

DSCL's Q3FY2007 net sales up 19% at Rs. 800 crores

Plans Conversion of Power Capacity to Cheaper Fuels at Bharuch along with Capacity expansions

- *Sustains strong growth across the Plastic and Chemical businesses*
- *10 new outlets added in Hariyali Kisaan Bazaar*
- *Fenesta Building Systems continue to see encouraging demand growth –further expanding capacities*

New Delhi, January 22, 2007

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 quarter and nine months ended 31 December 2006.

Highlights for nine months:

Figures in INR Crore

<u>Particulars</u>	<u>9M FY 2007</u>	<u>9M FY 2006</u>
Net Revenue	2,147.2	1,817.2
Operating Profit(PBDIT)	205.5	210.4
PBT	83.2	126.5
PAT	60.6	89.2
EPS(On Rs 2/- Share)	3.65	5.37

Highlights for the quarter:

Figures in INR Crore

<u>Particulars</u>	<u>Q3 FY 2007</u>	<u>Q3 FY 2006</u>
Net Revenue	800.3	674.3
Operating Profit(PBDIT)	68.6	65.1
PBT	25.1	33.8
PAT	19.7	24.5
EPS(On Rs 2/- Share)	1.19	1.47

Q3 FY2007 performance review (all comparisons with Q3 FY2006)

1. Revenues from Chemicals and Plastics business were higher due to increase in volumes and better price realizations. The outlook for both these businesses remains stable.
2. Hariyali Kisaan Bazaar and Fenesta Building systems continue to show motivating performance and achieve noticeable operating progress. Outlook continues to be promising.
3. Sugar revenues were subdued due to lower sales volumes and declining realizations. Sugar business is likely to remain challenging in the current season.
4. The Company's fertilizer plant which had witnessed a shut down for 45 days in the previous quarter is now operating at high capacity utilization levels. The revenues improved due to higher sales realizations.
5. Earnings in our Agri-trading business were under pressure due to uncompensated cost increases by government in products such as DAP/MOP and high subsidy arrears leading to higher interest costs.
6. Interest costs were higher due to high subsidy arrears of approximately Rs.486 crores, increase in borrowing costs and higher debt raised to implement several capacity expansions.
7. Depreciation costs were higher due to several capacity expansions implemented over last few quarters.

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 witnessed a stable operating performance that included better results from our plastics and chemicals operations, which were neutralized by the margin challenge in the sugar business. From a longer term perspective we continue to remain positive on all our businesses including sugar, which we have always mentioned is cyclical in nature.

Focus on cost efficiencies and volume play is essential in our chosen business. While we have completed multiple capacity expansions that enable better cost structures at Kota, we are now planning to convert the captive power facilities at Bharuch from furnace oil to coal along with expansion of Chlor-alkali capacities. This will both enhance volumes and result in strengthening our cost competitiveness once completed.

Our Hariyali Kisaan Bazaar and Fenesta businesses continued to grow at an accelerated pace and the outlook for these businesses remains promising. We have robust integrated operations which are supported by asset strong balance sheet and we remain confident of sustaining growth over the longer term."

Key operating highlights

During the quarter and nine months ended 31 December 2006, the Company continued to expand in the agri space and its Chloro-Vinyl business continues to do well. The Company's other businesses including Fenesta Building Systems, Hariyali Kisaan Bazaar and Shriram Polytech maintained their healthy performance.

Favourable contribution to revenue through expanded capacities at Kota

The Company's expanded capacities at Kota in Chlor-alkali, Plastics, Cement and Captive Power are fully operational and have contributed positively towards revenue. The Company had expanded its chlor-alkali capacity to 510 TPD in FY 2006, its calcium carbide facility to 340 TPD in FY 2006, PVC Resin capacity to 200 TPD in two phases with second phase being completed in Q2 FY 2007 and its captive power capacity to 125 MW in Q3 FY 06.

