

Results Announcement



DSCL'S H1 FY2006 PAT up 98% at Rs 65 crore, EPS at Rs. 3.90
Q2 FY2006 net sales up 25% to Rs 559 crore, PAT up 46% to Rs 26 crore

PVC, Carbide and Power expansions at Kota commence production

First phase of Sugar expansion also completed

Board declares interim dividend of 20%

New Delhi, October 27, 2005

DCM Shriram Consolidated Limited (DSCL), a company with turnover of close to Rs. 2,000 crore and primary business interests in energy intensive businesses (i.e. Chloro-Vinyl and Cement) and in agri-sectors (i.e. Sugar, Urea, Agri-Merchandising inputs and Hariyali Kisaan Bazaar) today announced its results for the quarter and half year ended 30 September 2005.

- **Q2 FY2006 performance review (all comparisons with Q2 FY2005):** Net sales for Q2 FY2006 increased 25.3% to Rs 558.9 crore, with operating profits expanding by 27.5% to Rs 63.6 crore. PBT registered a growth of 49.4% to Rs 37.7 crore and PAT increased by 45.6% to Rs 26.1 crore translating into an EPS (non-annualised) of Rs 1.58(On a Rs 2/ Face value share post split and bonus)
- **H1 FY2006 performance review (all comparisons with H1 FY2005):** For the half-year under review, net sales were 48.5% higher at Rs 1142.9 crore. Operating profits were better by 58.6% at Rs 145.3 crore, while PBT more than doubled to Rs 92.76 crore. Resultantly, PAT almost doubled to Rs 64.7 crore, implying an EPS of Rs 3.90 for the half-year. (On a Rs 2/ Face value share post split and bonus)
- **Growth driven by better volumes and realizations:** The improvement in revenues and earnings for the period under review was driven primarily by volume growth in Chemicals and Sugar business by 31% and 120%, combined with better price realizations. The plastics business recorded lower revenues and earnings during the quarter and half-year due to a lower PVC prices. The

fertiliser business delivered higher revenues, although earnings from that business were relatively subdued owing to increase in Conversion costs with no corresponding increase in retention price by Fertilizer Industry Co-ordination committee of the Government of India.

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 pleased to report satisfactory operating results, where we have been able to achieve better revenues and earnings, and build momentum for growth.

We successfully expanded our PVC Resin, Carbide and Power capacities in September/October 2005 which will provide volume growth in the second half of the current year. Our agri businesses also continue to drive overall growth with completion of first phase of expansions in sugar business, launch of redesigned Hariyali Kisaan bazaar stores and increase in agri-inputs merchandising business. The market dynamics remain attractive for all our businesses from the long-term perspective and we are well positioned to take advantage of these dynamics.”

Key operating highlights

Most of the capacity expansions at Kota completed

The Company has successfully implemented the Chlor-alkali, Plastics, Carbide and Power capacity expansions at the Kota complex as detailed below:

- **Plastics and Carbide:** A new furnace for calcium carbide was commissioned in July 2005, increasing the capacity from 190 TPD to 340 TPD. This new Calcium Carbide capacity will meet the increase in carbide requirement from PVC Resin business which was under expansion, from 115 TPD to 175 TPD, during Q2FY2006 and was recently commissioned in October 2005.
- **Power:** In September 2005, the Company commissioned a new 40 MW coal based captive power facility at its highly integrated manufacturing facility at Kota. With this expansion the company’s captive power capacity at Kota stands at 125

MW from the earlier 85 MW. This expansion has been completed at a competitive cost and will enable DSCL meet the increase in power requirements of its expanded Chlor-Alkali, PVC and Carbide facilities

- **Chlor-alkali:** The modernisation-cum-expansion initiative for the Company's chlor-alkali operations, more cost-efficient and environment-friendly membrane cell technology capacity was completed in March 2005 and began making contributions during H1 FY2006. The capacity expansion completed in March 2005 has stabilised and is now contributing to the volume growth in this business. Going forward at Kota the capacity is planned to be expanded further to 310 TPD at a competitive cost of about Rs 24 crore by February 2006.

