performance going forward".

Half Yearly Segment Details:

	Revenues*			PBIT*			PBIT Margins %	
Segments	**H1 FY13**	**H1 FY12**	**%**	**H1 FY13**	**H1 FY12**	**%**	**H1 FY13**	**H1 FY12**
Agri Input	**1,211.7**	**856.4**	***41.5***	**82.5**	73.2	***12.8***	***6.8***	***8.5***
- Fertilisers	278.5	227.0	*22.7*	14.9	0.2	--	*5.3*	*0.1*
- Farm solutions	648.5	417.1	*55.5*	25.1	31.2	*(19.6)*	*3.9*	*7.5*
- Bioseed	284.7	212.3	*34.1*	42.6	41.8	*1.9*	*14.9*	*19.7*
Sugar	**626.2**	**394.9**	***58.6***	**27.3**	**(10.8)**	**--**	***4.4***	***(2.7)***
Hariyali Kisaan Bazaar	**312.0**	**397.1**	***(21.4)***	**(30.3)**	**(47.8)**	**--**	***(9.7)***	***(12.0)***
Chloro Vinyl incl. Power	**548.4**	**492.4**	***11.4***	**145.9**	**76.0**	***92.0***	***26.6***	***15.4***
Cement	**69.6**	**64.0**	***8.7***	**8.5**	**6.0**	***41.0***	***12.2***	***9.4***
Others	**148.7**	**182.1**	***(18.3)***	**(11.5)**	**(6.7)**	**--**	***(7.8)***	***(3.7)***

* Rs/Crore

- **Fertilizer**
  - The earnings are higher due to higher volumes as compared to previous period as the company had undertaken its planned bi-annual maintenance shutdown in the previous period which had led to lower volumes along with shutdown related expenses which moderated the earnings.
- **Farm Solutions**.
  - **Revenues up by 55.5% at Rs. 648.5 crore** - driven by volume growth in value added inputs (up by 48%) along with sale of DAP & MOP (Rs. 127 crores as compared to Rs.1.6 crores in the previous year)
  - **PBIT lower by 19.6% at Rs. 25.1 crore –** PBIT from Value added inputs was up by 36% for the period, however adverse FX movements pertaining to import of DAP and MOP moderated the earnings
- **Bioseed**
  - **Revenues up by 34.1% at Rs. 284.7 crore** – Driven by growth across all locations. The Growth rate has moderated due to higher than anticipated sales returns in India in Q2 FY13 due to weaker monsoon especially in Northern India which resulted in lower off take of products.
  - **PBIT flat at Rs. 42.6 crore –** growth below expectations due to lower off take of seeds on account of delayed monsoon in India
- **Sugar**
  - **Revenues up by 58.6% at Rs. 626.2 crore –** led by increased free sugar sales volumes at improved realizations and higher power sales boost performance.

    - **PBIT swung to Rs. 27.3 crore from a loss of Rs. 10.8 crore last year –** Improvement in free sugar margins. Additionally, higher sale of co-gen power improved performance.
  - **Chloro-Vinyl**
    - **Revenues up by 11.4% at Rs. 548.4 crore –** Revenues driven by improvement in realizations of all products.
    - **PBIT up by 92% at Rs. 145.9 crore** - better realizations of Chloro-Vinyl products along with with several cost initiatives the company has undertaken helped in moderating the impact of cost increases which led to better margins and increase in earnings in this business.
- **Hariyali Kisaan Bazaar revenues lower by 21.4% at Rs. 312.0 crore**

About DCM Shriram Consolidated Limited (DSCL)

DSCL is an integrated business group, with extensive and growing presence across the entire Agriculture and 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, Bioseed- Hybrid Seeds and Fenesta Windows.

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