

- **DSCL's Q1 FY09 Net Revenues up ~ 29% at Rs. 793 Cr.**
  - **Q1 FY 09 PBDIT at Rs. 68 Cr. up ~ 40%**
- **Strong operating performance witnessed by Chemicals, Plastics and Agri inputs businesses**
- **Hariyali Kisaan Bazaar and Fenesta maintain growth momentum**

**New Delhi, July 31, 2008**

DSCL, an integrated business entity, with extensive and growing presence across the entire Agri-rural value chain and Chloro-vinyl industry, today announced its financial results for the quarter ended 30th June, 2008.

### **Performance review - Q1 FY2009 (all comparisons with Q1 FY2008)**

1. Net Sales increased 28.6 % at Rs. 793 Cr.
  - Sales from Own products were up 12.5% at Rs. 600 Cr.
  - Chemicals and Plastics business revenues were strong driven by higher volumes and better realizations.
  - Sales from Traded products were up 133% at Rs. 193 Cr.
    - Agri Inputs trading up 145% at Rs. 107 Cr.
    - Hariyali Kisaan Bazaar up 125% at Rs. 86 Cr.
2. PBDIT for the quarter was up 40% at Rs. 67.92 Cr. compared to Rs. 48.35 Cr. Excluding the Foreign Exchange Fluctuation loss of Rs. 12.97 Cr. (Gain of Rs. 3.59 Cr. in the previous qtr.) PBDIT stood at Rs. 80.89 Cr. compared to Rs. 44.76 Cr. reflecting an increase of 81%.
  - Plastics and Chemicals business witnessed higher volumes and improved margins.
  - Fertilizer business registered higher volumes in Q1 FY2009 since there was a planned shutdown in Q1 FY08. Company used LNG as feedstock to the extent of 54% which resulted in energy savings and lower subsidy claims.
  - Agri inputs business continued its strong performance.
  - 'Fenesta Building Systems' recorded positive PBIDT as it gained volumes and improved margins.
  - Sugar business continued to face challenges but curtailed its losses.
  - Hariyali Kisaan Bazaar posted higher negative earnings in line with investment plan to grow the business.

3. The strong operating performance was adversely impacted due to Foreign Exchange Fluctuation loss of Rs. 12.97 Cr. As a result of above the Net profit for the quarter was 4.87 Cr. compared to a net loss of Rs. 7.77 Cr.

**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:**

*“Our businesses have built inherent strengths and delivered good operating results. Improved margins in Plastics and Chemicals enabled us to tide over the challenging environment in the Sugar business and rising financial charges. Our newer businesses i.e Hariyali Kisaan Bazaar and ‘Fenesta Building Systems’ are progressing as per plan, extending geographical reach and customer base.*

*Company completed the expansion of the Chemicals capacity to 360 TPD at Bharuch, with the commissioning of 55 MW coal based Power Plant by August 2008, the cost competitiveness of this business will improve significantly. The Commissioning of 24 MW Co-gen Power Projects in 2008-09 Sugar season will provide additional revenue stream for Sugar Business.*

*We are pursuing options to further strengthen our operations by building raw material and fuel security. These steps along with the multiple revenue streams in built in our operating model should create sustained value going forward.”*

### **Key operating highlights**

During the quarter under review DSCL continued to optimise its existing strengths in the Agri space while simultaneously leveraging its large base of captive power produced at a competitive cost to maximize value creation in its Chloro-Vinyl businesses. The high-value and knowledge based business initiated by the Company, including Fenesta Building Systems, Hariyali Kisaan Bazaar, have also delivered encouraging performances.

### **Chlor-Alkali expansion underway at Bharuch**

The company’s first phase of expansion, of its Chlor-alkali capacity from 200 TPD to 360 TPD at its Bharuch facility is complete, the benefits from the same will start accruing post commissioning of the 55 MW Coal based power plant by August 2008. The second phase of expansion, taking the capacity to 445 TPD is expected to be commissioned by March 09 and is progressing as per schedule.

### **Capacity expansion in Co-gen power on track**

The expansion of the co-gen power capacity from the existing 70.5 MW to 94.5 MW with an exportable surplus capacity of 51.5 MW is progressing as per schedule and is expected to start from sugar season (SS) 2008-09. The Company is expanding co-gen power facilities of 24 MW at its sugar units at Hariavan and Loni for export to the state grid.

