

Press Release

**DSCL ANNOUNCED ITS FINANCIAL RESULTS FOR THE FOURTH
QUARTER AND YEAR ENDED 31 MARCH 2010.**

Earnings:

- FY 2010 Net Revenue at Rs 3523 cr over FY 2009 at Rs 3506 cr. Q4 2010 Net revenue was at Rs 855 cr as compared to Net revenue Q4 2009 was at Rs 727 cr.
- FY 2010 PAT at Rs 84 cr as compared to FY 2009 PAT at Rs 123 cr lower due to onetime deferred tax credit in FY 2009. Q4 2010 PAT was at Rs - 0.13 cr while PAT for Q4 2009 was at Rs 81 cr.
- Board recommends dividend of 20 %

Highlights for the year FY 2010:

- Higher earnings from the Fertilizer business consequent to shift to gas.
- Higher earnings from Cement due to better price realizations.
- Lower Profits in Sugar due to lower volumes and increase in levy to 20% with no revision in Levy prices.
- Reduction in Debt leading to lower interest and stronger balance sheet.
- Sale of DESCO, a 100% subsidiary of DSCL sold to M/s Dalkia(India) Pvt ltd at a valuation of Rs.10.6 crs in an all cash deal.

New Delhi, May 05, 2010

DSCL, 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 fourth quarter and year ended 31 March 2010.

Highlights for the Year (Consolidated)

Figures in

Rs/Cr

<u>Particulars</u>	<u>FY2010</u>	<u>FY2009</u>	<u>Growth (%)</u>
Sales	3,523.03	3,506.22	0.5
Operating Profit (EBIDTA)	367.57	400.29	(8.2)
EBIT	204.61	251.56	(18.7)
PBT	122.53	101.13	21.2
PAT	84.25	122.61	(31.3)
Cash Profit (Before exceptional items)	274.25	241.85	13.4

(The Consolidated performance primarily includes Company's Bioseed business)

Performance Snapshot for the full year (FY2010 Consolidated)

- **Net revenues** flat at Rs. 3,523 Crore; however our revenues have increased for the year by 16% (excluding the fertilizer segment)
 - **Sugar:** The revenues were higher by 20% at Rs. 733.5 Crore driven primarily by firm sugar realizations
 - **Bioseed:** Revenues higher by 29% to Rs. 202.5 Crore driven by the Indian seed operations - helped by demand for its cotton hybrid
 - **HKB:** The revenues from HKB have increased by 50% to Rs. 630.0 Crore as a result of:
 - Commodity Trading and Seed business witnessed rapid growth
 - Impact of increase in number of outlets which took place in FY 2008-09 especially the latter half of that year when about 91 stores were added
 - **Chloro-Vinyl:** Revenues dipped by 9% to Rs. 762.4 Crore
 - **Fenesta reported an increase of about 20% in revenues**
 - **Agri Input:** Drop in revenues essentially due to drop in subsidy prices of SSP and erratic monsoon

- **EBIT stood at Rs. 204.61 Crore as compared to Rs. 251.56 Crore**
 - **Fertilizer Business:** Increase in earnings by 73% at Rs. 44.6 Crore due to better efficiencies achieved by switch to Gas from Naphtha, notification of revised NPS III scheme received and gain on account of additional production done in FY 2009
 - **Sugar Business:** Decline in earnings by 52% to Rs. 42.5 Crore
 - The profit from sale of free sugar was better than last year
 - The profits from sale of power was also higher for the year because of higher realizations (higher by 25.4%)
 - Dip in the earnings due to a loss of Rs. 64.6 Crore (LY. Rs. 12.7 Crore) on levy sugar due to the following:
 - Increase in quota from 10% last year to 20%
 - Levy price kept constant at Rs. 1,331/ quintal despite increase in cost of production
 - Loss on account of drop in byproduct prices from April 2009 onwards
 - **Bioseeds:** Our performance in this business this year depicts the strength of our business model which is characterized by high level of emphasis on R&D which enables us to provide superior products and secondly, being multi locational helped us deal with the swings in climatic conditions. This year both Philippines and Vietnam witnessed erratic weather conditions which led to lower earnings in these countries; however Indian operations helped by demand for its cotton hybrid compensated for the same despite being affected by exceptionally poor monsoon. Earnings for the year stood at Rs. 28.4 Crore as compared to Rs. 29.5 Crore.

