

***For Immediate Release***

**DCM Shriram Ltd. announces its Q4 & FY14 financial results**

***Net Profits for FY 14 at Rs.242.4 crs., up 19% over last year***

***Sugar records loss of Rs. 5.4 crs. (Profit of Rs.64.5 crs. last year)***

***The Board recommended a final dividend of 60% (Total 100% for FY 14)***

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*New Delhi, 28<sup>th</sup> April 2014* : DCM Shriram Ltd. announced its Q4 & FY14 financial results today.

**FY14 Highlights:**

1. **Net Revenues** higher by 11.6% at Rs. 6,182.2 crore driven by high growth in Farm Solutions business (36.6%), and Sugar (11.5%)
  2. **PBDIT** at Rs. 559 crs. was marginally lower than Rs. 574.1 crs. last year primarily due to :
    - a) Swing in Sugar earnings from profit in FY13 to loss In FY14. Margins declined from positive Rs. 196 per quintal to negative Rs. (234) per quintal.
    - b) Losses in Bioseed's International operations consequent to withdrawal of all old stocks from trade channel and write off of old inventory.
    - c) Cement business also turned -ve with sharp drop in prices.
  3. Chloro-Vinyl, Shriram Farm Solutions, Fertilisers registered better performance with higher prices, sales growth and costs/efficiency improvements.
  4. Losses of Hariyali's business stopped consequent of rationalization of its activities.
  5. Finance costs at Rs. 148.6 crs. was 4% lower than last year. The company had to bear financial costs of high fertilizer subsidy due from Govt. of India.
  6. The net profits stood at Rs.242.4 crs., grew by 19% as last year results accounted for an exceptional item of Rs. 53.6 crs. consequent to rationalization of Hariyali business.
2. The Board of Directors have recommended Final Dividend of 60% - Total Dividend in FY14 at 100% including 40% Interim Dividend (FY13 Dividend stood at 80%)

**Q4 FY14 Highlights:**

1. **Net Revenues** at Rs. 1,479 crore (LY : Rs.1427 crs.)
2. **PBDIT** grew to Rs.162 crs. (LY : Rs. 158 crs.) with :
  - Continued healthy performance of Chloro-Vinyl business

- Sugar profits grew to Rs. 50.2 crs. (LY Rs.12.3 crs.) as last year had inventory losses of Rs. 63 crs. due to sugar prices being below costs.
  - Farm Solutions profits grew to Rs. 15 crs. (LY Rs. 7.6 crs.)
3. Bioseed had loss of Rs.29.2 crs. due to write off of old & expired inventory in International operations. Indian business registered satisfactory results.
  4. Finance costs went down to Rs. 27.8 crs. (LY Rs. 36 crs. ) with lower borrowings.
  5. **PAT** stood at Rs. 82.8 crore compared to Rs. 82.3 crore.

**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 delighted to report encouraging performance led by Chloro Vinyl and Shriram Farm Solutions business and supported by operating breakeven in Fenesta and elimination of losses in Hariyali business.*

*The performance of our international Bioseed operations significantly impacted earnings, which was due to the one time exercise carried out to clear the Trade Channel and the old/expired inventory. The operations are now stabilizing. Bioseed India operations are growing. We will continue to invest in this business and are confident of healthy growth going forward given our strong Research base and product pipeline.*

*Sugar business went through turmoil, a result of lack of correlation between Cane and Sugar prices leading to negative margins. Sugar prices have firmed up recently but are insufficient to make business profitable. Rational fixation of Cane price linked to Sugar prices are the key to long term sustainability of this business.*

*In Fenesta we continue to take steps to enlarge the retail footprint which will be the key to deliver growth in this business*

*We have strengthened our financial position by conserving cash and reducing leverage. Improving operating efficiencies and cash flows will continue to be our focus in the year ahead. This will drive our growth and superior performance going forward."*

## **FY'14 Performance Overview & Outlook:**

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### **FERTILISERS:**

- Operating performance stable
- Earnings reflect higher volumes (in FY13, the Company took a maintenance shutdown) and energy savings on account of improved efficiencies
- High level of subsidy outstanding impacting the business. However, loans against subsidy with interest subvention partly eased the impact
- The Fertiliser Ministry under NPS III has increased conversion costs by Rs. 500 per tonne w.e.f. April 1, 2014 - while this is a positive step, it does not fully compensate the cost increases since FY 2003

