DCM Shriram Consolidated Limited

Q3 & 9M FY14
Results Presentation
February 3, 2014

Safe Harbour

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. DCM Shriram Consolidated Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

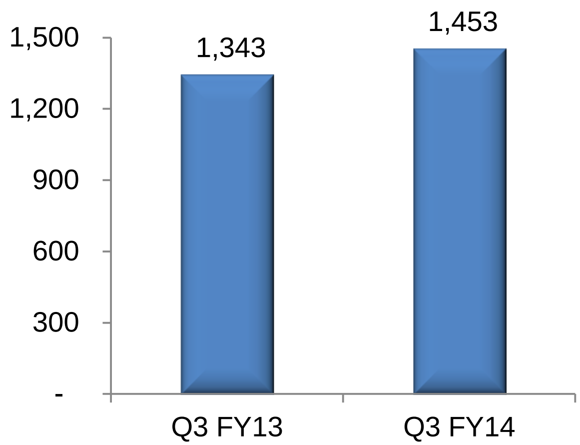
All figures are consolidated unless otherwise mentioned

Table of Content

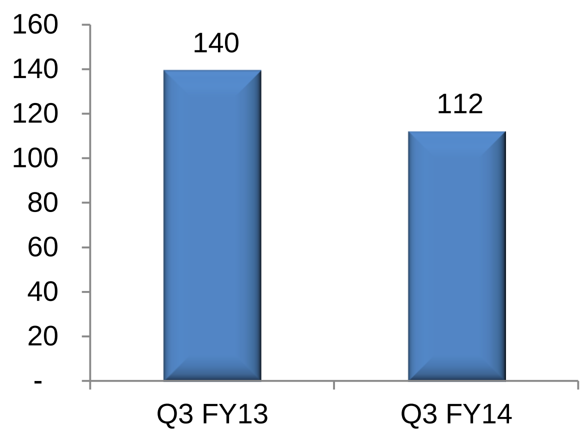
Q3 FY14 – Financial Snapshot

All figures in Rs. Crore

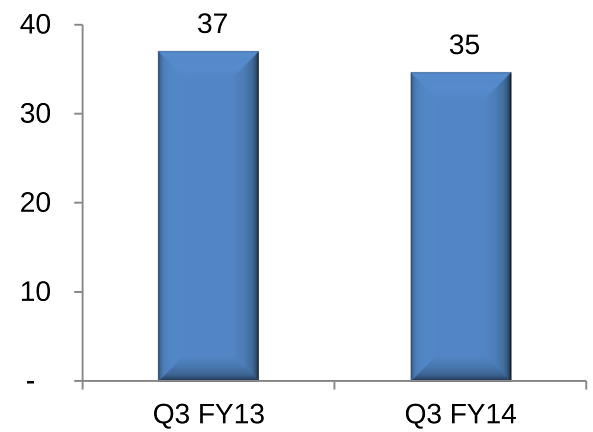
Revenues



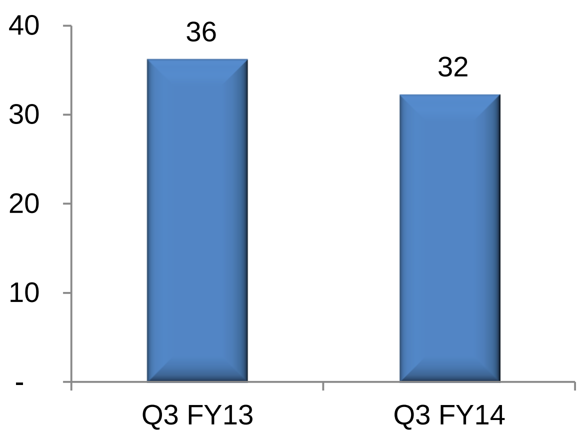
EBIDTA



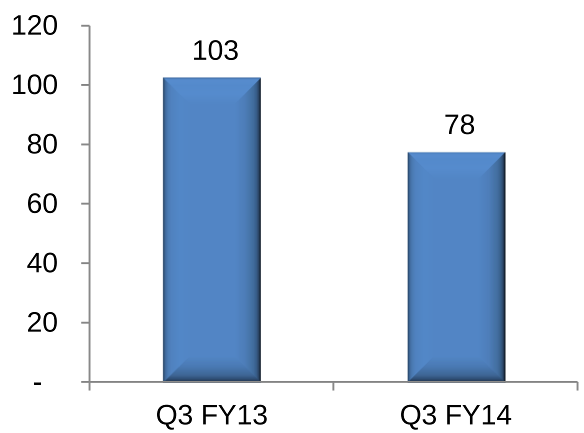
Depreciation



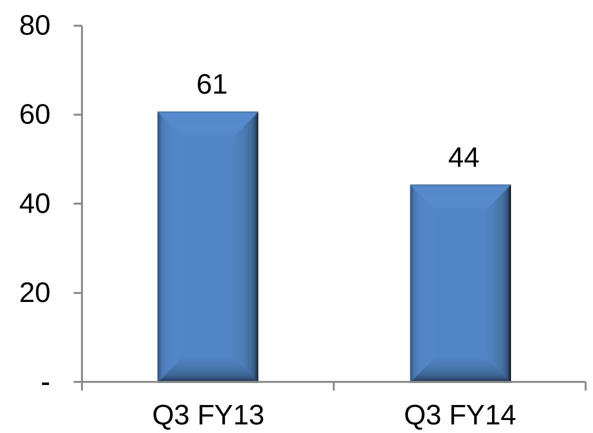
Finance Costs



PBIT (before exceptional items)



PAT (post exceptional items)



Q3 FY14 – Key Highlights

DSCL
DCM SHRIRAM CONSOLIDATED LTD

1. **Net Revenues** higher by 8% at Rs. 1,452.2 driven primarily by Fertiliser, Bioseed and Chloro-Vinyl

2. **PBIT (excl. Sugar)** at Rs. 107.4 crore vs. Rs. 77.6 crore :

    a) Higher research and market development spends reflected in Bioseed's earnings in India. Top-line and earnings in Philippines and Vietnam are stabilizing