### **LNG based feedstock used at Fertiliser Plant at Kota**

DSCCL started using dual feed of LNG and Naphtha since September 07 depending on the availability of LNG. The company is currently procuring LNG on a spot price basis and is simultaneously trying for long term contracts. The company during the quarter under review used LNG and Naphtha in the ratio of 54: 46. The Company started using LNG from September 2007.

### **Hariyali Kisaan Bazaar**

- 17 new outlets added during Q1 FY2009: 'Hariyali' a 'rural business centre', is aimed at meeting farming as well as family needs of the rural population. The number of Hariyali outlets now stands at 177, which the company plans to scale up aggressively to  $\approx$  300 outlets by March 2009.
- 'Hariyali' is now present in 8 states across India, with Maharashtra being the new state in which 7 outlets were opened in this quarter.
- 'Hariyali' continues to enlarge its offerings of goods and services. It started Seed processing and warehousing activities during the quarter at three locations.

### **Fenesta™ Building Systems**

- The 'Fenesta Building Systems', offers world class UPVC Window and door systems to Indian customers. The business achieved an order booking of 42000 windows during the quarter (Q4 FY08 being 28000 windows) taking the total orders in hand as on 30<sup>th</sup> June 08 to 2.3 lac windows.
- The business recorded positive PBDIT for the quarter with higher volumes and better margins.
- The new products launched by the company have also witnessed encouraging response.

### **Outlook**

- The realisations and margins in our Chemicals and Plastics business are expected to remain healthy. The implementation of the coal based Power Plant and Chlor-alkali

capacity expansion at Bharuch in Q2 FY09, will also add to the margins and profitability in the Chemicals business.

- Sugar realisations are demonstrating an upward trend, in view of expected lower production in ensuing sugar season. However the cane price issue remains an area of concern.
- In Fertiliser business, subsidy payment is a matter of concern.
- Hariyali will continue to deliver aggressive growth while it continues to be in an investment and expansion mode.
- Fenesta Building Systems is expected to become profitable at an operating level in FY 09

- ENDS -

**Attached: Details to announcement and results table**

**About DCM Shriram Consolidated Limited (DSCL)**

DSCL is an integrated business group, with extensive and growing presence across the entire Agri-rural value chain 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 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](http://www.dscl.com).

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*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.*

New Delhi, July 31, 2008

**Details to the announcement: Business-wise performance review**

- **Chloro-Vinyl businesses**
  - o **Chemicals**
  - o **Plastics**
  - o **Cement**
  
- **Agri-businesses**
  - o **Fertilisers**
  - o **Sugar**
  - o **Traded products**
  - o **Hariyali Kisaan Bazaar**
  
- **Others**
  - o **Fenesta Building Systems**

## Business-wise review

(Financial figures in Rs. Crore)

### Chloro-vinyl businesses

#### Chemicals

Product	Volume (MT)	Realization (Rs. / MT)
Q1 FY2009	44,235	24,253
Q1 FY2008	40,325	17,220
% Shift	9.7 %	40.8 %

Performance	Revenues	PBIT
Q1 FY2009	114.7	36.4
Q1 FY2008	76.7	19.9
% Shift	49.5 %	83.0 %

- Revenue and earnings performance of Chlor Alkali business reflects high ECU realizations and higher volumes. Despite fuel related cost pressure primarily from Coal and furnace oil, the margins were better on the back of higher realizations.
- PBIT margins increased to 31.8% from 25.9%.
- Chlor-Alkali capacity expansion at Bharuch facility to 360 TPD is complete. Additional production will commence post commissioning of 55 MW coal based power plant in August 2008. Further capacity expansion to 445 TPD at Bharuch is expected to be completed by Q4FY09. This initiative is estimated to have attractive returns, supported by a combination of cost efficiencies and higher capacities.
- ECU realizations are expected to remain healthy on domestic demand outlook in the near term. Margins should improve from Q2 FY09, post commissioning of 55 MW Coal based Power plant at Bharuch.

## Plastics

Product	PVC Sales (MT)	PVC XWR realisation (Rs. / MT)	Carbide Sales (MT)	Carbide XWR realisation (Rs. / MT)
Q1 FY2009	17,874	56,726	4,792	32,023
Q1 FY2008	16,283	45,571	4,323	24,377
% Shift	9.8 %	24.5 %	10.9 %	31.4 %

Performance	Revenues	PBIT
Q1 FY2009	118.5	27.7
Q1 FY2008	86.6	18.1
% Shift	36.8 %	53.0 %

- This business reported a substantial growth in revenues and earnings led by higher realisations and supported by increase in volumes.
- Despite the cost pressures in form of higher Coal and Lime costs, the business delivered better margins.
- PBIT margins increased to 23.4% from 20.9%.
- Rise in volumes and realisations of Carbide also contributed to better performance of Plastics business.

