

Results Announcement



DSCL's own products sales up by 33% for Q2 FY2008

Proceeds from SBM Land Redevelopment Project strengthens balance sheet

Sugar continues to exert adverse impact on profitability

Stable performance in other businesses continues to help mitigate sugar losses

Hariyali and Fenesta progress as per plan-continue to deliver promising outlook

New Delhi, October 24, 2007

DSCL, an integrated and diversified 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, 2007.

Performance review

1. Gross sales for own products were up 33% to Rs.562 crs in Q2 FY2008 and 19% to Rs.1143 crs in H1 FY2008 respectively. Overall, the revenues were Rs.597.5 crs in Q2'08 as compared to Rs. 666.4 crs for the same period last year, primarily on account of discontinuation of imported bulk fertilizers trading, reflected in lower revenues of traded products segment.
2. The company reported a loss of Rs.22.7 crs at PBT level (before exceptional items) for Q2 FY2008 as against a profit of Rs.15.6 crs for the same period last year. However, PAT for Q2'08 increased to Rs.607.1 crore, consequent to the sale of 50% rights, title and interests in SBM Land Redevelopment Project, as compared to Rs.10.8 crore in Q2'07.
3. Sugar segment, reported a loss of Rs.26.7 crs for Q2'FY08 (last period profit Rs.9.40 crs), on account of significantly lower realizations and consequent, write-down of inventory. The business continues to influence the overall performance of the company adversely.
4. Plastics business delivered better operating performance while Chlor-Alkali performance remained moderate in line with market conditions.
5. Hariyali Kisaan Bazaar & Fenesta Building Systems, registered robust revenue growth, though continued to remain in planned investment phases, with a visible growth momentum.
6. Fertilizer (Urea manufacturing) business, witnessed increase in revenues and profitability in Q2'08 in comparison with Q2'07. In Q2'07, the company's plant was shutdown for LNG conversion and maintenance.

7. Revenues and profitability of Cement business saw a decline due to lower volumes, on account of a planned maintenance shutdown of the facility.

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 continued to deliver on plan operational growth during the current year. We are particularly enthused by the progress we achieved in Hariyali Kisaan Bazaar, where we also launched our first Hariyali outlet in Southern India. Our Fenesta Building Systems business is also progressing as per plan and both these businesses are expected to emerge as key value drivers for the future.

The Fertilizer plant has started partial use of LNG as feedstock making the manufacturing process more cost effective. Our Plastics business sustained a robust performance due to better realizations while the Chemicals business witnessed a moderate performance. Sugar business remains to be under pressure given the low sugar pricing scenario combined with higher operating costs.

During the quarter we also liquidated our rights, title and interest in the SBM Land Redevelopment Project. The funds realized have been deployed to strengthen our balance sheet, which places us in a good stead to push our growth initiatives going forward

Our long term growth outlook is intact and we believe that our newer businesses have the potential to create significant value going forward”

Key operating highlights

During the quarter and half year under review the Company continued to expand 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 value added businesses of the Company, Fenesta Building Systems and Hariyali Kisaan Bazaar have delivered encouraging performances.

Sale of land at West Delhi

The Company sold its 50% rights, title and interest in SBM Land Redevelopment Project during August 2007. The area of land sold was 38 acres, situated in West Delhi. DSCL received Rs. 838 crore as consideration on signing the Agreement to Sell. Subsequently, the Company declared a special interim dividend of 150% on equity shares having a face value of Rs. 2. The total outgo

for the interim dividend was Rs. 58 crore including dividend distribution tax of Rs. 8 crore. The net addition to Net Worth, after capital gains tax and dividend, is estimated to be Rs. ₹ 650 crores.

Chlor-Alkali expansion in progress at Bharuch

Execution of the Company's Chlor-alkali expansion from 200 TPD to 360 TPD at Bharuch is progressing on schedule. DSCL is also setting up a 48 MW thermal power plant at the Bharuch facility in replacement of its existing 24MW furnace oil based power plant. This expansion is expected to be completed by Q1 FY2009. This will enable generation of economical power which will make its Bharuch facility one of the lowest cost producers in the country, in line with the Kota facility.

LNG supply begins at the Fertilizer plant at Kota

LNG supplies commenced on spot purchase basis during September at the Company's Urea plant at Kota. The Company had carried out the conversion of its Urea plant at Kota to enable use of LNG during Q2 FY2007. LNG is a more cost efficient feed stock and will enable the company to improve its cost effectiveness.