    b) Chloro-Vinyl businesses continue their robust performance. Plastics business has improved significantly over Q3 FY13

    c) Fenesta business has reached PBDIT breakeven level – while reconfiguring the business model to retail sales

    Sugar PBIT stood at negative Rs. 29.9 crore from profit of Rs. 24.9 crore in Q3 FY13, 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

    Overall PBIT stood at Rs. 77.5 crore vs. 102.5 crore

3. **PAT** stood at Rs. 44.3 crore compared to Rs. 60.8 crore

4. **Cash Profits** at Rs. 75.3 crore vis-à-vis Rs. 98.0 crore

5. **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

6. **The Board of Directors have declared an interim Dividend of 40%**

Q3 FY14 - Segment Performance

* Rs. crore

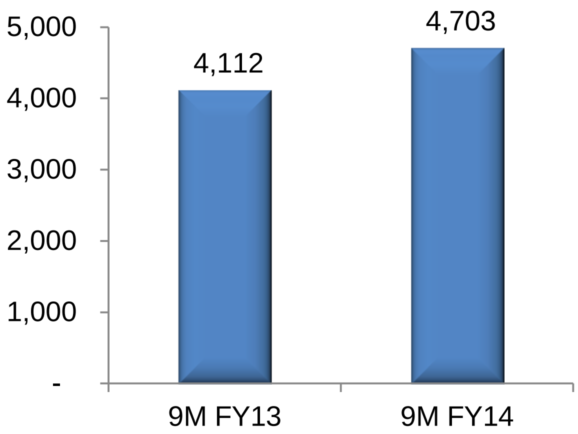
	Revenues*			PBIT*#			PBIT Margins %	
Segments	**Q3 FY13**	**Q3 FY14**	**%**	**Q3 FY13**	**Q3 FY14**	**%**	**Q3 FY13**	**Q3 FY14**
Agri Input	**496.5**	**580.2**	***16.8***	**(1.1)**	**12.6**	**--**	***(0.2)***	***2.2***
- Fertilisers	102.6	169.7	*65.4*	(11.3)	5.2	--	*(11.0)*	*3.1*
- Shriram Farm Soln.	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***

