DCM SHRIRAM CONSOLIDATED LIMITED

Results Presentation
Q1 FY2012
July 26, 2011

Safe Harbour

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.

All discussion and figures used in this presentation refer to consolidated financials

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Q1 FY12 Consolidated Financials – Key Highlights

Particulars (₹ Cr)	Q1 FY2012	Q1 FY2011	% YOY
Net Revenue	1,225.1	1,020.3	*20.1*
EBIDTA	92.7	47.3	*96.0*
PBIT	53.5	7.4	*624.4*
Interest	24.8	17.7	*39.8*
PBT	28.7	(10.3)	--
PAT	26.0	(9.4)	--

Key Highlights

a) Revenue growth driven by Bioseed (up 50.2%), Chloro-Vinyl (up 36.1%), Sugar (up 28.8%), and Fenesta (up 36.4%)

b) PBIT up at ₹ 53.5 Crore:

- Bioseed up by 61.2% driven by growth across hybrids and growth in Indian and Philippines market. This business is seasonal in nature and hence the results of a quarter are not representative of annual performance
- Farm solutions up by 43.1% due to growth in value added inputs
- Reduction in losses in sugar business from ₹ 38.2 Crore to ₹ 8.1 Crore; however business continues to be under pressure
- Chloro-Vinyl PBIT up marginally by 3.5% q-o-q; however sequentially the earnings grew by 78.2% due to better prices of Chloro-Vinyl products and higher volumes. However higher input prices continue to exert pressure on margins

c) The interest costs were higher by 39.8% at ₹ 24.8 Crore due to higher borrowings and higher interest rates

Q1 FY12 - Segment Performance

Segments	Revenues*			PBIT*			PBIT Margins (%)	
	Q1 FY12	Q1 FY11	*%YOY*	Q1 FY12	Q1 FY11	*%YOY*	Q1 FY12	Q1 FY11
Agri Input	**516.0**	**430.6**	**19.8**	**61.7**	**44.8**	**37.6**	***12.0***	***10.4***
- Fertilizers	129.4	117.5	10.2	10.0	11.8	(15.0)	*7.7*	*10.0*
- Farm Solutions	212.6	197.4	7.7	12.7	8.9	43.1	*6.0*	*4.5*
- Bioseed	173.9	115.8	50.2	39.0	24.2	61.2	*22.4*	*20.9*
Sugar	**211.1**	**163.9**	**28.8**	**(8.1)**	**(38.2)**	**--**	***(3.8)***	***(23.3)***
Hariyali Kisaan Bazaar	**202.4**	**188.1**	**7.6**	**(19.2)**	**(20.2)**	**--**	***(9.5)***	***(10.7)***
Chloro-Vinyl incl. Power	**252.8**	**185.8**	**36.1**	**39.1**	**37.7**	***3.5***	***15.5***	***20.3***
Cement	**35.2**	**32.0**	**10.1**	**6.2**	**7.7**	***(18.9)***	***17.7***	***24.0***
Others	**91.4**	**76.1**	**20.1**	**(4.2)**	**(1.7)**	**--**	***(4.6)***	***(2.2)***
Total PBT				**28.7**	**(10.3)**	**--**		

* ₹ Crore

Q1 FY12 – Performance Overview

1. **Net Revenues** higher by 20.1% at ₹ 1,225.1 Crore compared to ₹ 1,020.3Crore :
   a) **Bioseed**: Revenues increased by 50.2% to ₹ 173.9 Crore due to improved demand across hybrids and growth in India and Philippines
   b) **Farm solutions:** Revenues grew by 7.7% to ₹ 212.6 Crore despite lower sale of bulk fertilizers; i.e. MOP and SSP; however, the value added inputs such as Seeds, Pesticides etc. continue to witness growth. Value added products up by over 40%
   c) **Hariyali Kisaan Bazaar**: Overall revenues grew to ₹ 202.4 Crore as compared to ₹ 188.1 Crore. The retail and fuel segments registered strong growth. However, seeds and commodity trading vertical witnessed de-growth as a result of our decision of not carrying out trades in some crops
   d) **Sugar**: Increased sales volumes of sugar and power resulted in 28.8% growth in revenues at ₹ 211.1 Crore
   e) **Chloro Vinyl**: Higher sale of Chloro-Vinyl products at improved realizations compared to power sales last year resulted in 36.1% growth in revenues at ₹ 252.8 Crore
   f) **Fenesta:** Witnessed a growth of 36.4% at ₹ 40.3 Crore