Sugar's co-gen power capacity to be expanded

The Company plans to expand its co-gen power capacity to 94.5 MW (from 70.5 MW currently) with an exportable surplus of 46MW (from 27.5 MW). This expansion includes an additional capex of Rs. 50 crore to augment its co-gen capacity at Loni and Hariawan sugar mills and is expected to come online by November, 2008.

Hariyali Kisaan Bazaar

- **16 new outlets added during Q2 FY2008:** DSCL's rural retailing initiative aimed at meeting the farming and family needs of the rural household under one roof added 16 new outlets during the quarter.
- The Company opened its first outlet in Andhra Pradesh marking its entry into South India during the quarter under review.
- The total number of Hariyali outlets stood at 101 as of 30th Sep, 2007, which DSCL plans to expand to 250-300 outlets by the end of FY 2008-09.
- The company launched credit services in this quarter, in association with HDFC Bank, with plans to scale it to a full-fledged banking service going forward.
- The company also stepped up its bulk procurement and trading activity for a variety of crops.

Fenesta™ Building Systems-

- The Fenesta Building Systems, which was pioneered by DSCL, had an order book of 356,183 windows as on 30th Sep,2007 as compared to 1,05,387 windows on 30th Sep,2006.
- DSCL now has a marketing presence across eleven cities and five fabrication facilities.
- The Company's new products launched continue to witness an encouraging response.

- ENDS -

Attached: Details to announcement and results table**About DCM Shriram Consolidated Limited (DSCL)**

DSCL is an integrated and diversified 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 incubated by DSCL include Fenesta Building Systems, and rural retailing initiative Hariyali Kisaan Bazaar.

For more information on the Company, its products and services please log on to 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, October 24, 2007

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**

Business-wise review
 (Financial figures in Rs crore)

Chloro-vinyl businesses

Chemicals

Product	Volume (MT)	Realization (Rs. / MT)
Q2 FY2008	41,628	19,398
Q2 FY2007	42,656	19,450
% Shift	(2.4)%	(0.3)%
H1 FY2008	81,960	18,320
H1 FY2007	82,790	20,067
% Shift	(1.0)%	(8.7)%

Performance	Revenues	PBIT
Q2 FY2008	87.5	26.2
Q2 FY2007	90.1	32.3
% Shift	(2.9)%	(18.9)%
H1 FY2008	164.2	46.0
H1 FY2007	179.9	66.5
% Shift	(8.7)%	(30.8)%

- DSCL's revenues and earnings from this business were impacted due to lower volumes and lower ECU realizations. However, there is an uptrend in the ECU realizations compared to the previous two quarters. The realizations are up ~13% and ~25% over Q1'FY08 and Q4'FY07 respectively.
- The Company's planned capacity expansion at Bharuch for manufacture of 360TPD (up from 200 TPD) of Chlor-Alkali is progressing as per schedule. DSCL is also setting up a 48 MW thermal power plant at the Bharuch facility in replacement of its existing 24MW furnace oil based power plant. This expansion is expected to be completed by Q1 FY2009. This will enable generate economical power at Bharuch which will substantially improve the profitability of this operation.

- It is our constant endeavor to improve cost competitiveness and enlarge scale of operations, which helps us to sustain the cyclical nature of the business.

Plastics

Product	PVC Sales (MT)	PVC XWR realisation (Rs. / MT)
Q2 FY2008	17,066	47,382
Q2 FY2007	16,062	45,276
% Shift	6.3%	4.7 %
H1 FY2008	33,349	46,496
H1 FY2007	30,386	43,270
% Shift	9.8%	7.5 %

Performance	Revenues	PBIT
Q2 FY2008	88.7	17.1
Q2 FY2007	86.2	15.8
% Shift	3.0%	8.2 %
H1 FY2008	175.4	35.2
H1 FY2007	157.9	27.6
% Shift	11.1%	27.5 %

- Revenues and profitability from this business were higher on account of higher volumes, consequent to an expansion completed in July 2006 and better realizations.
- The profitability of this business has been on a constant uptrend over the past year, and the outlook for this business remains positive going forward.

