DCM SHRIRAM CONSOLIDATED LTD

For Immediate Release

DSCL (DCM SHRIRAM CONSOLIDATED LTD) performance highlights for the Second Quarter and Half Year ending 30th September 2009

- **H1' FY10 Net profit up three fold at Rs. 35.17 Crore with 193% growth compared to H1 FY09 and Q2 FY10 Net profit up two fold at Rs. 14 Crore with 96% growth compared to Q2 FY 2009.**
- **H1 FY10 Net Revenue was at Rs 1728 crore and Q2 FY 2010 Net Revenue stood at Rs 831 crore.**
- **Board declared an interim dividend of 20%**

Highlights:

- **Earnings from Chloro-Vinyl segment stable - Power sale and cost efficiencies enabled stable margins**
- **Sugar business posts better results on the back of firm Sugar prices, lower volumes impacted the**

22nd October, New Delhi: DSCL (DCM Shriram Consolidated Ltd), an integrated business group, with extensive and growing presence across the entire Agri-Rural value chain and Chloro-Vinyl industry, today announced its financial results for the quarter and half year ended 30 September 2009.

The company has registered a growth in profits with net profit figures of Rs 35.17 crore in H1 FY10 as compared to Rs 12 crore for the same period last year a growth of 193% and the second quarter saw the net profit at Rs 14 crore as compared to Rs 7.12 crore in the corresponding period last year a growth of 96%. The H1 FY10 saw Net Revenue at Rs 1728 crore as compared and the second quarter saw the Net Revenue at Rs 831 crore.

Highlights for the Half Year **Figures in INR Crore**

Particulars	H1 FY2010	H1 FY2009	Growth (%)
Net Operating Income	1,728.23	1763.27	(1.98)
Operating Profit (EBIDTA)	181.41	143.97	26.05

PBT	52.11	17.08	205.09
PAT	35.17	11.99	193.32
Cash Profit	129.45	81.23	59.36

Highlights for the Quarter **Figures in INR Crore**

Particulars	Q2 FY2010	Q2 FY2009	Growth (%)
Net Operating Income	830.67	965.16	(13.93)
Operating Profit (EBIDTA)	80.31	76.05	5.60
PBT	18.27	8.50	114.94
PAT	13.93	7.12	95.64
Cash Profit	57.81	41.40	39.64

Performance Snaphot:

- **Revenue** were lower due to:
  - Change in feedstock in Fertilizer division from high cost Naptha to Natural gas under long term arrangement, which led to substantial reduction in turnover; without any impact volumes and profitability.
  - Higher Power sales from Kota plant and reduced production of high value downstream Chloro-Vinyl products, which leads lower revenues while earnings are stable.
  - Scheduled maintenance shutdown of Fertilizer business resulted in lower production and sales in Q2 FY2010 – Company expects to make up for the lost volumes during H2 FY2010.
  - Scheduled maintenance Shutdown in Cement and Power plants at Kota during the quarter.

- **Chloro-Vinyl business** –
  - The realizations of Chlor-alkali as well as PVC resins were subdued, however the multiple revenue streams including Power sale at Kota helped mitigate the impact partially and optimize returns per unit of power based on relative profitability.
  - Expanded capacity of Chlor-alkali as well as shift from Furnace Oil based power to Coal based power enabled better performance at Bharuch.

- **Fenesta business** continues to contribute positively to the profits of the Company, despite challenges in the real estate sector.

- **Sugar business** witnessed firming up of realizations during the quarter leading to better margins. However lower volumes during the quarter as well as lower prices of By-products, partly offset the impact of higher margins.

- **Fertiliser**: Consequent to notification of prices under NPS III, an additional income of ~ Rs. 9 crore has been accrued during the quarter, for the period 1st Oct 06 to 30th Sept 09.

- **Hariyali** continued to register increase in revenues. The Company is actively working towards improvement in volumes and efficiencies in this business.

- **Agri-input business witnessed** subdued growth due to low rainfalls in some regions among other factors .

- **Earnings** were also led by lower interest costs resultant of lower debt and interest rates, and lower charge relating to Foreign exchange fluctuations.

- **Credit rating** of the Company was upgraded to 'A1' for Short Term Debt and 'A' for Long term (by ICRA).

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 satisfied with our operating performance across both our Energy-led and Agri-Rural businesses, in the given macro operating scenario.The growth of our Agri-rural businesses was somewhat constrained by inadequate monsoons in some regions. Our ability to optimize earnings per unit of power in the Chloro-vinyl business using the swing capability among multiple revenue streams has kept us in good stead. We continue to see healthy traction in our Fenesta Building Systems and Bioseed business which have witnessed appreciable performance.