## Cement

Product	Volume (MT)	Realization (Rs. / MT)
Q1 FY2009	85,337	2,652
Q1 FY2008	89,939	2,601
% Shift	(5.1) %	2.0 %

Performance	Revenues	PBIT
Q1 FY2009	28.2	6.6
Q1 FY2008	28.4	8.2
% Shift	(0.7) %	(19.5) %

- The Cement business witnessed lower volumes owing to a scheduled maintenance shut. Realizations were marginally higher but the business faced input cost pressures. These factors led to a lower profitability of this business.
- The Company markets its cement under the “Shriram” brand which commands a premium in the market place due to its superior quality. Due to the integration of its operations, the company’s cement business is of a limited size relative to its plastic businesses.

### Agri businesses

#### Fertilizers (Urea)

Product	Volume (MT)	Realization (Rs. / MT)
Q1 FY2009	100,114	20,353
Q1 FY2008	90,484	18,737
% Shift	10.6 %	8.6 %

Performance	Revenues	PBIT
Q1 FY2009	201.2	10.1
Q1 FY2008	169.4	4.7
% Shift	18.8 %	117.0 %

- The urea business registered a good performance in terms of higher profitability arising due to improved energy efficiencies, which in turn is a result of higher use of LNG.
- The Company used LNG and Naphtha in the ratio of 54:46 during the period under review, which is an improvement over the preceding quarter.
- Revenues were high primarily on account of higher volumes.
- PBIT margins were better at 5.02% from 2.77%

#### Sugar

Product	Sales (Qty)	Realization(Rs. /MT)
Q1 FY2009	56,513	14,090
Q1 FY2008	1,01,538	12,640
% Shift	(44.3%)	11.5%

Performance	Revenues	PBIT
<b>Q1 FY2009</b>	104.2	(8.7)
<b>Q1 FY2008</b>	145.7	(15.6)
<b>% Shift</b>	(28.5) %	-

- In the sugar season 07-08, the crushing ended in the month of March 08 leading to no production in Q1 FY2009.
- The sale volume was lower due to reduced production and resulting in lower stock releases. The Company also had exports in Q1FY2008 compared with no exports in Q1FY2009.
- Realisations improved in the quarter, a reflection of improving scenario of Sugar Industry. At these realisations the business is marginally positive at operating level, but continues to post a loss at an EBIT level.
- Export of Power from the company's co-gen facilities was lower. The Company sold Bagasse as the realizations from sale of Bagasse were better.
- The sugarcane purchase price has been accounted at Rs. 110/qtl, for Sugar Season 07-08, pending final decision from the Hon'ble Supreme Court in the matter.
- While the realizations are expected to show a firm trend, the availability of cane is likely to be a key issue for the sugar season 2008-09.
- Company's plan to expand its co-gen power capacity to 94.5 MW, with exportable surplus at 51.5 MW is being implemented as per schedule, and should commence operations in the beginning of sugar season 2008-09. In addition, carbon credits are also expected to provide some additional cushion to the challenges that this business currently faces.

#### Traded Products

Performance	Revenues	PBIT
<b>Q1 FY2009</b>	107.3	5.8
<b>Q1 FY2008</b>	43.8	2.8
<b>% Shift</b>	145.0 %	107.1 %

- Revenues from traded products increased substantially on account of higher volumes driven by value added products which fetch higher prices and the onset of an early monsoon that supported demand.
- The Company reported an improvement in profitability on account of positive contribution from various value-added products in the portfolio, including SSP and Hybrid Seeds.

- This business has once again become profitable since the Company discontinued the business of imported bulk fertilizers in FY 07.