Cement

Product	Volume (MT)	Realization (Rs. / MT)
Q2 FY2008	81,396	2,605
Q2 FY2007	97,714	2,330
% Shift	(16.7)%	11.8 %

H1 FY2008	1,70,385	2,603
H1 FY2007	1,95,870	2,324
% Shift	(13)%	12 %

Performance	Revenues	PBIT
Q2 FY2008	26.5	3.4
Q2 FY2007	26.6	7.1
% Shift	(0.4)%	(52.1) %
H1 FY2008	54.9	11.6
H1 FY2007	53.3	16.0
% Shift	3.0%	(27.5) %

- The Company's cement business is limited in size and is based on waste generated from Calcium Carbide plant.
- Volumes were lower on account of a three-week planned maintenance shutdown undertaken in the quarter under review.
- Higher realizations helped the company to partially offset the impact of lower volumes. Higher input costs also impacted the profitability of the business.
- The Company sells its cement under the "Shriram" brand which is recognized in the market as a premium quality brand.

Agri businesses

Fertilizers (Urea)

Product	Volume (MT)	Realization (Rs. / MT)
Q2 FY2008	1,03,512	18,510
Q2 FY2007	38,432	18,448
% Shift	169.3%	0.3 %
H1 FY2008	1,93,996	18,616
H1 FY2007	148,237	18,454
% Shift	30.9%	0.9 %

Performance	Revenues	PBIT
Q2 FY2008	191.5	7.4
Q2 FY2007	70.8	(13.2)
% Shift	170.5%	-
H1 FY2008	360.8	12.0
H1 FY2007	273.0	(6.5)
% Shift	32.2%	-

- The urea business recorded an increase in revenue by ~171% to Rs.192 crore in Q2 FY2008 compared to the corresponding previous quarter. The Company's urea plant was shut-down in the same period last year for 45 days for LNG conversion and maintenance.
- In another important development, the plant started partial use of LNG as feedstock in the month of September. LNG supplies for the plant are being procured currently on spot pricing basis.

Sugar

Product	Sales (Qty)	Realization(Rs. /MT)
Q2 FY2008	64,624	12,800
Q2 FY2007	47,223	17,402
% Shift	36.8%	(26.4) %
H1 FY2008	1,66,156	12,765
H1 FY2007	93,742	17,956
% Shift	77.2%	(28.9)%

Performance	Revenues	PBIT
Q2 FY2008	91.3	(26.7)
Q2 FY2007	85.4	9.4
% Shift	6.9%	-
H1 FY2008	237.0	(42.3)
H1 FY2007	181.5	24.6
% Shift	30.6%	-

- During H1 FY2008 revenue increased by ~31% to Rs. 237 crore due to higher volume growth on account of capacity expansion carried out during the 2006-07 sugar season.
- This business witnessed a loss of Rs. 26.7 crore in Q2'FY08 and Rs.42.3 crore in HY'FY08, due to significantly lower selling prices (~26%), and consequent writedown of inventory to bring it at par with the expected net realizable value. The Company expects this business to remain subdued until there is a fundamental change in the operating environment which could mean either higher sugar prices or lower cane costs.
- The Company currently has an exportable surplus of 27.5 MW from its co-gen power facility. DSCL plans to expand its co-gen power capacity to 94.5MW with 46 MW exportable surplus. This planned capacity expansion requires a capex of Rs. 50 crore at its sugar units at Loni and Hariawan, which is expected to be completed by November,2008.

Traded Products

Performance	Revenues	PBIT
Q2 FY2008	42.6	0.2
Q2 FY2007	262.3	1.8
% Shift	(83.8)%	(88.9) %
H1 FY2008	87.7	3.2
H1 FY2007	421.9	(1.6)
% Shift	(79.2)%	-

- During the quarter under review revenues from traded products were lower at Rs. 42.6 crore due to lower volumes. The Company has discontinued the import of bulk fertilizers, (which is reflected in lower revenues) in this year due to continued pressure on margins because of unfriendly government policy and delay in clearing subsidy dues.
- The substantial curtailment of the traded products business will enable the Company improve its margin performance, as this was a low margin operation.

Others

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

DSCL's value added businesses Fenesta Building Systems and Hariyali Kisaan Bazaar continue to be in the investment phase and the Company believes that going forward these businesses will add significant value.

Revenues under 'others' registered a 47% growth at Rs.85.6 crore in Q2 FY2008 compared to Rs. 58.3 crore in Q2 FY2007. For H1 FY2008 revenue under 'others' was up 56% at Rs. 164 crore.

Fenesta Building Systems

Fenesta Building Systems, the Company's UPVC window and doors business, recorded an order book of 356,183 windows as on 30 Sep, 2007 as compared to 1,05,387 windows on 30 Sep,2006. Revenues from this business increased by ~38% and ~55% for the quarter and half year under review respectively.