- **Hariyali Kisaan bazaar:** The business had higher losses of Rs. 81.2 Crore during the year as sales growth was slower partly due to erratic monsoon which led to negative Agri growth in the country. However, the Company is taking steps to further strengthen the business model by providing a more focused price value proposition and product offering for rural population through intensive customer feedback
- **Chloro- Vinyl Business:** Earnings from this business were lower due to:
 - Lower realizations in Chlor-alkali by as much as 29%
 - This led the Company to use its swing capability at its Kota facility and sell power which allowed it to optimize its earnings per unit of power
- **Cement:** Higher realizations of 11% resulted in improved earnings in the Cement segment to Rs. 37.2 Crore; up by 46%
- **Financial Charges:** The Company's financial charges were significantly lower, by about 41% during the year due to lower debt (both short term and long term) and lower interest costs. The debt has reduced from Rs. 1,961.62 Crore to Rs. 1,374.06 Crore.
- **Tax effect:** The Company has made a provision of tax in the current year of Rs. 38.3 Crore as compared credit of Rs. 21.5 Crore last year as the Company had taken a onetime credit of Rs. 55 Crore last year due to deferred tax which related to our Power operations (Under Section 80 IA)
- **Exceptional Item - Sale of DESCO -** The Company, during the year, sold its 100% stake in its 100% subsidiary, DESCO at a valuation of Rs. 10.6 Crore in an all cash deal
- **PAT** for the year at Rs. 84.25 Crore. Our reported PAT is lower than previous year due to the tax credit availed last year, **however on a comparable basis our PAT has grown by about 25%**

Highlights for the Year (Standalone)

Figures in Rs/ Cr

<u>Particulars</u>	<u>FY2010</u>	<u>FY2009</u>	<u>Growth (%)</u>
Sales	3,402.07	3,390.78	0.3
Operating Profit (EBIDTA)	342.62	369.23	(7.2)
EBIT	182.94	222.82	(17.9)
PBT	103.83	76.02	36.6
PAT	71.28	101.79	(30.0)
Cash Profit (before exceptional items)	255.99	218.78	17.0

Highlights for the Quarter (Standalone)

Figures in Rs/ Cr

<u>Particulars</u>	<u>Q4FY2010</u>	<u>Q4FY09</u>	<u>Growth (%)</u>
Sales	854.55	727.33	17.5%
Operating Profit (EBIDTA)	53.20	125.81	(57.7)
EBIT	12.36	82.76	(85.1)

PBT	-4.90	43.95	--
PAT	-0.13	80.75	--
Cash Profit (before exceptional items)	35.34	85.79	(58.8)

Performance Snapshot for the Quarter (Q4 FY2010)