**Outlook**

- Planned maintenance shutdown in FY15
- The earnings of this business is expected to be under pressure until the Government further revises the retention prices to compensate for cost increases, and improves subsidy payment position

**SHRIRAM FARM SOLUTIONS:**

- Revenues and earnings from this business improved by 37% and 59% respectively in FY14
- Value-added inputs' revenues and earnings were up 38% and 46% respectively
- Earnings from DAP/MOP business was under stress due to adverse demand and supply situation leading to decline in prices and higher working capital

**Outlook**

- Expect the business to give stable returns over next year given focus on expanding product range especially in the higher margin value-added vertical & increasing geographical reach
- Volumes of DAP/MOP may be limited based on the demand supply situation
- High subsidy outstanding in Bulk Fertiliser business (DAP/MOP/SSP) is an area of concern
- Climate factors such as El Nino may impact performance

**BIOSEED:**

- Sales returns and lower sales in international markets moderated topline in FY14
- The above combined with inventory write-off in these markets led to decline in the earnings in FY14
- India operations registered growth in revenues and earnings of 38% and 25% respectively
- Margins for Cotton, the largest segment in the business are under pressure

**Outlook**

- Bioseed India expected to sustain performance – Cotton Seed launched in southern and central markets receiving encouraging response and will likely augment performance
- International operations stabilizing, post one-time sales return and inventory write-offs
- Medium to long term outlook buoyant, given continuing focus on research (conventional and biotech) along with geographic and product diversification and strong market development efforts

**SUGAR:**

- Higher sugar sales volumes drive revenue growth in Q4 & FY14
- Swing in sugar margins subdued earnings in FY14. Average margins declined to negative Rs. 234 per quintal from positive Rs. 196 per quintal in FY13
- Higher Earnings in Q4 FY14 vs Q4 FY13. In Q4 FY13 Company had to 'mark to market' inventory, resulting in a charge of Rs. 63 crore
- Sugar prices have improved over the last one month, but still are below the level required for profitable operations

**Outlook**

- Sugar business continues under pressure as sugar prices/cane prices equation is still un-remunerative for sugar factories
- Sugar cane area is expected to decline for the ensuing season
- Climate factors such as El Nino may impact performance

**CHLORO-VINYL:**

- Revenues and earnings were up by 5% and 9% respectively
- PVC Resins business witnessed higher volumes (up by 11%) and prices (up by 14%)
- Chlor-Alkali business sustained performance in FY14 with higher volumes (up by 5%), although the prices for the year were marginally lower than last year (down by 4%). However, prices have firmed up in Q3 and Q4 FY14

**Outlook**

- Performance is expected to be driven by realizations of Chloro-Vinyl products - Present outlook on realizations remains stable although it is sensitive to foreign exchange fluctuations
- Input costs on an increasing curve - Channelizing efforts on continuously improving cost structures to mitigate the impact of rising input costs

**HARIYALI KISAAN BAZAAR:**

- Current revenues primarily from fuel sales
- Earnings are a result of sale of properties, post closure of retail operations
- The Company is focused on sale of surplus properties, which is progressing as per plan

**OTHERS:**

- PBIT loss in “Others” segment lower vis-à-vis Q4 FY13 due to better performance of Fenesta Building System - encouraging results from the retail segment – sales from retail segment grew by 26% in FY14 over corresponding period last year
- **Q4 FY14 - Segment Performance:**