First Phase of Sugar Expansion Completed

- **Sugar:** The Company's first phase of sugar crushing capacity expansion, from 11,000 TCD to 14,000 TCD, is complete and will be operational in time for the current crushing season and the resulting increase in volume would be available in H2. Further DSCL plans to more than double this capacity to 33,000 TCD in time for the next crushing season in 2006. This expansion will be accompanied with an increase in co-gen power capacity from 24MW to 81MW, including 38MW for export to the state grid, and entails setting up of two new plants (in UP). Progress on this initiative has been as per plan, with the "bhumi puja" ceremony and land breaking for a new sugar plant at Loni (near Hardoi in UP) done in October 2005.

Hariyali Kisaan Bazaar

Encouraged by the positive response to its rural retail initiative among rural consumers and the farming community, DSCL continued to add new stores and make optimise store design and layout during the period under review. The number of Hariyali stores now stands at 18, and is likely to increase to about 30 stores by the end of this fiscal year. The pace of new store openings had been slowed down during H1FY2006, as store design and layout modifications were being made based on market feedback and to accommodate the expanding portfolio of offerings at these stores that now include ICICI Bank ATMs, FMCG products, and fuelling stations in addition to agri products and

services. This is in line with DSCL's objective of creating a rural hub that makes multiple products and services available to farmers in a fair and transparent manner.

Fenesta Building Systems

The developments in its value added business "Fenesta Building Systems" for the quarter are mentioned below:

- As a part of its strategy to be present Pan-India, the company launched "Fenesta" windows in Chennai. Further Hyderabad Fabrication centre is ready to commence its operations.
- The company has received orders from prominent builders such as M/s Appaswami Builders in Chennai, M/s Adarsh Developers and M/s SJR builders in Bangalore.

Bonus and stock split gets shareholder approval

The company has allotted additional shares post the announcement of bonus in the ratio of 1:1 and formalities with respect to split of face value Rs 10/- share to Rs 2/- share have been completed. Post the bonus and the stock split, the equity share capital has increased to Rs.33.18 crore represented by 16.59 crore equity shares of Rs.2 each paid-up.

Interim dividend

The DSCL Board of Directors, in view of the Company's progressive performance, has recommended an interim dividend of 20%, amounting to a payout of Rs 7.57 crore (including dividend tax). This is in line with the Company's intent to enable shareholder participation in its growth. This dividend would be available on the expanded capital post the bonus issue.

Note

It may be noted that the results for Q2 and H1 last year were after incorporating two exceptional items i.e. scheduled shutdown of the fertilizer plant for maintenance and loss on foreign exchange fluctuation due to sharp depreciation in rupee.

Further, the results for Q2 and H1 of the current year include results for the Polymer Compounding businesses consequent to amalgamation of Shriram Polytech Ltd. (a 100% subsidiary) last year.

- ENDS -

Attached: Details to announcement and results table

About DCM Shriram Consolidated Limited (DSCL)

DSCL, a diversified business conglomerate based in North India with group turnover of almost Rs. 2000 crore, has core sector businesses of Agri-products (Urea; Sugar; Hybrid Seeds; Farm inputs marketing such as DAP, MOP, SSP, Pesticides, etc.; Agri retailing etc) and energy intensive businesses including PVC Resin and Chlor-Alkali Chemicals. Other Business interest includes cement and textiles.

DSCL is simultaneously incubating high value add/knowledge led businesses such as 'Fenesta' Building systems, Hariyali Kisaan Bazaar, Polymer Compounds and Energy Services.

In an increasingly global business environment, DSCL aims to strengthen and grow existing businesses while parallely moving into "value added" & "knowledge based" products & services.

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 27, 2005

Details to the announcement

● Business-wise review

- **Energy intensive businesses**
 - Chemicals
 - Plastics
 - Cement

- **Agri businesses**
 - Fertilisers
 - Sugar

Notes:

1. The results for Q2 & H1 FY2006 are not strictly comparable to the previous year, as it includes performance of Shriram Polytech Ltd, which was merged with DSCL w.e.f. 01-Oct-04.
2. The Fertiliser plant was shut for a month during H1 FY 2005 for regular bi-annual maintenance, while H1 FY 2006 performance reflects full six months' fertiliser plant operations.