Q1 FY12 – Performance Overview

2. **PBIT** for the quarter up at ₹ 53.5 Crore:

   a) **Fertilizer:** Marginally lower earnings due to increase in uncompensated costs and higher equated freight arrears received in Q1 FY11

   b) **Farm Solutions:** PBIT was higher by 43.1% at ₹ 12.7 Crore due to contribution from value added products

   c) **Bioseed:** PBIT was higher by 61.2% at ₹ 39.0 Crore as a result of increased contribution from India and Philippines markets – This business is seasonal in nature and hence the results of a quarter are not representative of annual performance

   d) **Sugar**: Losses in the Sugar business reduced from ₹ 38.2 Crore to ₹ 8.1 Crore as the free Sugar margins swung from ₹ (307) per quintal in the previous year to ₹ 18 per quintal; however, the business continues to be under pressure

   e) **Hariyali Kisaan Bazaar**: Hariyali had flat financial results due to lower profits in commodity trading and seeds vertical which were partly made up with lower special costs this year

   f) **Chloro Vinyl**: In the Chloro-Vinyl business; PBIT was up marginally by 3.5% q-o-q; however sequentially the earnings grew by 78.2% due to better prices of Chloro-Vinyl products and higher volumes. However higher input prices especially of Coal continue to exert pressure on margins

   g) **Cement**: Rise in input costs subdued earnings performance

3. **Net Profit higher at ₹ 26.0 Crore compared to a loss of ₹ (9.4) Crore last year**

Outlook & Perspectives

- **Fertilizers (Urea)**: Early finalization of the new Urea policy will help in negating the impact of uncompensated costs. This business continues to remain a stable cash generating operation
- **Farm Solutions (Agri Input)**: Sale of wide range of value added products and bulk fertilizers (subject to government policies) are expected to sustain growth
- **Bioseed**: Continued focus on R&D to innovate and launch new products to meet the evolving needs of the farmers as well as normal weather conditions in key regions of operation are expected to facilitate robust growth
- **Sugar**: The key to performance of this business would be the government's response to expected second successive year of excess supply; in terms of its export policy and its continued policy on control of both raw material prices and finished good prices. The Company would continue to focus on increasing its capacity utilization
- **Hariyali Kisaan Bazaar**: Implemented the plan involving a focused price value proposition and product offering for rural population based on intensive customer feedback. The initial response has been encouraging with the retail sales witnessing a growth of over 30% in the last two quarters; we expect this trend to continue
- **Chloro-Vinyl Business**: Plants for Chloro-Vinyl products are operating at full capacities. Increase in input cost exerting pressure on margins. The performance of this business is expected to be driven by realizations of Chloro-Vinyl products
- **Fenesta**: Healthy order booking in retail segment. Longer order book to execution cycle particularly in institutional segment due to slow down in the real estate sector may affect the performance in the short term – while the longer term outlook remains positive. The Company continues to focus on the retail segment, increasing its product range and improving the delivery model
- **Finance:** The Company continues to conserve cash. However, the increase in interest rates in the last few quarters along with higher borrowings has resulted in higher costs

Management's Message

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 glad to report an improved performance both operationally and financially.