Our debt levels have reduced leading to a leaner balance sheet and lower financing cost.While all our businesses have individual operating strengths, they collectively provide the foundation for sustained profitable performance in a varied business environment."

<u>Q2 FY2010 performance review (all comparisons with Q2 FY2009)</u>

1. **Net Revenues at Rs. 830.67 Crore as against Rs. 965.68 crores:**
    - **a)** Sugar division registered higher revenues at Rs. 185.0 Crore compared to Rs. 171.2; consequent to higher Sugar realizations. However there was a sharp reduction in volumes.
    - **b)** Revenues from Hariyali Kisaan Bazaar up by 54.7% at Rs. 146.6 Crore compared to Rs. 94.8 Crore.
    - **c)** Revenues from Fertiliser business were lower due to usage of Natural gas as feedstock instead of Naptha and due to scheduled maintenance shut leading to lower volumes, which is expected to be made up in the balance year.
    - **d)** Revenues from Chloro-Vinyl was down by about 13% as a result of higher sale of power than the downstream products.
    - **e)** Cement and Power revenues were impacted due to the scheduled maintenance shut at the plants in Kota.
    - **f)** Revenues from Agri inputs business were marginally impacted by low rainfalls among other factors.

2. **EBIDTA stood at Rs. 80.31 Crore compared to Rs. 76.05 crores :**
    - a) Healthy performance in Sugar operations, however margins were impacted due to lower volumes and low prices of molasses.
    - b) Earnings optimization across Chloro-Vinyl chain at Kota, whereby lower sale of downstream goods and higher Power sales helped maintain stable margins.
    - c) Efficiencies enabled due to Capacity expansion and conversion of power from FO based to Coal based at Bharuch chemicals complex.
    - d) Fertilizer business received arrears under the recent notification on prices under NPS III, w.e.f 1st October 06 till 30th September 09.
    - e) Fenesta continues to deliver improved performance.
    - f) Earnings were impacted by the maintenance shutdown in Fertiliser, Cement and Power plants.

3. **PAT for the quarter stood at Rs. 13.93 Crore compared to Rs. 7.12 crore,** on account of lower financial costs which was enabled due to reduction in debt as well as lower interest rates.

H1 FY2010 performance review (all comparisons with H1 FY2009)

1. **Net Revenues stood at Rs. 1,728.23 Crore as against Rs. 1763.27 crores:**
   a) Sugar business delivered higher revenues at Rs. 388.6 Crore compared to Rs. 277.4 Crore resultant to higher sugar prices vis-à-vis last year.
   b) Hariyali Kisaan Bazaar revenues were up 40.5% at Rs. 255.3 Crore
   c) Revenues from Agri Input increased to Rs. 258.8 Crore; up 11.3%
   d) Revenues from Fertilizer were lower primarily due to shift of feedstock from Naptha to Natural gas.
   e) Revenues from Chloro-Vinyl were lower by 10% primarily due to higher sale of Power compared to downstream products.

2. **EBIDTA higher by 25% at Rs. 180.17 Crore compared to Rs. 143.9 Crore:**
   a) Largely on account of improved realizations in the Sugar and Cement division
   b) 'Other' business including Fenesta Building Systems and PVC Compounding continued to deliver healthy performance with higher margins and volumes.
   c) Performance of Chloro-Vinyl, Fertiliser and Agri inputs has been consistent.
   d) Lower charge w.r.t Foreign exchange fluctuations also helped the profits.

3. **PAT stood at Rs. 35.17 Crore compared to Rs. 12.0 Crore.**

Outlook

- Availability of Sugarcane for the ensuing sugar season and pricing continues to be a concern. However realizations are expected to remain firm.
- The maintenance shutdown in Fertiliser, Cement and Power plants is complete and plants have stabilised. This should add to the profitability in the second half of the year.

Business Mix

	Revenues%		PBIT %		PBIT Margin %	
	H1 FY2010	H1 FY2009	H1 FY2010	H1 FY2009	H1 FY2010	H1 FY2009
Chloro Vinyl incl. Power	**23%**	**25%**	**77%**	**81%**	**26%**	23%
Cement	**4%**	**3%**	**12%**	**11%**	**24%**	**22%**
Agri Businesses	**51%**	**55%**	**38%**	**26%**	**6%**	**3%**
Sugar (incl. Co-gen)	22%	15%	14%	2%	5%	1%
Fertiliser	13%	27%	15%	14%	8%	4%
Agri Inputs	15%	13%	9%	9%	4%	5%
Hariyali Kisaan Bazaar	**15%**	**10%**	**-29%**	**-18%**	**-15%**	**-12%**
Others	**9%**	7%	**2%**	--	**2%**	--

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.

For further information, please contact:

Aman Pannu
Head- Corprate Communications
DSCL
9899078610