Capacity expansion at Bharuch

The Company plans to increase the capacity of its chlor-alkali manufacturing facility at Bharuch from 200 TPD to 360 TPD. Further, the Company also intends to set up a 48 MW coal based power plant in replacement of 24 MW Furnace oil based power plant to generate economical power at Bharuch. The capex outlay for this expansion is estimated at Rs 296 crore over next two years, which the Company plans to fund through internal accruals.

Sugar crushing and co-gen power capacity expansions

- **Sugar crushing capacity:** The Company completed its capacity expansion to 33,000 TCD during the quarter under review. DSCL now has four plants which are located at Ajbapur (10,500 TCD), Rupapur (6,500 TCD), Hariawan and Loni (8000TCD each).
- **Co-gen power:** The 20 MW co-gen power plant commissioning is nearing completion and this would raise the total power export capability of sugar business to 27.5 MW.

Hariyali Kisaan Bazaar

- **10 new outlets added during Q3 FY2007:** Through this business the Company aims at meeting all the needs of the rural population by providing goods ranging from farming to consumer under one roof. During the quarter the company opened 10 new outlets. The Company also introduced health and life insurance products at its stores with a tie up for the same with Prudential ICICI.
- The number of Hariyali outlets now stands **at 50**, and the Company expects to increase the outlets significantly over the next 2 years.

Fenesta™ Building Systems-

- The Fenesta division continues to deliver healthy order booking. The division's order book as on 31 December 2006 was 2,03,000 windows Vs 77,000 windows as of 31 December 2005.
- In order to meet the growing demand for Fenesta the Company is expanding capacities aggressively in Bangalore and Chennai.
- Further, the Company is establishing facilities in the Eastern region keeping in view the construction activity taking place over there.
- The Company plans to spend more aggressively on brand building which will help consumers identify with the 'Fenesta' products and which in turn should contribute to a better performance.

- ENDS -

Attached: Details to announcement and results table**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 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, rural retailing initiative Hariyali Kisaan Bazaar and the Energy Services consultancy ESCO, amongst others.

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, January 22, 2007

Details to the announcement: Business-wise performance review

- **Chloro-Vinyl businesses**
 - o **Chemicals**
 - o **Plastics**

- **Agri-businesses**
 - o **Fertilisers**
 - o **Sugar**
 - o **Traded products**

- **Note:** This financial year, the company has changed the accounting treatment of sugar off-season expenses to “Integral approach” from “Discrete approach” followed by it in the past. Accordingly, the off season expenditure aggregating Rs. 12.33 crore has been deferred to be included in the cost of sugar to be produced in the remaining part of the year. As a result of this, profit after tax for the nine months is higher by Rs. 9.21 crores and profit after tax for the quarter is lower by Rs.2.73 crores. While this change in accounting approach will have no effect on annual performance, the sugar segment results for the quarter and Nine months under review are not strictly comparable to that of the corresponding period last year.

Business-wise review

(Financial figures in Rs crore)

Chloro-vinyl businesses

Chemicals

Product	Volume (MT)	Realization (Rs. / MT)
Q3 FY2007	44,296	18,887
Q3 FY2006	35,938	18,240
% Shift	23.3 %	3.5 %
9M FY2007	127,086	19,653
9M FY2006	107,510	21,589
% Shift	18.2 %	-9.0 %

Performance	Revenues	PBIT
Q3 FY2007	91.30	34.53
Q3 FY2006	70.04	23.33
% Shift	30.4 %	48.0 %
9M FY2007	271.24	101.02
9M FY2006	246.51	104.95
% Shift	10.0 %	-3.7 %

- Despite new chlor-alkali capacities across the country going on stream over the last few quarters the realizations have still remained range-bound, indicating strong demand environment and a stable outlook going forward.
- The expanded capacities at Kota are fully operationally and are self sufficient with economical captive thermal power enabling the Company report higher volumes in Q3/9M FY2007.
- Price of furnace oil (used in the generation of Captive power at Bharuch) was lower at Bharuch which lead to some cost benefit during the quarter under review.
- **The Company plans to increase its capacity at Bharuch from 200 TPD to 360 TPD.** Further, the Company also intends to set up a 48 MW coal based power plant in replacement of 24 MW Furnace oil based power plant to generate economical power at Bharuch.