Segments	Revenues			PBIT#			PBIT Margins %	
	Q4 FY13	Q4 FY14	%	Q4 FY13	Q4 FY14	%	Q4 FY13	Q4 FY14
<b>Agri Input</b>	<b>560.6</b>	<b>550.0</b>	<b>(1.9)</b>	<b>32.0</b>	<b>(6.0)</b>	<b>--</b>	<b>5.7</b>	<b>(1.1)</b>
- Fertilisers	144.8	166.8	15.2	7.5	8.2	8.9	5.2	4.9
- Shriram Farm Soln.	304.7	313.0	2.7	7.6	15.0	98.4	2.5	4.8
- Bioseed	111.1	70.2	(36.8)	16.9	(29.2)	--	15.2	(41.6)
<b>Sugar</b>	<b>368.5</b>	<b>445.6</b>	<b>20.9</b>	<b>12.3</b>	<b>50.2</b>	<b>309.4</b>	<b>3.3</b>	<b>11.3</b>
<b>Chloro Vinyl incl. Power</b>	<b>313.2</b>	<b>319.1</b>	<b>1.9</b>	<b>100.6</b>	<b>97.5</b>	<b>(3.1)</b>	<b>32.1</b>	<b>30.6</b>
<b>Cement</b>	<b>36.5</b>	<b>41.0</b>	<b>12.4</b>	<b>5.3</b>	<b>3.1</b>	<b>(40.3)</b>	<b>14.4</b>	<b>7.7</b>
<b>Hariyali Kisaan Bazaar</b>	<b>93.0</b>	<b>101.5</b>	<b>9.1</b>	<b>(0.8)</b>	<b>5.6</b>	<b>--</b>	<b>(0.9)</b>	<b>5.5</b>
<b>Others</b>	<b>70.5</b>	<b>71.6</b>	<b>1.6</b>	<b>(8.8)</b>	<b>(7.9)</b>	<b>--</b>	<b>(12.5)</b>	<b>(11.0)</b>
<b>Total</b>	<b>1,442.2</b>	<b>1,528.7</b>	<b>6.0</b>	<b>140.5</b>	<b>142.6</b>	<b>1.4</b>	<b>9.7</b>	<b>9.3</b>
<b>Less: Intersegment Revenue</b>	<b>15.5</b>	<b>49.5</b>	<b>220.5</b>					
<b>Less: Unallocable expenditure</b>				<b>17.3</b>	<b>14.4</b>	<b>(16.8)</b>		
<b>Total</b>	<b>1,426.8</b>	<b>1,479.2</b>	<b>3.7</b>	<b>123.3</b>	<b>128.2</b>	<b>4.0</b>	<b>8.6</b>	<b>8.7</b>

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

- **FY14 - Segment Performance:**

Segments	Revenues			PBIT#			PBIT Margins %	
	FY13	FY14	%	FY13	FY14	%	FY13	FY14
<b>Agri Input</b>	<b>2,268.8</b>	<b>2,862.6</b>	<b>26.2</b>	<b>113.5</b>	<b>108.4</b>	<b>(4.5)</b>	<b>5.0</b>	<b>3.8</b>
- Fertilisers	525.9	625.4	18.9	11.1	23.2	109.6	2.1	3.7
- Shriram Farm Soln.	1,302.3	1,779.4	36.6	50.8	81.0	59.4	3.9	4.6
- Bioseed	440.6	457.7	3.9	51.6	4.2	(91.9)	11.7	0.9
<b>Sugar</b>	<b>1,345.5</b>	<b>1,500.2</b>	<b>11.5</b>	<b>64.5</b>	<b>(5.4)</b>	<b>--</b>	<b>4.8</b>	<b>(0.4)</b>
<b>Chloro Vinyl incl. Power</b>	<b>1,162.0</b>	<b>1,220.6</b>	<b>5.0</b>	<b>344.1</b>	<b>374.3</b>	<b>8.8</b>	<b>29.6</b>	<b>30.7</b>
<b>Cement</b>	<b>135.2</b>	<b>130.6</b>	<b>(3.4)</b>	<b>17.3</b>	<b>(0.3)</b>	<b>--</b>	<b>12.8</b>	<b>(0.3)</b>
<b>Hariyali Kisaan Bazaar</b>	<b>515.6</b>	<b>429.1</b>	<b>(16.8)</b>	<b>(34.8)</b>	<b>8.3</b>	<b>--</b>	<b>(6.7)</b>	<b>1.9</b>
<b>Others</b>	<b>291.3</b>	<b>300.7</b>	<b>3.2</b>	<b>(32.8)</b>	<b>(9.2)</b>	<b>--</b>	<b>(11.3)</b>	<b>(3.0)</b>
<b>Total</b>	<b>5,718.4</b>	<b>6,443.8</b>	<b>12.7</b>	<b>471.8</b>	<b>476.0</b>	<b>0.9</b>	<b>8.3</b>	<b>7.4</b>
<b>Less: Intersegment Revenue</b>	<b>179.6</b>	<b>261.6</b>	<b>45.7</b>					
<b>Less: Unallocable expenditure</b>				<b>44.5</b>	<b>55.0</b>	<b>23.5</b>		
<b>Total</b>	<b>5,538.9</b>	<b>6,182.2</b>	<b>11.6</b>	<b>427.3</b>	<b>421.0</b>	<b>(1.5)</b>	<b>7.7</b>	<b>6.8</b>



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

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