DCM SHRIRAM CONSOLIDATED LTD

Results Announcement

Q1 FY2010:

Net Revenue at Rs. 897.6 Crore up 13%

Operating Profit up 49% at Rs. 101.1 Crore

Net Profit at Rs. 21.2 Crore; up 336%

- **Value optimization across Chloro-Vinyl chain, through multiple revenue streams**
- **Sugar business posts profits against a loss in the corresponding quarter**
- **Agri-Input business continues growth in revenues and profits**
- **Hariyali Kisaan Bazaar continues to deliver growth - focus on consolidation**
- **Fenesta Building System witnessed growth in revenues and profits**

New Delhi, July 21, 2009

DSCL, an integrated business entity, with extensive and growing presence across the entire Agri-rural value chain and energy led Chloro-Vinyl industry, today announced its financial results for the first quarter ended 30th June 2009.

Highlights for the Quarter (Standalone): **Figures in INR Crore**

Particulars	Q1 FY2010	Q1 FY2009	Growth (%)
Net Operating Income	897.56	797.59	12.53
Operating Profit (EBIDTA)	101.10	67.92	48.85
PBT	33.84	8.58	294.41
PAT	21.24	4.87	336.14
Cash Profit	71.64	39.83	79.86

Performance Snapshot:

- **Sugar** business continued the turnaround, primarily due to improved realizations

- **Agri-Inputs** business continues to register growth

- **Chloro-Vinyl** business – The volume expansion and cost savings through newly commissioned 55 MW Coal based Power plant at Bharuch facility and the swing capability whereby Company sold more Power at Kota facility, ensured optimization of earnings

- **Cement** business witnessed increase in profits backed by higher realizations and volumes

- **Earnings** performance was also driven by lower charge relating to foreign exchange fluctuations and mark-to-market of Fertilizer bonds

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 have established a strong operating base of Energy-led businesses and Agri-rural businesses.

The performance for the quarter was achieved due to our ability to optimise value in Energy led businesses by suitable altering revenue mix which includes sale of Power.

Our newer businesses i.e Hariyali Kisaan Bazaar, Fenesta Building Systems, Agri Inputs and Bioseed are showing growth momentum and have contributed to the improved performance.

Given the combination of solid operating businesses and high growth leadership oriented newer businesses, we do believe that we are poised to deliver growth over the longer term."

<u>Q1 FY2010 performance review (all comparisons with Q1 FY2009)</u>

1. **Net Revenues were higher by 12.53% at Rs. 897.6 Crore compared to Rs. 797.6 Crore:**
    - **a)** Revenues from Agri businesses were higher by 16.57% at Rs. 484 Crore compared to Rs. 415.2 Crore:
        - **i.** Higher sales realizations and volumes led to higher revenues from the Sugar division at Rs. 203.7 Crore up 91.89% as against Rs. 106.1 Crore
        - **ii.** Agri Input revenues increased by 43.46% to Rs. 153.9 Crore as compared to Rs. 107.3 Crore. The increase was largely on account of higher volumes of SSP as well as other value added products
    - **b)** Revenues from Hariyali Kisaan Bazaar at Rs. 108.7 Crore; up 24.91% compared to Rs. 87 Crore
    - **c)** Revenues from Chloro-Vinyl Business stood at Rs. 209.8 Crore down by 7.60% primarily higher sale of power than the finished products, since their realizations were lower

2. **EBIDTA for the quarter was higher by 48.85% at Rs. 101.1 Crore compared to Rs. 67.9 Crore:**
    - a) Turnaround in Sugar operations. However, the Company sold more of high cost inventory from sugar season 2008-09 which restricted earnings
    - b) Higher profits in Agri Input led by substantial increase in volumes while improving margins
    - c) Performance in Hariyali Kisaan Bazaar was in line with the Company's investment plan to grow the business

d) Power sales from Chloro-Vinyl businesses led to mitigation of lower realizations from finished products

e) Cement business witnessed rise in profits on higher realizations and volumes

3. PAT up by 336.13% at Rs. 21.2 Crore compared to Rs. 4.9 Crore

a) Improved Operating Margins

b) Lower unallocable expenditure from Rs. 29.9 Crore in Q1 FY2009 to Rs. 11.6 Crore resultant to lower charge w.r.t Mark-to market impact on fertilizer bonds and lower foreign exchange hedging cost