- The Company has estimated a capex plan of Rs 296 crore for this project which it plans to fund through internal accruals. The new plant is scheduled for commissioning over next two years.

Plastics

Product	PVC Sales (MT)	PVC XWR realisation (Rs. / MT)	Carbide Sales (MT)	Carbide XWR realisation (Rs. / MT)
Q3 FY2007	17,411	41,671	5,431	23,614
Q3 FY2006	12,018	39,776	6,260	24,382
% Shift	44.9 %	4.7%	-13.2 %	-3.14%
9M FY2007	47,797	42,691	13,603	23,247
9M FY2006	32,367	41,604	8,867	24,754
% Shift	47.7 %	2.6 %	53.4 %	-6.1 %

Performance	Revenues	PBIT
Q3 FY2007	88.40	17.14
Q3 FY2006	63.20	8.30
% Shift	39.9 %	106.5 %
9M FY2007	246.25	44.76
9M FY2006	158.25	23.34
% Shift	55.6 %	91.8 %

- This business reported a growth - led operating performance led by an increase in volumes due to the Company's enhanced capacities in a stable market scenario. The Company's PVC resin capacity is fully operational at 200 TPD.
- DSCCL anticipates a stable pricing outlook going forward.

Agri businesses

Fertilizers (Urea)

Product	Volume (MT)	Realization (Rs. / MT)
Q3 FY2007	109,852	17,620
Q3 FY2006	103,119	16,532
% Shift	6.5 %	6.6 %
9M FY2007	258,089	18,078
9M FY2006	303,027	15,710
% Shift	-14.8 %	15.0 %

Performance	Revenues	PBIT
Q3 FY2007	193.56	11.29
Q3 FY2006	170.47	7.58
% Shift	13.5 %	48.9 %
9M FY2007	466.59	4.76
9M FY2006	476.17	21.42
% Shift	-2.0 %	-77.8 %

- Revenues from the fertilizer business were better due to increased price realizations and higher volumes.
- During the quarter under review the Company operated its plant at high capacity utilization to make up for the production shortfall in the previous quarter due to a 45 day planned shut-down at the plant to carry out major modifications in the plant to enable use of LNG as a feedstock in place of Naphtha. The modification process is complete but is pending testing for commercial operations, which will be done once the gas is made available through the connecting pipeline. The Company had also used the shutdown as an opportunity to carry out the plant overhaul that is done once every two years.

Sugar

Product	Sales (Qty)	Realization(Rs. /MT)
Q3 FY2007	42,145	16,705
Q3 FY2006	51,291	17,014
% Shift	-17.8 %	-1.8 %
9M FY2007	135,832	17,558
9M FY2006	154,957	16,718
% Shift	-12.3 %	5.0 %

Performance	Revenues	PBIT
Q3 FY2007	81.47	1.45
Q3 FY2006	94.83	19.09
% Shift	-14.1 %	-92.4 %
9M FY2007	262.95	26.09
9M FY2006	278.14	42.34
% Shift	-5.5 %	-38.4 %

- Sugar registered low operating profits due lower sales volume combined with subdued realizations and higher costs.
- **Sugar crushing capacity:** During the quarter, the Company completed its capacity expansion to 33,000 TCD. The Company expects to crush 22,000-25,000 TCD in the 2006-07 sugar seasons at its factories.
- **Co-gen power:** The Company is presently having co-generation export capacity of 7.5 MW. Another 20MW of capacity will be available for export in Q4FY2007 onwards, once the new power plant is commissioned.
- This financial year, the company has changed the accounting treatment of sugar off-season expenses to "Integral approach" from "Discrete approach" followed by it in the past. Accordingly, the off season expenditure aggregating Rs. 12.33 crore has been deferred to be included in the cost of sugar to be produced in the remaining part of the year. As a result of this, profit after tax for the nine months is higher by Rs. 9.21 crores and profit after tax for the quarter is lower by Rs.2.73 crores. While this change in accounting approach will have no effect on annual performance, the sugar segment results for the quarter and Nine months under review are not strictly comparable to that of the corresponding period last year.