Business-wise review

(Financial figures in Rs crore)

Energy intensive businesses

Chemicals

Product	Volume (MT)	Realization (Rs. / MT)
Q2 FY2006	37,551	21,158
Q2 FY2005	28,699	18,128
% Shift	30.8	16.7
H1 FY2006	71,572	23,198
H1 FY2005	56,474	17,350
% Shift	26.7	33.7

Performance	Revenues	PBIT
Q2 FY2006	84.01	34.73
Q2 FY2005	55.23	14.74
% Shift	52.1	135.6
H1 FY2006	176.46	81.62
H1 FY2005	105.28	27.49
% Shift	67.6	196.9

This business contributed 15% of the Company's overall net sales during Q2 & H1 FY2006. Higher volumes, following completion of the major phase of chlor-alkali expansion in March 2005, and better realizations drove revenue and earnings growth in this business. After a sustained uptrend upto May 2005, however, chlor-alkali prices have exhibited normalising trends since June 2005 which has continued in October also.

The Company is implementing a further expansion of capacity at the Kota plant, from 250 TPD to 310 TPD, by February 2006. Being brownfield in nature, and coming on

back of a recently concluded expansion, this initiative is expected to be completed at a competitive cost of Rs 24 crore.

Plastics

Product	PVC Sales (MT)	PVC XWR realisation (Rs. / MT)	Carbide Sales (MT)	Carbide XWR realization (Rs. / MT)
Q2 FY2006	10,183	43,104	659	25,422
Q2 FY2005	9,876	49,077	2,339	25,013
% Shift	3.1	(12.2)	(71.8)	
H1 FY2006	20,349	42,708	2,607	25,736
H1 FY2005	19,979	47,696	4,881	24,987
% Shift	1.9	(10.5)	(46.6)	2.9

Performance	Revenues	PBIT
Q2 FY2006	46.06	5.36
Q2 FY2005	55.43	16.29
% Shift	(16.9)	(67)
H1 FY2006	95.05	15.04
H1 FY2005	109.47	35.69
% Shift	(13.2)	(57.8)

The PVC prices which were going through the declining trend from December, 04 onwards have seen reversal in July-August 2005. The prices are now consolidated at much more attractive level though it continues to be lower than the same period last year. Overall production volumes of this division are almost the same as last year; however, the company increased the production of PVC with corresponding reduction in Carbide sales keeping in view the relative profitability of the two products.

The Company commissioned its expanded capacity of Calcium Carbide and PVC Resin in September-October, 2005. The PVC capacity has gone up from 115 TPD to 175 TPD which will contribute to volume growth in second half of the year.

Agri businesses

Fertilizers (Urea)

Performance	Revenues	PBIT
Q2 FY2006	148.71	7.66
Q2 FY2005	135.69	9.17
% Shift	9.6	(16.5)
H1 FY2006	305.70	13.84
H1 FY2005	233.43	7.28
% Shift	30.9	90.1

Product	Volume (MT)	Realization (Rs. / MT)
Q2 FY2006	94,864	15,549
Q2 FY2005	95,633	14,201
% Shift	(0.8)	9.0
H1 FY2006	199,908	15,360
H1 FY2005	166,059	14,071
% Shift	20.4	9

DSCL's fertiliser plant is located at its Kota complex and forms part of the highly integrated operations at that complex. DSCL is the lowest cost naptha-based producer of urea in the country, and this business is a key enabler in the Company's strategy to offer a complete basket of agri-inputs and services to the farming community.

During Q2 FY2006, this business reported stable volumes and realisations, although it witnessed a decline in earnings due to increase in conversion costs in a scenario of freeze on reimbursement of the same by the government.

For the half-year under review, revenues from this business were significantly higher because the plant, which was shut for one month in Q1 FY2005 as per regular maintenance schedule, operated at full capacity throughout H1 FY2006.

Sugar

Product	Sales (Qty in MT)	XWR (Rs. /MT)
Q2 FY2006	53,848	16,820
Q2 FY2005	24,448	14,858
% Shift	120	13
H1 FY2006	103,600	16,560
H1 FY2005	54,300	14,730
% Shift	91	12

Performance	Revenues	PBIT
Q2 FY2006	95.24	11.96
Q2 FY2005	39.56	2.64
% Shift	140.7	353.0
H1 FY2006	183.31	23.25
H1 FY2005	90.67	8.83
% Shift	102.2	163.3

The sugar business delivered a significantly better performance during the quarter and half-year under review, driven by an uptrend in realisations and higher sales volumes. The sales volume more than doubled during Q2 FY2006 as the Company liquidated its sugar inventory. DSCL has completed capacity expansion from 11,000 TCD to 14,000 TCD at its existing plants in UP which will be available for production in the upcoming crushing season. This capacity will be further increased to 33,000 TCD by October 2006, making DSCL one of the major players in the domestic sugar sector.