(# PBIT here refers to PBIT before exceptional items)

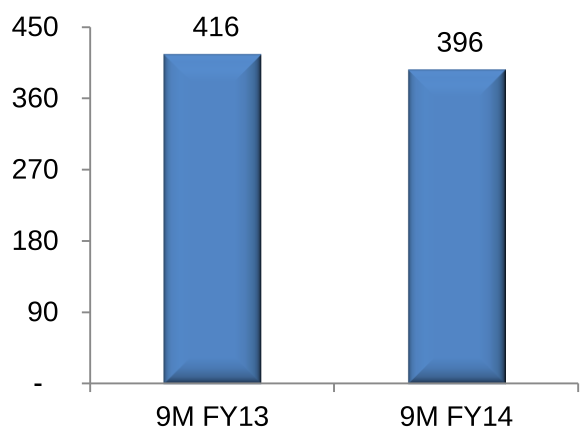
9M FY14 – Financial Snapshot

All figures in Rs. Crore

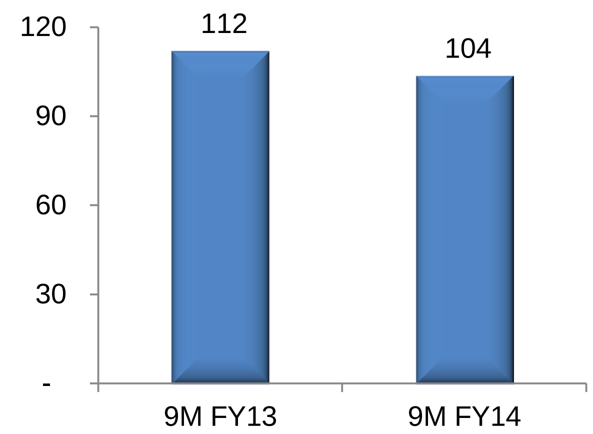
Revenues



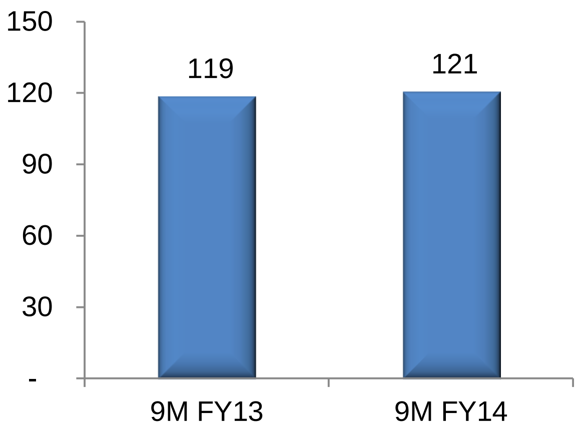
EBIDTA



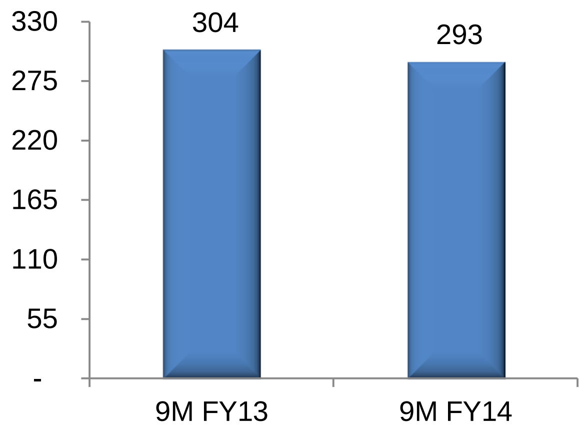
Depreciation



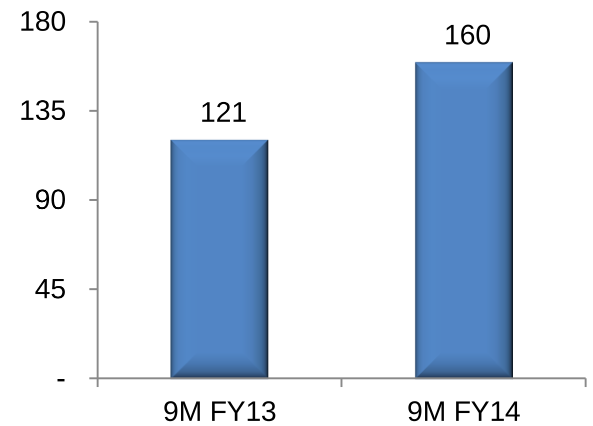
Finance Costs



PBIT (before exceptional items)



PAT* (post exceptional items)



*** Note**:

a) Exceptional items include charge of Rs. 56.3 crore taken in Q1 FY13 on account of expenses incurred, losses on sale and provision for impairment of surplus assets consequent to restructuring and rationalization of Hariyali's operations

9M FY14 - Segment Performance

* Rs. crore

	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***

(# PBIT here refers to PBIT before exceptional items)

Q3 FY14 - 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 FY13, 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