Outlook

- The Chloro Vinyl product prices are expected to remain stable but will follow the global trend

- The Company is now carrying Sugar inventory from production during sugar season 2008-09 at a higher cost. The profitability will be a function of selling price, to maintain margins. Availability of sugarcane for ensuing sugar season and prices will be the key factors

- Hariyali Kisaan Bazaar will focus to grow the revenues and margins

- Delay in Monsoons may impact some of our Agri-related businesses

Business Mix (in %)

	Revenues		PBIT		PBIT Margin	
	Q1 FY10	Q1 FY09	Q1 FY10	Q1 FY09	Q1 FY10	Q1 FY09
Chloro Vinyl incl. Power	23.07	27.79	76.00	97.15	26.84	28.21
Cement	3.96	3.47	16.77	9.94	34.50	23.08
Agri Businesses	53.24	50.83	28.04	10.92	4.29	1.73
Sugar (incl. Co-gen)	22.40	12.99	8.17	(13.20)	2.97	(8.20)
Fertiliser	13.90	24.70	9.33	15.37	5.47	5.02
Agri Inputs	16.93	13.13	10.54	8.75	5.07	5.38
Hariyali Kisaan Bazaar	11.95	10.65	(22.35)	(16.78)	(15.24)	(12.71)
Others	7.78	7.26	1.55	(1.23)	1.63	(1.37)

– ENDS –

About DCM Shriram Consolidated Limited (DSCL)

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. 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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New Delhi, July 21, 2009

Details to the announcement: Business-wise performance review

- **Agri Businesses**
    - **Fertilisers**
    - **Agri Input**
    - **Sugar**

- **Hariyali Kisaan Bazaar**

- **Chloro-Vinyl Businesses**
    - **Chemicals**
    - **Plastics**
    - **Power**

- **Cement**

- **Others**

Business-wise review

Agri Businesses

The Agri business contributed to 53.24% of the total 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.

Fertilizers (Urea)

Product	Sales (MT)	Realization (Rs. / MT)
Q1 FY2010	97,979	12,852
Q1 FY2009	100,114	20,353
% Shift	**(2.13)**	**(36.85)**

Performance	Revenues (Rs. Cr)	PBIT (Rs. Cr)
Q1 FY2010	126.4	6.9
Q1 FY2009	201.8	10.1
% Shift	**(37.35)**	**(31.79)**

- The Company used Natural Gas and Naphtha in the ratio of almost 92:8 during the period under review
- The Company started receiving supplies of LNG w.e.f May 12, 2009 against allocation for KG basin under long term contract, which will meet 100% of its requirement. This will strengthen cost competitiveness and result in energy savings
- Revenues from this business were lower at Rs. 126.4 Crore due to lower volumes and reduction in realisations given the lower cost of LNG, which is a pass through cost having no real effect on earnings
- PBIT from this business stood at Rs. 6.9 Crore. The Company plans to undertake the scheduled plant shutdown in Q2 FY2010 for maintenance. The volumes shortfall in this period is expected to be made up in the subsequent quarters

Agri Inputs

Performance	Revenues (Rs. Cr)	PBIT(Rs. Cr)
Q1 FY2010	153.9	7.8
Q1 FY2009	107.3	5.8
% Shift	**43.46**	**35.42**

- The 'Shriram' brand of Agri-Inputs is known for its quality and enjoys a high brand value in rural India
- Revenue from this business increased by 43.46% at Rs. 153.9 Crore compared to Rs. 107.3 Crore last year. PBIT was higher at Rs. 7.8 Crore; up 35.42%
- Margins improved from 5.0% to 5.38% due to increased focus on value added products as well as higher sales volumes
- This business provides the Company with an excellent opportunity to offer the rural consumers a basket of products with increased reach, penetration and acceptance
- The Company, over last two years, restructured its product portfolio which involved adding higher value-added products, limiting working capital requirement and government subsidy dependency
- Agri Inputs portfolio includes products such as fertilisers and value added products such as Seeds, pesticides, soluble fertiliser, micro-nutrients etc.
- The focus of the Company is to grow this business aggressively by enlarging the product profile and reach – offering a comprehensive portfolio of products to the rural consumer
- These products are backed up by an extensive marketing and distribution network that helps in transferring the latest technology, improving farming practices and standard of living of the farming community
- The Company has also pioneered an Agri-extension programme in the name of Shriram Krishi Vikas Kendra (SKVK) which envisages educating the farmer community about the best agro-practices, thereby helping them to increase crop productivity as well as their disposable income