Traded Products

Performance	Revenues	PBIT
Q2 FY2006	145.05	1.57
Q2 FY2005	139.43	2.98
% Shift	4.0	(47.3)
H1 FY2006	303.75	3.64
H1 FY2005	187.00	4.23
% Shift	62.4	(13.9)

DSCL's traded products operation allows it to have a present a more comprehensive offering portfolio, a larger market presence, and a growing return to the trade. This activity also provides low cost cash surpluses for meeting the working capital requirements of the Company's other businesses. This business witnessed decline in profitability due to loss of Rs. 3.14 crore on account of significant appreciation of USD against the INR in this period.

Others

The "Others" segment includes the Cement, Textile and Value added businesses, i.e Polymer compounding, Fenesta Building systems and Hariyali Kisaan Bazaar which are presently in the establishment and development stage.

The Company's value added businesses are under market development phase presently and this has resulted in negative segment results as anticipated. The initial response to both Hariyali and Fenesta have been very encouraging and the Company expects these businesses to be key growth drivers in the long-term.

DCM SHRIRAM CONSOLIDATED LIMITED

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

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2005

(Rs. in crores)

PARTICULARS	Quarter Ended		Half Year Ended		Year Ended
	30.9.2005	30.9.2004	30.9.2005	30.9.2004	31.3.2005
	(1) Unaudited	(2) Unaudited	(1) Unaudited	(2) Unaudited	(3) Audited
Gross Sales : Own Products	439.41	326.24	889.75	622.40	1,401.87
: Traded Products	154.43	143.22	322.38	194.48	503.32
Total	593.84	469.46	1,212.13	816.88	1,905.19
Less : Excise Duty	34.95	23.53	69.19	47.33	105.05
Net Sales/ Income from operations	558.89	445.93	1,142.94	769.55	1,800.14
Other Income	1.76	2.08	4.73	4.07	9.31
Total Expenditure					
(a) (Increase)/Decrease in Stock in trade					
: Own Products	75.38	34.21	137.55	64.98	(62.70)
: Traded Products	(6.72)	(22.89)	(72.70)	(21.29)	(1.67)
(b) Consumption of Raw Materials	123.88	100.28	262.33	181.13	600.40
(c) Purchases and related cost - Traded Products	153.29	157.44	383.36	205.04	492.47
(d) Power, fuel, etc.	72.37	62.57	140.76	121.39	238.02
(e) Personnel Cost	31.87	25.00	61.51	47.55	104.32
(f) Other expenditure	47.02	41.56	89.57	83.20	211.51
	497.09	398.17	1,002.38	682.00	1,582.35
Operating Profit	63.56	49.84	145.29	91.62	227.10
Interest Expense	9.84	8.47	21.33	16.05	34.21
Gross Profit	53.72	41.37	123.96	75.57	192.89
Depreciation	16.04	12.85	31.20	25.29	54.36
Profit before Exceptional Items and Tax	37.68	28.52	92.76	50.28	138.53
Exceptional Items	-	3.33	-	6.01	28.59
Profit before Tax	37.68	25.19	92.76	44.27	109.94
Provision for tax - Current tax	(2.34)	5.94	16.70	10.80	20.23
- Deferred tax	13.88	1.33	11.34	0.85	(14.72)
Net Profit	26.14	17.92	64.72	32.62	104.43
Paid-up Equity Share Capital (face value of each share - Rs. 10)	16.75	16.75	16.75	16.75	16.75
Reserves excluding Revaluation reserve					425.49
Basic/Diluted - EPS (Rs. per equity share of Rs. 2 each) (Post Sub division and Post Bonus issue -refer note 2)	1.58	1.08	3.90	1.96	6.27
Aggregate of non- promoter shareholding					
- Number of Shares	7539520	7832246	7539520	7832246	7540660
- Percentage of shareholding	45.45%	47.21%	45.45%	47.21%	45.45%

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

(Rs.in Crores)