Q3 FY14 - Performance Overview & Outlook

DSCL
DCM SHRIRAM CONSOLIDATED LTD

Bioseeds

- Revenue growth in Q3 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 FY14
- 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

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

Q3 FY14 - Performance Overview & Outlook

DSCL
DCM SHRIRAM CONSOLIDATED LTD

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
- The 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

Outlook

- 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

Management's Message

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 FY14. The Sugar outlook is a matter of concern with high Sugarcane prices and continuing drop in Sugar prices.

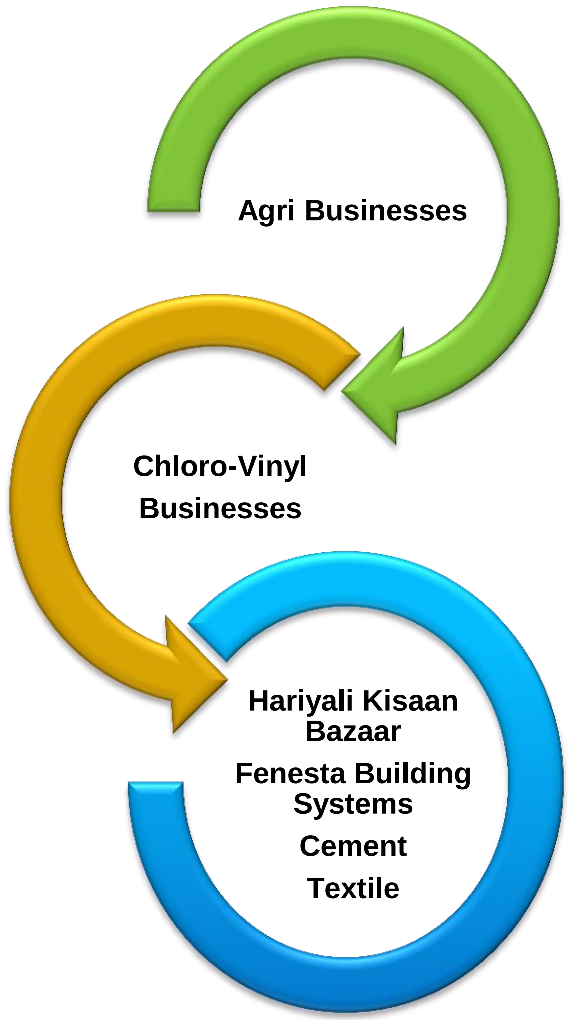
Chloro-Vinyl businesses continue to perform satisfactory with high capacity utilisation, better cost structure and firm realisations.

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."