This business continues to witness healthy demand and DSCL currently has a strong marketing network across eleven cities. The Company continues to introduce new and innovative products in this business.

The consistent growth in its revenues reflects the increasing acceptability of the product and strong growth momentum. Therefore, the company considers this business as a value driver going forward.

Hariyali Kisaan Bazaar

DSCL's pioneering rural retailing initiative's revenues were up by ~74% and ~76% respectively for the quarter and half year under review.

Hariyali Kisaan Bazaar has been successful in creating strong brand equity for itself in a short period of time.

During the quarter under review the Company added 16 outlets and with that, the total number of outlets as of 30th Sep, 2007 increased to 101.

Hariyali Kisaan Bazaar offers the rural household all farming and consumer products and related services along with financial services under one roof. These include wide choice and multi-brands of agri-inputs, FMCG, consumer durables, apparels, footwear, toys, general merchandise,

insurance etc. The outlets also provide the farmer, the expert advice of agronomists and the technological support in shifting from subsistence farming to technology led commercial farming.

A significant development during the quarter was the entry into southern India with the launch of the first Hariyali Kisaan Bazaar outlet in Andhra Pradesh. The Company now plans to rapidly increase its outlets throughout the country.

The company also launched credit services during the quarter, in association with HDFC bank, providing loans for various purposes. The company plans to scale it up to a full fledged banking service going forward. Meanwhile, the money transfer facilities which was launched in the last quarter (in tie up with Western Union), has met with a tremendous response.

The company also stepped up its bulk procurement activity and trading activity during the quarter under review to include various grains (maize, wheat), pulses (chana), oilseeds (mustard), mentha oil, coriander etc. The company plans to scale up this activity going forward.

In view of the enthusiastic response to this business from the rural milieu, we plan to expand this business aggressively to 250-300 outlets by Mar, 09 across pan-India and view this business as a future engine of growth and value creation.

DCM SHRIRAM CONSOLIDATED LIMITED
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UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

(Rs. in crores)

Sr. No.	PARTICULARS	Quarter Ended		Half Year Ended		Year Ended
		30.9.2007	30.9.2006	30.9.2007	30.9.2006	31.3.2007
		(1) Unaudited	(2) Unaudited	(3) Unaudited	(4) Unaudited	(5) Audited
1.	Gross Sales : Own Products : Traded Products Total Less : Excise Duty	561.98 83.08 645.06 47.60	422.43 285.75 708.18 41.82	1,143.02 165.75 1,308.77 94.82	959.73 468.87 1,428.60 81.72	2,040.80 831.36 2,872.16 170.70
2.	Net Sales/ Income from operations	597.46	666.36	1,213.95	1,346.88	2,701.46
3.	Other Income	2.30	9.53	12.41	18.13	33.71
4.	Total Income	599.76	675.89	1,226.36	1,365.01	2,735.17
5.	Expenditure					
	(a) (Increase)/Decrease in stock in trade : Own Products : Traded Products	106.80 (6.47)	62.67 94.06	147.90 (47.74)	125.86 93.71	(154.59) 117.12
	(b) Consumption of raw materials	190.13	102.89	451.59	298.13	1,046.71
	(c) Purchase and related cost - traded goods	83.25	185.56	201.64	367.36	714.67
	(d) Power, fuel, etc.	86.13	76.77	169.97	156.98	320.05
	(e) Employees cost	49.38	39.44	96.81	72.69	151.29
	(f) Depreciation	30.26	20.37	59.43	40.63	90.26
	(g) Other expenditure	60.12	61.39	127.58	116.73	309.47
	(h) Cost of own manufactured goods capitalised	(0.03)	(2.31)	(0.19)	(3.28)	(5.76)
	Total	599.57	640.84	1,206.99	1,268.81	2,589.22
6.	Profit before interest, exceptional item and tax	0.19	35.05	19.37	96.20	145.95
7.	Interest	22.91	19.41	52.91	38.15	77.34
8.	Exceptional Income (Refer Note 2)	780.09	-	780.09	-	-
9.	Profit before tax	757.37	15.64	746.55	58.05	68.61
10.	Provision for taxation	150.32	4.83	147.27	17.10	22.80
11.	Net Profit	607.05	10.81	599.28	40.95	45.81
12.	Cash Profit (before exceptional item net of tax)	7.07	24.42	24.90	83.17	159.62
13.	Paid-up equity share capital (Face value of each share - Rs. 2)	33.34	33.34	33.34	33.34	33.34
14.	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year					518.49
15.	Basic/Diluted - EPS (Rs. Per equity share)					
	Before Exceptional item	(1.09)	0.65	(1.62)	2.47	2.76
	After Exceptional Item	36.59	0.65	36.12	2.47	2.76
16.	Public shareholding					
	- Number of Shares	75395200	75395200	75395200	75395200	75395200
	- Percentage of shareholding	45.45%	45.45%	45.45%	45.45%	45.45%