PARTICULARS	QUARTER ENDED		HALF YEAR ENDED		YEAR ENDED
	30.09.2005	30.09.2004	30.09.2005	30.09.2004	31.03.2005
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
A. Segment Revenue					
Fertiliser	148.71	135.69	305.70	233.43	536.14
Plastics	46.06	55.43	95.05	109.47	216.47
Chemicals	84.01	55.23	176.46	105.28	239.31
Sugar	95.24	39.56	183.31	90.67	221.72
Traded Products (Wholesale)	145.05	139.43	303.75	187.00	474.32
Others	52.53	25.78	103.32	53.22	144.25
Total	571.60	451.12	1167.59	779.07	1832.21
Less: Inter segment revenue	12.71	5.19	24.65	9.52	32.07
Net Sales/ Income from Operations	558.89	445.93	1142.94	769.55	1800.14
B. Segment Results					
Profit (before unallocated expenditure interest and tax)					
Fertiliser	7.66	9.17	13.84	7.28	18.89
Plastics	5.36	16.29	15.04	35.69	62.94
Chemicals	34.73	14.74	81.62	27.49	82.44
Sugar	11.96	2.64	23.25	8.83	49.83
Traded Products (Wholesale)	1.57	2.98	3.64	4.23	3.89
Others	(4.24)	(2.25)	(7.36)	(2.43)	(15.94)
Total	57.04	43.57	130.03	81.09	202.05
Less: i) Interest	9.84	8.47	21.33	16.05	34.21
ii) Other unallocable expenditure net off unallocated income	9.52	6.58	15.94	14.76	29.31
iii) Exceptional items	-	3.33	-	6.01	28.59
Total Profit before Tax	37.68	25.19	92.76	44.27	109.94
C. Segment Capital Employed					
Fertiliser	116.25	152.96	116.25	152.96	250.34
Plastics	232.94	83.04	232.94	83.04	142.26
Chemicals	346.27	240.33	346.27	240.33	310.32
Sugar	316.08	239.56	316.08	239.56	323.18
Traded Products (Wholesale)	(40.06)	(42.95)	(40.06)	(42.95)	(51.39)
Others	214.35	132.17	214.35	132.17	197.27
Total Segment Capital Employed	1185.83	805.11	1185.83	805.11	1171.98

NOTES :

- 1 The Board of Directors has declared Interim Dividend of 20% amounting to Rs. 6.64 Crores to all equity shareholders of the Company including the expanded capital consequent to 1:1 Bonus issue.
- 2 The equity shares of the face value of Rs. 10 each were sub-divided into five equity shares of Rs. 2/- each w.e.f. 18.10.2005. Further, the Company has allotted bonus shares in the ratio of 1:1 on 19.10.2005. Accordingly earning per share for all the periods in "Unaudited Financial Results for the Quarter ended Septemebr 30, 2005" has been restated, with respect to the enhanced equity share capital after Bonus and revised face value of shares, in accordance with AS-20 on "Earnings per share" issued by The Institute of Chartered Accountants of India.
- 3 The Company commissioned the following additional capacities at its manufacturing complex at Kota.
 - 40 MW coal based captive power plant, Carbide, Monomer, RVCN and Packing/Drying Plant in September, 2005
 - expanded PVC Resin capacity from 115 TPD to 175 TPD in October, 2005
- 4 Provision for taxation is made based on the best estimate of average annual income - tax rate of the year.
- 5 Current tax for the quarter and half year ended September 30, 2005 includes fringe benefit tax.
- 6 Previous period figures have been recast, wherever necessary.
- 7 During the quarter, 70 Investor complaints were received, which have all been attended to. No complaints were pending at the beginning or at the end of the quarter.
- 8 The above results were approved and taken on record by the Board of Directors in their meeting held on October 27, 2005.

For and on behalf of the Board

Place : New Delhi
Date : October 27, 2005

AJAY S. SHRIRAM
Chairman & Senior Managing Director

Per our report attached
For A.F. Ferguson & Co.
Chartered Accountants

Partner

Place : New Delhi
Date : October 27, 2005

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 and half year ended September 30, 2005, does not have any impact on the above Results and Notes in aggregate.

For and on behalf of the Board

Place : New Delhi
Date : October 27, 2005

AJAY S. SHRIRAM
Chairman & Senior Managing Director