Segmental Overview



- Agri- Inputs
  - Fertilisers
  - Shriram Farm Solutions
  - Bioseeds
- Sugar

- Chlor – Alkali
- PVC Resin and Compounds
- Calcium carbide
- Power

AGRI- INPUT BUSINESSES

The Agri input business contributed to ~40% of the total quarterly revenues of the Company. The Company continues to focus on these businesses given the huge opportunity in this area where the Company can capitalize on its long standing understanding of varied Agri businesses and the rural consumer; its established infrastructure; services & product portfolio; and a deep rural presence. The Agri Input Business includes:

1. **Fertiliser (Urea)**
2. **Shriram Farm Solutions**
3. **Bioseed**

Fertilisers (Urea)

Particulars	Operational: Sales (MT)	Operational: Realizations (Rs./MT)	Financial: Revenues (Rs. cr.)	Financial: PBIT (Rs. cr.)
Q3 FY14	**99,985**	**16,967**	**169.7**	**5.2**
Q3 FY13	73,738	13,889	102.6	(11.3)
% Shift	*35.6*	*22.2*	*65.4*	--
9M FY14	**302,569**	**15,132**	**458.6**	**15.0**
9M FY13	280,024	13,557	381.1	3.5
% Shift	*8.1*	*11.6*	*20.3*	--

a) Plant operating at optimal capacity

b) Business continues to witness cost pressures due to uncompensated cost increases due to non-finalization of the New Urea Policy – partly mitigated by improved energy efficiencies

   i. Early finalization of the new Urea policy will help in negating the impact of uncompensated costs

Shriram Farm Solutions

DSCL
DCM SHRIRAM CONSOLIDATED LTD

Particulars	Revenues (Rs. cr.)	PBIT (Rs. cr.)
Q3 FY14	**343.0**	**18.2**
Q3 FY13	349.1	18.2
% Shift	*(1.7)*	--
9M FY14	**1,466.4**	**66.0**
9M FY13	997.6	43.3
% Shift	*47.0*	*52.6*

a) The portfolio comprises value-added products such as Seeds, Pesticides, Soluble fertiliser, Micro-nutrients etc. along with bulk fertilisers (DAP, MOP, SSP)

b) Revenues of value-added inputs' improved by 34%; overall topline moderated due to lower sales of Bulk Fertilizers (DAP/MOP). For 9M the top-line overall grew 47% and DAP/MOP grew 107%

c) PBIT from value-added input were higher by 35% for the quarter; however, margin pressure in DAP/MOP negated the impact . For nine months PBIT grew 21% in value added inputs

d) Continuing focus on expanding the product range, especially in the higher margin value-added segment, combined with increasing geographical reach expected to drive growth in the medium term

e) This business is seasonal in nature and the results in the quarter are not representative of annual performance

Bioseed

Particulars	Revenues (Rs. cr.)	PBIT (Rs. cr.)
Q3 FY14	**67.4**	**(10.8)**
Q3 FY13	44.9	(7.9)
% Shift	*50.2*	--
9M FY14	**387.6**	**33.4**
9M FY13	329.6	34.7
% Shift	*17.6*	*(3.8)*

a) Bioseed business is intensely research based and is uniquely diversified across key crops (Cotton, Corn, Paddy, Bajra and Vegetables) with Asia Pacific presence primarily in India, Vietnam & Philippines

b) Revenues driven by growth of Corn hybrid seed in Philippines and Vietnam operations

c) Sales returns, a onetime exercise carried out in Q1 and Q2 of FY14 to clear the trade channel is completed. Operations stabilized during Q3. The inventory on account of sales returns is now undergoing quality checks and may lead to some inventory write-off in Q4 FY14

d) Muted earnings performance on account of higher spends towards research and market development which will deliver benefits in the long term

e) Growth rates in the medium to long term expected to be robust 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

f) Quarterly results are not representative of annual performance as this business is seasonal in nature