### Hariyali Kisaan bazaar

Performance	Revenues	PBIT
<b>Q1 FY2009</b>	86.41	(11.06)
<b>Q1 FY2008</b>	38.3	(4.9)
<b>% Shift</b>	125.6 %	-

- This business segment has a unique business model evolving as a rural business centre, serving as a one stop solution to the varying needs of rural community.
- 'Hariyali' brand today symbolises trust, reliability and respect among the rural community.
- The company continued to make investments in this business to maintain its growth momentum by adding new outlets. The losses accrued during the quarter under review are in line with plan as the current focus remains on growth, both, in terms of operations and revenues.
- Revenues from this business segment more than doubled due to the addition of new outlets, increased sales from existing outlets, enlarging the range of products.
- During the quarter the company added 17 outlets and the total count number of outlets stood at 177. Of these 68 are centres and 109 are stores. Of the 68 centres, 22 have fuel pumps.
- 'Hariyali' entered the new state of Maharashtra during the quarter, with 7 outlets. Hariyali now has presence in 8 states across India.
- The Company also started Seed processing and warehousing facilities at three of its locations.
- Going forward the company plans to expand this business to around 300 outlets by FY09.
- 'Hariyali' continues to develop as the key future growth and value driver for the Company.

### 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.

## **Fenesta Building Systems**

Fenesta Building Systems, the Company's UPVC window and doors business, has shown a remarkable improvement in its profitability and is expected to breakeven by the end of this financial year.

The business achieved an order booking of 42000 windows during the quarter (Q4 FY08 being 28000 windows) taking the total orders in hand as on 30th June 08 to 2.3 lac windows as compared to 2.2 lac windows in Q4 FY08. The revenues in this business went up by ~ 24% Q-o-Q.

The Company added the retail segment in its focus in the last year and has set up a network of 40 dealers in 11 cities across India. This business continues to witness strong demand. The new products launched by the company have met with an encouraging response.

Greater consumer acceptability is resulting in an encouraging revenue momentum and progress. The outlook for this business continues to be growth oriented which makes it a key value driver in the future.

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**DCM SHRIRAM CONSOLIDATED LIMITED**

Regd. Office : 6th Floor, Kanchenjunga Building 18, Barakhamba Road, New Delhi - 110 001

**UNAUDITED FINANCIAL RESULTS  
FOR THE QUARTER ENDED JUNE 30, 2008**

(Rs. in crores)

PARTICULARS	Quarter Ended		Year Ended
	30.6.2008	30.6.2007	31.3.2008
	(1) Unaudited	(2) Unaudited	(3) Audited
<b>Gross Sales</b> : Own Products	652.01	581.04	2,300.95
: Traded Products	192.73	82.67	384.64
<b>Total</b>	<b>844.74</b>	<b>663.71</b>	<b>2,685.59</b>
Less : Excise Duty	51.52	47.22	196.04
<b>Net Sales/ Income from operations</b>	<b>793.22</b>	<b>616.49</b>	<b>2,489.55</b>
Other Income	9.93	10.11	34.79
<b>Total Expenditure</b>			
(a) (Increase)/Decrease in Stock in trade			
: Own Products	76.43	41.10	(140.82)
: Traded Products	(51.96)	(41.27)	(57.82)
(b) Consumption of Raw Materials	218.98	261.46	1,183.59
(c) Purchases and related cost - Traded Products	232.96	118.39	411.79
(d) Power, fuel, etc.	114.11	83.84	358.35
(e) Employees Cost	55.70	47.43	196.36
(f) Depreciation	31.91	29.17	122.13
(g) Other expenditure	89.33	67.46	363.74
(h) Cost of own manufactured goods capitalised	(0.32)	(0.16)	(0.84)
	<b>767.14</b>	<b>607.42</b>	<b>2,436.48</b>
<b>Profit before interest, exceptional items and tax</b>	<b>36.01</b>	<b>19.18</b>	<b>87.86</b>
Interest	27.43	30.00	84.73
Exceptional item			
- Income from sale of SBM Land Redevelopment project	-	-	(779.64)
<b>Profit before Tax</b>	<b>8.58</b>	<b>(10.82)</b>	<b>782.77</b>
Provision for taxation - Exceptional items	-		105.62
- Others	3.71	(3.05)	6.16
<b>Net Profit</b>	<b>4.87</b>	<b>(7.77)</b>	<b>670.99</b>
<b>Profit before interest, depreciation, tax and exceptional item (EBIDTA)</b>	<b>67.92</b>	<b>48.35</b>	<b>209.99</b>
<b>Cash Profit (before exceptional item)</b>	<b>39.83</b>	<b>17.83</b>	<b>122.83</b>
Paid-up Equity Share Capital (face value of each share - Rs. 2)	33.34	33.34	33.34
Reserves excluding Revaluation reserve			1,111.99
<b>Basic/Diluted - EPS (Rs. per equity share)</b>			
Before exceptional item	0.29	(0.47)	(0.18)
After exceptional item	0.29	(0.47)	40.44
Public shareholding			
- Number of Shares	74731167	75395200	74731627
- Percentage of shareholding	45.05%	45.45%	45.05%