- **Net revenues** for the quarter stood at Rs. 854.6 Crore up by 17.5%
 - **Sugar:** Revenues increased by 85% to Rs. 208.6 Crore owing to improved sugar realizations
 - **HKB:** Revenues increased by 82% at Rs. 158.5 Crore
 - **Agri-Input:** The revenues declined by 31% to Rs. 63.6 Crore due to lower sales of SSP as policy was under modification
 - **Chloro-Vinyl:** Decline in revenues by 14% due to lower sale of downstream products
 - **Fenesta:** Revenues stood higher by 39% on account of increased demand for the product from the retail segment, while witnessing an initial uptick in the institutional segment.
- **EBIT at Rs. 12.36 Crore as against Rs. 82.76 Crore**
 - **Fertilizer Business:** The earnings from fertilizer business were higher at Rs. 15.6 Crore. This is essentially due to :
 - Improved efficiencies due to maintenance turnaround in Q2 FY2010 and notification of revised NPS III
 - Received gain of Rs. 6.6 Crore on account of additional production in FY09
 - **Sugar Business:** The Company had negative earnings of Rs. 12.9 Crore on account of the issue of levy quota increased from 10% to 20% without any increase in levy price despite increase in cost of production
 - **Chloro-Vinyl:** Dip in profits by almost 50% at Rs. 31.53 Crore due to:
 - The Company witnessed a sharp drop in the ECU of Chlor-Alkali during the quarter, a drop of about 35%
 - The Company also witnessed higher coal cost because of increase in coal prices.
 - However, the Company sold power in order to mitigate the loss due to this drop
 - **Agri Inputs-** Earnings for the quarter up by 28% at Rs. 5.2 Crore essentially due to sale value added products.
- **Lower Financial Charges:** The Company had lower financial charges by almost 55% due to lower debt and lower Interest costs

Commenting on the performance for the quarter, in a joint statement, Mr. Ajay Shiram, Chairman & Senior Managing Director, and Mr. Vikram Shiram, Vice Chairman & Managing Director, said:

"We have had a decent financial year though the business environment was quite challenging across our businesses with Chlor- Alkali prices falling by as much as 29% during the year and sugar prices falling sharply towards the end of the year. The increase in levy quota from 10% to 20% with levy price remaining constant despite sharp rise in cost of production has had a big adverse effect on our Sugar business.

We were able to mitigate these challenges by using swing capability at Kota and selling power and better earnings from the Fertilizer and Cement businesses.

Going forward, we believe there is a huge potential in our Agri Input and Bioseed business which we will continue to grow aggressively. The announcement of the Nutrient based subsidy scheme has enabled us to import DAP/MOP during the year which will expand our Agri input portfolio further.

We continue to focus on strengthening our business model in the Hariyali Kisaan Bazaar business by providing a more focused price value proposition and product offering for rural population based on intensive customer feedback.

Our Fenesta business grew this year in spite of a slowdown we witnessed post the subprime crisis and will continue to grow rapidly now that we are seeing signs of recovery in the real estate sector.

Our effort to continually improve our balance sheet along with bringing stability across operations makes us confident of sustaining growth and creating steady value going forward

Outlook

Visibility of satisfactory financial results for the next few quarters:

- Both, Chlor-alkali and PVC prices have seen improvements
- However prices of Sugar and Cement a key concern area
- Continued optimization of power production and its utilization including merchant sales from Kota plant to benefit earnings
- Better monsoon and higher rural segment spend should result in improved performance from the Agri-Inputs and Bioseed businesses. We are proposing to import DAP/MOP during the year as there is shortage of the same in the country and now the policy on the same has been announced by the government and will be covered under NBS (Nutrient Base scheme)

- Strengthening the business model of HKB further by providing a more focused price value proposition and product offering for rural population based on intensive customer feedback
- Fenesta to continue to grow given higher retail demand along with improved outlook on the institutional front

Business Mix

	Revenues%		PBIT %		PBIT Margin %	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Chloro Vinyl incl. Power	20.72	23.34	66.71	61.50	22.92	23.49
Cement	3.66	3.56	14.21	7.93	27.64	19.88
Agri Businesses						
Sugar (incl. Co-gen)	19.94	16.99	16.22	27.36	5.79	14.36
Fertiliser	13.03	22.14	17.04	8.04	9.31	3.24
Agri Inputs	11.06	10.51	7.80	7.12	5.02	6.05
Bioseed	5.50	4.37	10.84	9.20	14.02	18.76
Hariyali Kisaan Bazaar	17.13	11.64	(30.99)	(20.11)	(12.88)	(15.41)
Others	8.95	7.45	(1.84)	(1.04)	(1.46)	(1.24)

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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 Energy led 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.