Sugar

Particulars	Operational			Financial	
	Sales (Lac Qtl)		Realizations *(Rs./Qtl)	Revenues (Rs. cr.)	PBIT (Rs. cr.)
	Free Sugar	Levy Sugar			
Q3 FY14	**10.3**	**--**	**2,948**	**337.9**	**(29.9)**
Q3 FY13	8.8	0.8	3,446	350.8	24.9
% Shift	*16.3*	--	*(14.4)*	*(3.7)*	--
9M FY14	**31.1**	**--**	**3,054**	**1,054.6**	**(55.5)**
9M FY13	25.2	2.3	3,247	977.0	52.3
% Shift	*23.4*	--	*(5.9)*	*7.9*	--

* Free Sugar

a) Sugar business remains challenging as current sugar realizations are not commensurate higher cost of production

b) Despite higher sales volumes, revenues declined due to lower realizations

c) Lower sugar realizations vis-à-vis cost of production impacted earnings performance

   - Sugar margins in Q3 at Rs (558) per quintal vis-à-vis Rs. 358 per quintal last year

d) Expected better recovery will partly cushion the sharp reduction in prices

e) Cane area expected to come down for the ensuing season

f) Government policy action likely to determine the prospects of this sector, especially if a rational policy that links cane prices to sugar realizations is put in place. Till then environment will continue to be uncertain

Hariyali Kisaan Bazaar

Particulars	Revenues (Rs. cr.)	PBIT (Rs. cr.)
Q3 FY14	**112.1**	**1.7**
Q3 FY13	110.5	(3.7)
% Shift	*1.4*	--
9M FY14	**327.6**	**2.7**
9M FY13	422.5	(34.0)
% Shift	*(22.5)*	--

a) Topline and earnings performance in line with plan to arrest financial losses from HKB and improve overall company performance

b) Current revenues only from fuel sales

c) Liquidation of land progressing - to generate cash flows for the Company over the medium term

CHLORO-VINYL BUSINESSES

The Chloro-Vinyl business of the Company has highly integrated operations with multiple revenue streams and economical captive power generation facilities. Chlor-Alkali operations are at two locations (Kota – Rajasthan and Bharuch – Gujarat). Chloro-Vinyl operates with full captive coal based power capacity of ~145 MW. The multiple revenue streams enable the Company to optimize operations in a manner to maximize the contribution per unit of power that is produced.

Particulars	Revenues (Rs. cr.)	PBIT (Rs. cr.)
Q3 FY14	**330.4**	**110.8**
Q3 FY13	300.3	97.6
% Shift	*10.0*	*13.5*
9M FY14	**901.6**	**276.8**
9M FY13	848.8	243.5
% Shift	*6.2*	*13.6*

Chlor-Alkali

	Operational		Financial	
Particulars	**Sales (MT)**	**Realizations (Rs./MT)**	**Revenues (Rs. cr.)**	**PBIT (Rs. cr.)**
Q3 FY14	**65,689**	**26,699**	**190.0**	**68.4**
Q3 FY13	64,322	27,070	190.3	72.5
% Shift	*2.1*	*(1.4)*	--	*(6.0)*
9M FY14	**191,456**	**24,720**	**512.2**	**164.7**
9M FY13	179,068	27,067	527.1	181.8
% Shift	*6.9*	*(8.7)*	*(3.0)*	*(9.0)*

a) Operations at both, Kota and Bharuch continued to deliver optimal Chlor-Alkali production with improving cost efficiencies

b) Marginally weak realizations at both locations vis-à-vis last year – decline partly offset by power saving. Realizations, however, have improved on a Q-o-Q basis, the impact of which is reflected in bottom-line

c) Sustained cost containment initiatives have improved the competitiveness of businesses

d) The Company at its Bharuch Chlor-Alkali facility has commissioned the 9th Electrolyser in December 2013, at an investment of Rs. 22 crore. This will help in achieving cost economies