Sugar

Product	Sales (MT)	Realization (Rs. /MT)
Q1 FY2010	86,856	22,140
Q1 FY2009	56,513	14,090
% Shift	**53.81**	**57.13**

Performance	Revenues (Rs. Cr)	PBIT(Rs. Cr)
Q1 FY2010	203.7	6.1
Q1 FY2009	106.1	(8.7)
% Shift	**91.89**	**N.A.**

- Revenues from this business increased substantially by 91.89% at Rs. 203.7 Crore due to better realizations and higher volumes
- Average sugar realizations for the quarter was higher by 57.13% at Rs. 2,214 per quintal compared to Rs 1,409 per quintal last year
- PBIT for the quarter stood at Rs. 6.1 Crore compared to a loss of Rs. (8.7) Crore last year
- The growth in earnings was restrained on account of higher cost of production in the sugar season 2008-2009 due to lower cane availability, higher cost of cane and lower recovery, being the industry vide scenario
- While outlook for this business is supported by firm realizations consequent to lower sugar production; cane availability and pricing continues to be a challenge which may further increase cost of production

Hariyali Kisaan Bazaar

Performance	Revenues (Rs. Cr)	PBIT(Rs. Cr)
Q1 FY2010	108.7	(16.6)
Q1 FY2009	87.0	(11.1)
% Shift	**24.91**	**N.A.**

- This business segment with its unique business model has evolved as a 'Rural Business Centre', symbolizing trust, reliability and respect among the rural community
- The total number of outlets as on June 30, 2009 stood at 301 outlets spread across eight states. Of these 83 are 'Centres' and the balance 218 are 'Stores'
- Revenues from this business segment during the year increased by 24.91% at Rs. 108.7 Crore on the back of enhanced sales and enlarged range of products
- The negative earnings registered during the quarter under review compared to corresponding quarter last year are in line with business plan. The losses are expected to come down in the coming months
- The primary focus of the Company in this business is to consolidate existing operations and enhance efficiencies with a view to improve the earnings profile of this business

Chloro-Vinyl Businesses

The Chloro-Vinyl business of the Company has a highly integrated operation with multiple revenue streams and economical captive power generation facilities. Chloro-Vinyl operations are at two locations (Kota – Rajasthan and Bharuch – Gujarat) with full captive coal based power capacity of ~150 MW. The multiple revenue streams enable the Company to optimise operations in a manner to maximise the contribution per unit of power that is produced.

Chemicals

Product	Sales (MT)	Realization (Rs. / MT)
Q1 FY2010	48,642	18,594
Q1 FY2009	49,098	24,214
% Shift	**(0.93)**	**(23.21)**

Performance	Revenues (Rs. Cr)	PBIT(Rs. Cr)
Q1 FY2010	94.2	15.7
Q1 FY2009	108.3	33.8
% Shift	**(13.02)**	**(53.55)**

- The Chemicals business delivered a subdued performance on account of softening of realizations from its high in Q1 FY2009
- Volumes at Bharuch facility doubled however on the other hand the Company used the swing capability at its Kota plant to reduce Chemicals production and sell power which delivered better realizations
- The cost efficiencies at the Bharuch facility have gone up after implementation of the coal based power plant
- This business continues to deliver an encouraging performance. The full year benefit of expansions and cost efficiencies will add to the growth of this business

Plastics

Product	PVC Sales (MT)	PVC XWR realisation (Rs. / MT)	Carbide Sales (MT)	Carbide XWR realization (Rs. / MT)
Q1 FY2010	3,864	47,086	6,052	35,584
Q1 FY2009	17,874	56,726	4,663	32,023
% Shift	**(78.38)**	**(16.99)**	**29.79**	**11.12**

Performance	Revenues (Rs. Cr)	PBIT (Rs. Cr)
Q1 FY2010	**45.3**	**0.4**
Q1 FY2009	**118.4**	**27.7**
% Shift	**(61.74)**	**(98.56)**

