



For Immediate Release

DCM Shriram Ltd. announces its Q1 FY15 financial results

Net Profits for Q1 FY15 at Rs.177 crs., up 55% over last year

Bioseed and Chloro-vinyl drive performance

Sugar continues to be in losses

New Delhi, 29th July 2014: DCM Shriram Ltd. announced its Q1 FY15 financial results today.

Q1 FY15 Highlights:

1. **Net Revenues** higher by 9% at Rs. 1,704 crore. Growth driven by Bioseed (up 37%) and Chloro-Vinyl (up 26%)
2. **PBDIT** increased by 33% to Rs. 269 crore vs. Rs. 202 crore, all segments register improvements:
 - Chloro-Vinyl earnings improved (up 29%) led by enhanced realizations and volumes.
 - Bioseed profits (up 45%) driven by volume growth. International operations stabilizing.
 - Sugar continues to be negative at net level
 - Weak monsoons had an impact on growth in Shriram Farm Solutions Business

Businesses like Bioseed, Shriram Farm Solutions and Sugar are seasonal in nature and the results in the quarter are not representative of annual performance.

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, DCM Shriram Ltd. said:

"We are enthused to begin the new financial year with robust operational and financial performance. All segments except Sugar have reported improved performance with higher profits, Shriram Farm solutions had lower growth due to weak monsoons.

The performance of Bioseed business has been very encouraging. The new Cotton seed products are gaining acceptance in south and central India and are expected to drive growth going forward. International operations are moving towards stability.

Sugar prices have improved but are insufficient to sustain the present cane price and provide positive net margin to sugar Industry. Linking of Sugar cane prices to Sugar prices is a must, in order to improve the fundamentals of the industry as well as for the prosperity of the farmer.

Chloro-Vinyl business continues its robust performance and is expected to remain firm. In Fenesta, our focus on growing the retail segment is progressing well and we believe that the business will witness substantial growth over the medium term.

We have taken up a project to augment power co-generation capacity in sugar at an investment of Rs. 125 crores. We are also working at other investment options within our existing businesses. Company continues to focus on maintaining a healthy balance sheet.”

FY'14 Performance Overview & Outlook:

FERTILISERS:

- Operating performance stable
- Earnings reflect increase in reimbursement towards conversion costs under NPS III 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 FY03
- The business continues to be impacted by high level of subsidy outstanding. However, loans against subsidy with interest subvention partly moderated the impact

Outlook

- Planned maintenance shutdown in Q2 FY15
- The earnings of this business will continue to be under pressure until the Government further revises the retention prices to compensate for cost increases and improves subsidy payment cycle

SHRIRAM FARM SOLUTIONS:

- Weak monsoon impacted sales volumes during the quarter
- Decline in sales volume of SSP moderated topline growth
- Value-added inputs' revenues were up 3.5%. Seeds register good growth, but other products did not grow. Overall earnings were lower on account of one time fixed expenses.

Outlook

- Company imported DAP / MOP in Q1 and sold partially, majority to be liquidated in coming quarters
- The near term performance is dependent on the extent of pick up in monsoons in Q2. The business has element of seasonality
- High subsidy outstanding in Bulk Fertiliser business (DAP/MOP/SSP) is an area of concern
- Medium to long term outlook buoyant - focus on expanding product range especially in higher margin value-added vertical & increasing geographical reach which is expected to give growth going forward

BIOSEED:

- Revenue and profit growth driven by better performance of BT Cotton hybrid seed in Indian Market
- Overall volumes of BT cotton for kharif season up 63%
- BT cotton sales in south and central markets robust
- Delay in monsoons has adversely affected seed sales of other field crops
- International operations stabilizing, post one-time sales return and inventory write-offs during last year

Outlook

- The performance of the business has seasonality, with Kharif being the major season in India
- Bioseed India expected to sustain performance – Growth in cotton seeds to come primarily from South and Central markets
- Medium to long term outlook buoyant given continuing focus on research (conventional and biotech) leading to product innovation along with geographic reach and strong market development efforts

SUGAR:

- Lower revenues due to decline in sugar sales volumes
- Sugar continues to be negative at net level
- Sugar prices have improved since March 14, but are still below the level required for operations to be profitable at net level

Outlook

- Expanding and upgrading cogen capacities at a capex of Rs 125 crores, adding value to the sugar by-product chain – expected commissioning by November 2015
- Cane availability expected to be lower in the ensuing season
- Rational cane policy from government that links cane prices to sugar realizations is a must, to ensure sustainability of the industry

CHLORO-VINYL:

- Performance continues to be robust driven by:
- Higher realizations in Plastics (Vinyl) on a Y-o-Y as well as Q-o-Q basis
- Realizations in Chlor-Alkali business are firm over Q1 FY14, it has moderated over Q4 FY14
- Volumes are marginally higher in both the businesses
- Sustained increase in prices of coal, freight and salt is leading to higher input cost costs impacting the margins

Outlook

- Performance is expected to be driven by realizations of Chloro-Vinyl products - present outlook on realizations remains stable
- Input costs are rising - channelizing efforts on continuously improving cost structures to partially mitigate the impact of rising input costs

Cement:

- Higher sales volumes driven by better demand and realizations drive performance
- Impact of rising input costs impacting the margins

HARIYALI KISAAN BAZAAR:

- Current revenues primarily from fuel sales
- The Company is focused on sale of surplus properties

OTHERS:

- Fenesta witnessed improved volumes as well as order booking in retail segment, however institutional sales are lower. Business remains focused on volume increases
- Company has sold its Textile business for a consideration of Rs. 17.13 crores, marginal gain over book value
- JV with Axiall Corp. for PVC Compounding business under the name Shriram Axiall (P) Ltd. operationalised in Q1
- **Q1 FY15 - Segment Performance:**

Segments	Revenues			PBIT			PBIT Margins %	
	Q1 FY14	Q1 FY15	%	Q1 FY14	Q1 FY15	%	Q1 FY14	Q1 FY15
Agri Input	896.3	1,013.0	13.0	94.2	127.8	35.7	10.5	12.6
- Fertilisers	143.8	169.7	18.0	6.8	11.5	68.4	4.7	6.8
- Shriram Farm Soln.	463.6	448.6	(3.2)	21.3	20.8	(2.4)	4.6	4.6
- Bioseed	289.0	394.7	36.6	66.1	95.5	44.5	22.9	24.2
Sugar	338.3	280.8	(17.0)	(1.0)	8.0	—	(0.3)	2.8
Chloro Vinyl Incl. Power	285.0	358.6	25.8	81.3	113.0	39.1	28.5	31.5
Cement	29.6	36.8	24.0	2.6	4.8	89.0	8.6	13.1
Hariyali Kisaan Bazaar	121.8	137.3	12.7	(0.3)	1.1	—	(0.2)	0.8
Others	76.5	64.8	(15.3)	(0.3)	(1.8)	—	(0.4)	(2.8)
Total	1,747.5	1,891.2	8.2	176.4	252.9	43.4	10.1	13.4
Less: Intersegment Revenue	186.4	186.8	0.2					
Less: Unallocable expenditure				9.2	12.4	34.8		
Total	1,561.0	1,704.4	9.2	167.2	240.5	43.8	10.7	14.1

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

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