Plastics

	Operational				Financials	
Particulars	**PVC Sales (MT)**	**PVC XWR Realizations (Rs./MT)**	**Carbide Sales (MT)**	**Carbide XWR Realizations (Rs./MT)**	**Revenues (Rs. cr.)**	**PBIT (Rs. cr.)**
Q3 FY14	**14,872**	**70,905**	**6,790**	**42,911**	**140.5**	**42.4**
Q3 FY13	12,925	59,044	7,386	41,288	110.1	25.1
% Shift	*15.1*	*20.1*	*(8.1)*	*3.9*	*27.6*	*68.6*
9M FY14	**42,043**	**68,586**	**21,037**	**41,728**	**389.3**	**112.0**
9M FY13	34,637	61,253	24,174	41,806	321.7	61.7
% Shift	*21.4*	*12.0*	*(13.0)*	*(0.2)*	*21.0*	*81.6*

a) Significant improvement in volumes and realizations of PVC Resins resulted in improved earnings

b) Margin in this business have improved from 23% in the previous year to 30%

c) Continuing innovative cost initiatives on Power as well as Carbon material along with better realizations helped in improving the margins

Cement

	Operational		Financial	
Particulars	**Sales (MT)**	**Realizations (Rs./MT)**	**Revenues (Rs. cr.)**	**PBIT (Rs. cr.)**
Q3 FY14	**87,669**	**2,596**	**30.5**	**(4.7)**
Q3 FY13	77,217	3,242	29.2	3.6
% Shift	*13.5*	*(19.9)*	*4.6*	--
9M FY14	**258,441**	**2,715**	**89.6**	**(3.5)**
9M FY13	260,880	3,194	98.8	12.1
% Shift	*(0.9)*	*(15.0)*	*(9.3)*	--

a) The Cement business is limited in size since its capacity is driven by the waste generated from carbide plant

b) The Company markets its cement under the 'Shriram' brand which commands a premium in the market place due to its superior quality

c) Higher sales volumes drive topline performance

d) Decline in earnings is a result of subdued realizations along with input cost pressures

OTHER BUSINESSES

DSCL's other operations, reported as 'others' in the financial results, include its businesses of Polymer Compounding, Fenesta Building Systems along with Textiles.

Revenues under 'others' stood at Rs. 77.4 crore in the quarter under review compared to Rs. 72.1 crore in the corresponding period last year. PBIT for the quarter stood at Rs. (0.6) crore vis-à-vis PBIT of Rs. (12.5) crore in Q3 FY13. Improvement is PBIT reflects the improvement in performance of Fenesta Business.

Fenesta Building Systems

	Operational	Financial
Particulars	**Order Book (nos.)**	**Revenues (Rs. cr.)**
Q3 FY14	**32,896**	**42.6**
Q3 FY13	36,193	36.4
% Shift	*(9.1)*	*16.9*
9M FY14	**110,964**	**127.1**
9M FY13	127,788	116.7
% Shift	*(13.2)*	*9.0*

a) Fenesta with its diverse product line is regarded as a brand and product leader on a pan India basis. The brand has become synonymous with UPVC windows

b) The response from the retail segment is encouraging as the Company continues to reconfigure, to focus more on retail segment. Going forward company intends to improve its retail penetration further

c) Improved topline driven by higher sales volumes from the retail segment:

   a) Retail segment sales grew by 33 & 32% in Q3 & 9M respectively

d) Significant changes made to the operating model over the last few quarters has resulted in sustainably better operating and cost efficiencies. This has led to operating level breakeven in the business for three continuous quarters

About Us & Investor Contacts

DSCL 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 primarily Fenesta and Bioseed. With a large base of captive power produced at a competitive cost, the Company aims at maximizing value creation in its Chloro-Vinyl businesses.

For more information on the Company, its products and services please log on to **www.dscl.com** or contact:

Amit Agarwal
DCM Shriram Consolidated Limited
Tel: +91 11 4210 0200
Fax: +91 11 2372 0325
Email: amitagarwal@dscl.com

Ishan Selarka
CDR India
Tel: +91 22 6645 1232
Fax: 91 22 6645 1213
Email: ishan@cdr-india.com