- The PVC business continues to witness pressure due to lower realisations during the quarter
- As a result, the Company consciously reduced PVC production in light of lower profitability thus taking advantage of its swing capabilities to sell more Carbide and Power which delivered better earnings

Power

Performance	Revenues (Rs. Cr)	PBIT (Rs. Cr)
Q1 FY2010	70.2	40.2
Q1 FY2009	0.3	0.01

- During the quarter under review, the Company took advantage of its flexi and swing capability in its Chloro-Vinyl operation to reduce the production of Chloro-Vinyl products at its Kota Complex and sell Power, enabling profitable cash flows and optimising returns
- The average per unit realisation for power sale at Kota has been ~Rs. 6.9 per unit

Cement

Product	Sales (MT)	Realization (Rs. / MT)
Q1 FY2010	96,916	2,957
Q1 FY2009	85,337	2,652
% Shift	**13.57**	**11.50**

Performance	Revenues (Rs. Cr)	PBIT (Rs. Cr)
Q1 FY2010	36.0	12.4
Q1 FY2009	28.4	6.6
% Shift	**26.85**	**89.62**

- Revenues and PBIT from this business were substantially higher in the quarter under review
- The Cement business is limited in size since its capacity is limited to the waste generated from carbide plant
- The Company markets its Cement under the ‘Shriram’ brand which commands a premium in the market place due to its superior quality

Others

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

Revenues under 'others' registered a growth of 19.20% at Rs. 70.7 Crore in the quarter under review compared to Rs. 59.3 Crore in the corresponding period last year. PBIT for the quarter stood at Rs. 1.2 Crore against a loss of Rs. (0.8) Crore last year.

Fenesta Building Systems

Fenesta with its diverse product line is regarded as a brand and product leader on a pan India basis. The Company has established a distribution and an implementation infrastructure to enable it service the customer through 5 Fabshops and a 61 dealer network spread across India.

Over the last four quarters, the Company redefined its strategic focus on retail segment which has partially helped to mitigate the slowdown faced by the institutional segment. The retail segment demonstrated good demand for the product which resulted in better revenues and profitability.

Order book of Fenesta Building Systems stood at 175,134 windows as on June 30, 2009 which includes 86,230 windows booked during Q1 FY10. Revenues were higher by 15% in Q1 FY2010 compared to Q1 FY2009. This division is now PBIT positive.

Going forward, the Company feels that its first mover advantage, technology edge, superior designs suitable for Indian conditions and greater acceptability will enable this business to be a significant value driver for DSCL.

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DCM SHRIRAM CONSOLIDATED LIMITED

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UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED JUNE 30, 2009

(Rs. in crores)

PARTICULARS	Quarter Ended		Year Ended
	30.06.2009	30.06.2008	31.3.2009
	(1)	(2)	(3)
	Unaudited	Unaudited	Audited
Gross Sales	**923.36**	**844.74**	**3,571.34**
Less : Excise Duty	29.81	51.52	180.56
Net Sales/ Income from operations	**893.55**	**793.22**	**3,390.78**
Other Operating Income	4.01	4.37	25.38
Total	**897.56**	**797.59**	**3,416.16**
Expenditure			
(a) (Increase)/Decrease in stock in trade	81.38	24.47	76.24
(b) Consumption of raw materials	134.35	218.98	1,096.91
(c) Purchases and related cost - Traded products	341.97	232.96	835.81
(d) Power, fuel, etc.	109.34	114.11	444.97
(e) Employee cost	62.37	55.70	241.16
(f) Depreciation	38.60	31.91	146.41
(g) Other expenditure	73.38	89.33	375.89
(h) Cost of own manufactured goods capitalised	(0.01)	(0.32)	(1.00)
Total	**841.38**	**767.14**	**3,216.39**
Profit from operations before other income, interest and tax	**56.18**	**30.45**	**199.77**
Other Income	6.32	5.56	23.05
Profit before interest and tax	**62.50**	**36.01**	**222.82**
Interest	28.66	27.43	146.80
Profit before tax	**33.84**	**8.58**	**76.02**
Provision for taxation	12.60	3.71	(25.77)
Net Profit	**21.24**	**4.87**	**101.79**
Profit before interest, depreciation and tax (EBIDTA)	**101.10**	**67.92**	**369.23**
Cash Profit	**71.64**	**39.83**	**218.78**
Paid-up Equity Share Capital	33.34	33.34	33.34
(face value of each share - Rs. 2)			
Reserves excluding revaluation reserve			1,198.25
Basic/Diluted - EPS (Rs. per equity share)	**1.28**	**0.29**	**6.14**
Public shareholding			
- Number of Shares	74224372	74731167	74229688
- Percentage of shareholding	44.74%	45.05%	44.74%
Promoters and Promoter Group Shareholding			
(a) Pledged / Encumbered	Nil	Nil	Nil
(b) Non-encumbered			
- Number of Shares	91678948	91172153	91673632
- % of the total shareholding of promoter and promoter group	100.00%	100.00%	100.00%
-% of the total share capital of the company	55.26%	54.95%	55.26%