In our Chloro- Vinyl business our plants are operating at full capacities and we expect that in light of unremunerative power prices, we would continue to focus on producing and selling Chloro-Vinyl products. We are pursuing several cost rationalization measures which will partly mitigate the impact of rising input prices.

The Agri Input businesses especially Bioseed and Farm solutions continue to record good growth. Bioseed continues to introduce new products which are getting good consumer acceptance. Farm solutions is also expanding its geographical presence as well as product portfolio to achieve high growth going forward.

We are continuously strengthening our business proposition in Hariyali and Fenesta and expect better performance from both the businesses.

Overall, we expect better performance going forward."

DCM SHRIRAM CONSOLIDATED LTD

Segmental Overview

Chloro- Vinyl Businesses

- Chlor – Alkali
- PVC Resin and Compounds
- Calcium carbide
- Power

Agri Businesses

- Agri- Inputs
  - Fertilizers
  - Farm Solutions
  - Bioseeds
- Sugar

Hariyali Kisaan Bazaar

Fenesta Building Systems

Cement

Textile

CHLORO-VINYL BUSINESS

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 ~145 MW. The multiple revenue streams enable the Company to optimize operations in a manner to maximize the contribution per unit of power that is produced.

Particulars	**Revenues (₹ Cr.)**	**PBIT (₹ Cr.)**
Q1 FY2012	252.8	39.1
Q1 FY2011	185.8	37.7
% Shift	*36.1*	*3.5*

Chlor-Alkali

Particulars	Operational		Financial	
	Sales (MT)	**Realizations (₹/MT)**	**Revenues (₹ Cr.)**	**PBIT (₹ Cr.)**
Q1 FY2012	57,633	23,161	137.9	28.1
Q1 FY2011	39,057	17,187	65.4	0.1
% Shift	*47.6*	*34.8*	*110.9*	--

a) The Company optimized operations at its Kota facility by increasing manufacturing and sale of Chloro-Vinyl products i.e. Chlor-Alkali in light of unremunerative merchant power realizations to maximize net payback per unit of power generated. In the same period last year, the Company had sold power as the netback was higher than the sale of Chlor-Alkali. This has resulted in the growth in volumes in the current quarter.

b) Both Bharuch and Kota operations registered higher realizations

c) The business continues to face cost push pressures due to increase in the prices of Raw materials such as Coal etc.

Plastics

	Operational				Financials	
Particulars	**PVC Sales (MT)**	**PVC XWR Realizations (₹/MT)**	**Carbide Sales (MT)**	**Carbide XWR Realizations (₹/MT)**	**Revenues (₹ Cr)**	**PBIT (₹ Cr)**
Q1 FY2012	12,565	58,919	9,949	37,627	114.9	11.0
Q1 FY2011	2,830	52,452	6,510	33,886	38.5	(4.8)
% Shift	*344.0*	*12.3*	*52.8*	*11.0*	*198.4*	--

a) Higher sales volumes consequent to increased production of i.e. PVC & Calcium Carbide with a view to maximize earnings per unit of power generated – merchant power realizations unattractive. In the previous year, the Company using its swing capability sold power at Kota as the sale of power had resulted in higher netback per unit of power

b) Improved realizations in PVC and Calcium Carbide resulted in healthy topline growth

c) Significant increase in cost of coal and carbon material putting pressure on the margins

Power

Particulars	Revenues (₹ Cr.)	PBIT (₹ Cr.)
Q1 FY2012	--	--
Q1 FY2011	81.9	42.4
% Shift	--	--

a) Power production during the quarter robust

b) However, lower power realizations made merchant power sales unremunerative

c) As the net payback per unit of power from Chloro-Vinyl products was better than from sale of power, the Company captively utilized power to increase production of Chloro-Vinyl, i.e. Chlor-Alkali, Plastics and Calcium Carbide thereby resulting in no power sales during the quarter

AGRI- INPUT BUSINESS

The Agri input business, during the quarter, contributed to 39.4% to 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. The Agri Input Business includes:

1. **Fertilizer (Urea)**
2. **Farm Solutions**
3. **Bioseed**

Fertilizers (Urea)

Particulars	Operational: Sales (MT)	Operational: Realizations (₹/MT)	Financial: Revenues (₹ Cr.)	Financial: PBIT (₹ Cr.)
Q1 FY2012	96,813	12,922	129.4	10.0
Q1 FY2011	100,381	11,687	117.5	11.8
% Shift	*(3.6)*	*10.6*	*10.2*	*(15.0)*

a) The earnings of the Fertilizer business dipped during the quarter due to:

- Uncompensated cost increases due to non-finalization of the new Urea Policy
- Higher equated freight arrears received in Q1 FY11

b) Early finalization of the new Urea policy will help in negating the effects of uncompensated costs. This business continues to remain a stable cash generating operation

Farm Solutions

Particulars	Revenues (₹ Cr.)	PBIT (₹ Cr.)
Q1 FY2012	212.6	12.72
Q1 FY2011	197.4	8.9
% Shift	*7.7*	*43.1*

a) The portfolio comprises of fertilizers (DAP, MOP, SSP) along with value-added products such as Seeds, pesticides, soluble fertilizer, micro-nutrients etc.

b) Agri extension services combined with a strong marketing and distribution network enable transfer of latest technology, products and farming practices to the field to enhance farmers revenues

c) Revenues grew by 7.7% to ₹ 212.6 Crore despite lower sale of bulk fertilizers; i.e. MOP and SSP; however, the value added inputs such as Seeds, Pesticides etc continue to witness growth. Revenues from Value added products grew by over 40%

d) PBIT was higher by 43.1% at ₹ 12.7 Crore due to growth in value added products

e) Sale of wide range of value added products and bulk fertilizers (subject to government policies) are expected to sustain growth

Bioseed

Particulars	Revenues (₹ Cr.)	PBIT (₹ Cr.)
Q1 FY2012	173.9	39.0
Q1 FY2011	115.8	24.2
% Shift	*50.2*	*61.2*

a) Bioseed is DSCL's hybrid seed business with presence in both Field and Vegetable Crops

b) The business includes research, production, processing and marketing of hybrid seeds in India, Philippines and Vietnam. The Company is also testing/test marketing in Thailand, Indonesia and China

c) Strong research and agri-extension activities with farmers and the Company's brand are the key strengths of this operation

d) Revenues increased by 50.2% to ₹ 173.9 Crore due to improved demand across hybrids and growth in India and Philippines

e) PBIT was higher by 61.2% at ₹ 39.0 Crore as a result of increased contribution from India and Philippines markets – This business is seasonal in nature and hence the results of a quarter are not representative of annual performance

f) Continued focus on R&D to innovate and launch of new products to meet the evolving needs of the farmers as well as normal weather conditions in key regions of operation are expected to facilitate robust growth

Sugar

Particulars	Operational: Sales (Lac Qtl)		Operational: Realizations (₹/Qtl)		Financial: Revenues (₹ Cr.)	Financial: PBIT (₹ Cr.)
	Free Sugar	Levy Sugar	Free Sugar	Levy Sugar		
Q1 FY2012	6.6	0.7	2,725	1,854	211.1	(8.1)
Q1 FY2011	5.0	0.4	2,747	1,808	163.9	(38.2)
% Shift	*24.5*	*108.6*	*(0.8)*	*2.5*	*28.8*	--

a) Higher revenues primarily driven by increased sugar and power volumes

b) Losses in the Sugar business reduced from ₹ 38.2 Crore to ₹ 8.1 Crore as the free Sugar margins swung from ₹ (307) per quintal to ₹ 18 per quintal; the business continues to be under pressure

c) The key to the performance of this business would be the government's response to expected second successive year of excess supply in terms of its export policy and its continued policy on control of both raw material prices and finished good prices. The Company would focus on increasing its capacity utilization