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

(Rs. in Crores)

PARTICULARS	QUARTER ENDED		YEAR ENDED
	30.06.2008	30.06.2007	31.03.2008
	(1) Unaudited	(2) Unaudited	(3) Audited
<b>A. Segment Revenue</b>			
Fertiliser	201.17	169.39	703.23
Plastics	118.49	86.63	368.52
Chemicals	114.73	76.67	334.39
Sugar	104.16	145.73	463.98
Cement	28.18	28.39	118.66
Agri Inputs Trading	107.29	43.78	158.21
Hariyali Kisaan Bazaar	86.41	38.34	221.07
Others	59.19	41.37	189.99
<b>Total</b>	<b>819.62</b>	<b>630.30</b>	<b>2,558.05</b>
Less: Inter segment revenue	26.40	13.81	68.50
<b>Net Sales/ Income from Operations</b>	<b>793.22</b>	<b>616.49</b>	<b>2,489.55</b>
<b>B. Segment Results</b>			
Profit (before unallocated expenditure interest and tax)			
Fertiliser	10.13	4.66	19.69
Plastics	27.66	18.06	67.58
Chemicals	36.37	19.88	81.39
Sugar	(8.70)	(15.61)	(4.99)
Cement	6.55	8.24	27.63
Agri Inputs Trading	5.77	2.81	7.27
Hariyali Kisaan Bazaar	(11.06)	(4.87)	(29.64)
Others	(0.81)	(6.05)	(17.48)
<b>Total</b>	<b>65.91</b>	<b>27.12</b>	<b>151.45</b>
Less: i) Interest	27.43	30.00	84.73
ii) Other unallocable expenditure net off unallocated income	29.90	7.94	63.59
Exceptional Item: Income from sale of SBM land Redevelopment Project	-	-	(779.64)
<b>Total Profit before Tax</b>	<b>8.58</b>	<b>(10.82)</b>	<b>782.77</b>
<b>C. Segment Capital Employed</b>			
Fertiliser	188.70	212.21	206.17
Plastics	265.73	254.02	261.73
Chemicals	554.04	391.91	518.63
Sugar	1,220.44	1,009.12	1,254.44
Cement	27.18	26.93	25.79
Agri Inputs Trading	97.26	(110.96)	59.00
Hariyali Kisaan Bazaar	364.57	175.25	280.47
Others	174.80	204.74	158.36
<b>Total Segment Capital Employed</b>	<b>2,892.72</b>	<b>2,163.22</b>	<b>2,764.59</b>

**NOTES :**

1. In accordance with the accounting policy consistently followed by the Company for interim results, the off-season expenditure, aggregating to Rs. 12.88 crores (corresponding previous quarter - Rs. 6.50 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 has continued to account 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 in accordance with the interim order of the Hon'ble High Court of Allahabad (Lucknow Bench) and the Hon'ble Supreme Court. The Hon'ble Allahabad High Court (Lucknow Bench) vide its order dated July 7, 2008 has upheld the State Advisory Price (SAP) of Rs 125 per quintal for cane against which the industry has filed Special Leave Petition (SLP) with the Hon'ble Supreme Court. Had the Company accounted for cane purchases at Rs. 125 per quintal, the differential liability would be Rs.38.06 crores and profit before tax and profit after tax for the quarter would be lower by Rs. 11.19 crores and Rs. 7.21 crores respectively.
3. The Company has expanded its Caustic soda manufacturing capacity at Bharuch from 200 TPD to 360 TPD in April 2008. Additional production for expanded capacity will be achieved in quarter ended September 2008 on commissioning of power plant.
4. During the quarter, Hariyali Rural Services Limited has become a subsidiary of the Company.
5. During the quarter, 62 Investor complaints were received, which all have been attended to. No complaints were pending at the beginning or at the end of the quarter.
6. Previous period figures have been recast, wherever necessary.
7. The above results were approved and taken on record by the Board of Directors in their meeting held on July 31, 2008.

**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, 2008 does not have any impact on the above Results and Notes in aggregate except in respect of matter explained in note 1 and 2 above.

For and on behalf of the Board

Place: New Delhi  
Date: July 31, 2008

**AJAY S. SHRIRAM**  
**Chairman & Senior Managing Director**