Segment wise Revenue, Results and Capital Employed under Clause 41 of Listing Agreements

(Rs. in crores)

PARTICULARS	QUARTER ENDED		YEAR ENDED
	30.06.2009	30.06.2008	31.03.2009
	(1) Unaudited	(2) Unaudited	(3) Audited
A. Segment Revenue			
Fertiliser	126.41	201.77	797.54
Agri Inputs	153.92	107.29	428.49
Sugar	203.67	106.14	611.84
Hariyali Kisaan Bazaar	108.67	87.00	419.13
Chloro-Vinyl	209.75	227.00	840.69
Cement	36.00	28.38	128.15
Others	70.72	59.33	257.89
	909.14	**816.91**	**3,483.73**
Less: Inter segment revenue	11.58	19.32	67.57
Total	**897.56**	**797.59**	**3,416.16**
B. Segment Results			
Profit (before unallocated expenditure interest and tax)			
Fertiliser	6.91	10.13	25.82
Agri Inputs	7.81	5.77	23.05
Sugar	6.05	(8.70)	87.86
Hariyali Kisaan Bazaar	(16.56)	(11.06)	(64.57)
Chloro-Vinyl	56.30	64.03	197.50
Cement	12.42	6.55	25.47
Others	1.15	(0.81)	(3.49)
Total	**74.08**	**65.91**	**291.64**
Less:			
i) Interest	28.66	27.43	146.80
ii) Other unallocable expenditure net off unallocated income	11.58	29.90	68.82
Profit before tax	**33.84**	**8.58**	**76.02**
C. Segment Capital Employed			
Fertiliser	102.23	188.70	203.77
Agri Inputs	92.46	97.26	68.70
Sugar	1,077.78	1,220.44	1,207.02
Hariyali Kisaan Bazaar	525.67	364.57	436.85
Chloro-Vinyl	809.31	819.77	813.02
Cement	27.51	27.18	21.65
Others	196.85	174.80	201.13
Total	**2,831.81**	**2,892.72**	**2,952.14**

NOTES :

1. In accordance with the accounting policy consistently followed by the Company for interim results, the off-season expenditure aggregating to Rs. 8.73 crores (corresponding previous quarter – Rs. 12.88 crores) has been deferred for inclusion in the cost of sugar to be produced in the remaining part of the financial year.

2. The Company had accounted for cane purchases for sugar year 2007-08 at Rs. 110 per quintal, the rate at which it has made payment to the cane growers as per the interim order of the Hon'ble Supreme Court, against the price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Necessary adjustments will be made in accordance with the orders of the Hon'ble court in the matter.

3. During the quarter, 34 Investor complaints were received, which all have been attended to. No complaints were pending at the beginning or at the end of the quarter.

4. Previous period figures have been recast, wherever necessary.

5. The above results were approved and taken on record by the Board of Directors in their meeting held on July 21, 2009.

Limited Review

The Limited Review, as required under Clause 41 of the Listing Agreement has been completed by the Statutory Auditors. The Limited Review Report for the quarter ended June 30, 2009 does not have any impact on the above Results and Notes in aggregate except in respect of matter explained in note 1 above.

For and on behalf of the Board

Place: New Delhi
Date: July 21, 2009

AJAY S. SHRIRAM
Chairman & Senior
Managing Director