Hariyali Kisaan Bazaar

Particulars	Revenues (₹ Cr.)	PBIT (₹ Cr.)
Q1 FY2012	202.4	(19.2)
Q1 FY2011	188.1	(20.2)
% Shift	*7.6*	--

a) This business continues to evolve as a ‘Rural Business Centre’, symbolizing trust, reliability and respect among the rural community

b) Overall revenues grew to ₹ 202.4 Crore as compared to ₹ 188.1 Crore. The retail and fuel segments registered strong growth. However, seeds and commodity trading vertical witnessed de-growth as a result of our decision of not carrying out trades in some crops

c) Implemented the plan involving a focused price value proposition and product offering for rural population based on intensive customer feedback. The initial response has been encouraging with the retail sales witnessing a growth of over 30% in the last two quarters; we expect this trend to continue

Fenesta Building Systems

	Operational	Financial
Particulars	**Order Book**	**Revenues (₹ Cr.)**
Q1 FY2012	62,517	40.3
Q1 FY2011	96,101	29.6
% Shift	*(34.9)*	*36.4*

a) Fenesta with its diverse product line is regarded as a brand and product leader on a pan India basis. The brand has become synonymous with the product

b) The Company has established a distribution network and an implementation infrastructure that will enable it to provide services for customers through 4 Fab-shops and a 117 dealer networks spread across 51 cities in India

c) Order booking witnessed a decline of 34.9% Q-o-Q essentially due to decline in the institutional segment on account of slow down witnessed in the Real Estate sector; however, retail segment continues to witness growth. The revenue however, witnessed a growth of 36.4%

d) The Company continues to focus on the retail segment, increasing its product range and improving the delivery model

Cement

	Operational		Financial	
Particulars	**Sales (MT)**	**Realizations (₹/MT)**	**Revenues (₹ Cr.)**	**PBIT (₹ Cr.)**
Q1 FY2012	96,527	2,958	35.2	6.2
Q1 FY2011	90,000	2,773	32.0	7.7
% Shift	*7.3*	*6.7*	*10.1*	*(18.9)*

a) The Cement business is limited in size since its capacity is driven by the waste generated from carbide plant

b) The Company markets its cement under the ‘Shriram’ brand which commands a premium in the market place due to its superior quality

c) Higher revenues due to increased sales volumes at improved realizations

d) However, higher input costs have subdued earnings performance

OTHER BUSINESSES

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 was higher by 20.1% at ₹ 91.4 Crore in the quarter under review compared to ₹ 76.1 Crore in the corresponding period last year. PBIT for the quarter stood at ₹ (4.2) Crore.

Balance Sheet Abstract

AUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in crores)

PARTICULARS	AS AT 30.6.2011 Unaudited	AS AT 30.6.2010 Unaudited
Shareholders' Funds:		
(a) Capital	33.34	33.34
(b) Reserves and Surplus	1,295.43	1,288.91
	1,328.77	**1,322.25**
Minority interest	**0.02**	**-**
Loan Funds:		
(a) Secured	1,351.66	979.16
(b) Unsecured	380.34	575.54
	1,732.00	**1,554.70**
Deferred tax liabilities	**157.95**	**171.16**
Total	**3,218.74**	**3,048.11**
Fixed Assets	**2,058.48**	**2,152.17**
Investments	**17.59**	**31.76**
Current assets, loans and advances:		
(a) Inventories	959.36	747.61
(b) Sundry Debtors	510.72	356.14
(c) Cash and bank balances	62.77	56.46
(d) Loans and advances	322.79	287.37
	1,855.64	1,447.58
Less: Current liabilities and Provisions		
(a) Current liabilities	576.99	465.66
(b) Provisions	135.98	117.74
	712.97	583.40
Net Current assets	**1,142.67**	**864.18**
Total	**3,218.74**	**3,048.11**

About Us

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** or contact:

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