Segment wise Revenue, Results and Capital Employed under Clause 41 of Listing Agreements						
(Rs. in crores)						
Sr. No.	PARTICULARS	QUARTER ENDED		HALF YEAR ENDED		YEAR ENDED
		30.09.2007	30.09.2006	30.09.2007	30.09.2006	31.03.2007
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
A.	Segment Revenue					
	Fertiliser	191.45	70.77	360.84	273.03	647.70
	Plastics	88.73	86.15	175.36	157.85	337.73
	Chemicals	87.49	90.14	164.16	179.94	347.50
	Sugar	91.26	85.38	236.99	181.48	348.82
	Cement	26.54	26.63	54.93	53.28	105.30
	Traded Products (Wholesale)	42.60	262.33	87.72	421.90	713.89
	Others	85.63	58.27	164.00	104.91	253.28
	Total	613.70	679.67	1244.00	1372.39	2754.22
	Less : Inter segment revenue	16.24	13.31	30.05	25.51	52.76
	Net Sales/ Income from Operations	597.46	666.36	1213.95	1346.88	2701.46
B.	Segment Results					
	(Profit/(Loss) before interest and tax)					
	Fertiliser	7.36	(13.21)	12.02	(6.53)	11.46
	Plastics	17.09	15.75	35.15	27.62	63.89
	Chemicals	26.16	32.30	46.04	66.49	117.84
	Sugar	(26.70)	9.40	(42.31)	24.64	3.76
	Cement	3.38	7.05	11.62	15.96	27.75
	Traded Products (Wholesale)	0.17	1.82	3.15	(1.60)	(16.88)
	Others	(12.24)	(7.07)	(23.33)	(12.33)	(24.68)
	Total	15.22	46.04	42.34	114.25	183.14
	Less: i) Interest	22.91	19.41	52.91	38.15	77.34
	ii) Other unallocable expenditure net off unallocable income	15.03	10.99	22.97	18.05	37.19
	Add: Exceptional Income (Refer Note 2)	780.09	-	780.09	-	-
	Total Profit Before Tax	757.37	15.64	746.55	58.05	68.61
C.	Capital Employed					
	(Segment assets - Segment liabilities)					
	Fertiliser	213.97	261.87	213.97	261.87	337.61
	Plastics	258.66	266.12	258.66	266.12	265.43
	Chemicals	423.91	368.48	423.91	368.48	380.35
	Sugar	1004.58	743.01	1004.58	743.01	1015.27
	Cement	25.79	28.45	25.79	28.45	26.41
	Traded Products (Wholesale)	32.35	(51.50)	32.35	(51.50)	(184.96)
	Others	366.61	264.52	366.61	264.52	337.16
	Total Segment Capital Employed	2325.87	1880.95	2325.87	1880.95	2177.27

NOTES :

1. The Company distributed 'Special' Interim Dividend of 150% amounting to Rs. 49.77 crores (excluding Dividend Tax) to equity shareholders of the Company during the quarter.
2. Exceptional Income is on account of profit arising from Agreement to sell dated August 16, 2007 executed by the Company in respect of its SBM Land Redevelopment Project.
3. In accordance with the accounting policy consistently followed by the Company for interim results, the off-season expenditure, aggregating to Rs. 12.35 crores and Rs. 18.85 crores for quarter and half year ended September 30, 2007 respectively (corresponding previous quarter and half year - Rs. 9.08 crores and Rs. 15.99 crores respectively) has been deferred for inclusion in the cost of sugar to be produced in the remaining part of the financial year.
4. During the quarter, DCM Shriram Energy Limited has become a subsidiary of the Company.
5. During the quarter, 43 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 24 th October,2007.

For and on behalf of the Board

Place: New Delhi
Date: 24/10/07

AJAY S. SHRIRAM
Chairman & Senior Managing Director