- Cane availability at all the Company's sugar factories is satisfactory and not a constraint to production.
- DSCCL expects the sugar performance to remain subdued in the current sugar season given the macro operating environment in this sector. The Company believes that the sugar business is cyclical and favourable cycles do provide opportunity to record significant earnings, which makes it an attractive business proposition from a long term perspective.

Traded Products

Performance	Revenues	PBIT
Q3 FY2007	253.94	(5.22)
Q3 FY2006	223.13	0.22
% Shift	13.8 %	-
9M FY2007	675.84	(6.82)
9M FY2006	526.88	3.86
% Shift	28.3 %	-

- DSCCL offers multiple agri inputs like pesticides, other agri related products in addition to its own agri products (Urea and Hybrid seeds) to the farming community through this business. This enables the Company provide a comprehensive product portfolio, strengthen its farmer engagement and gain a larger market share.
- Margins in subsidy dependent products including DAP/ MOP continue to remain low due to uncompensated cost increases by the government and high subsidy arrears which in turn lead to higher interest costs.
- In future, in order to make this business sustainably profitable the Company intends to conduct a product review to limit the number of products that are subsidy dependent making the operating less "subsidy sensitive".

Others

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

The Company continues to make investments in expanding its Fenesta Building Systems and Hariyali Kisaan bazaar businesses which it considers as major growth drivers for future.

Resultantly, revenues under 'others' registered a 67.2% growth to Rs 106.8 crore in Q3 FY2007 compared to Rs 63.9 crore in the corresponding previous quarter.

Cement

The Company manufactures and markets its cement under the 'Shriram' brand. Its cement operations continue to perform well and its cement is recognized as a market leader in its areas of distribution. Due to the integrated nature of its operations, its cement business is of a limited size relative to its plastics and chemicals business.

Fenesta Building Systems

The Fenesta business continued to deliver healthy order booking. This division's order book as on December 31 2006 was 2,03,000 windows compared to 77,000 windows as on December 31 2005. Headquartered in Gurgaon, the Company has established a strong marketing and service presence in Delhi, Bangalore, Chennai, Hyderabad, Mumbai and Pune. Due to the business witnessing strong demand, the Company is expanding its capacities rapidly in Bangalore and Chennai. Further, the Company is also planning to launch its Fenesta operations in the Eastern region. The Company plans to spend more on brand building in order to create more awareness towards the brand and enhance consumer acceptability. This business continues to be in an investment mode, with a promising future outlook. DSCCL expects the Fenesta business to operationally break even sometime mid- next year.

Hariyali Kisaan Bazaar

The Company added 10 new outlets during the current quarter. These stores provide the farmer quality agri inputs, financial services, farm output services along with FMCG products. Each Hariyali store caters to 150- 200 farmers per day.

As on December 31 2006 the Company had a total of 50 outlets out of which 33 are owned (known as centres) and 17 are leased (known as stores).

In future, the Company plans to rapidly scale up its operations and create a stronger foot print covering all major agricultural markets in the country.

DCM SHRIRAM CONSOLIDATED LIMITED

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

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2006

(Rs. in crores)

PARTICULARS	Quarter Ended		Nine Months Ended		Year Ended
	31.12.2006	31.12.2005	31.12.2006	31.12.2005	31.3.2006
	(1) Unaudited	(2) Unaudited	(3) Unaudited	(4) Unaudited	(5) Audited
Gross Sales : Own Products	545.22	467.77	1,504.95	1,357.52	1,804.84
: Traded Products	298.10	242.45	766.97	564.83	671.48
: Services	-	-	-	-	0.06
Total	843.32	710.22	2,271.92	1,922.35	2,476.38
Less : Excise Duty	43.05	35.97	124.77	105.16	143.75
Net Sales/ Income from operations	800.27	674.25	2,147.15	1,817.19	2,332.63
Other Income	8.85	6.46	26.98	11.19	17.29
Total Expenditure					
(a) (Increase)/Decrease in Stock in trade					
: Own Products	(46.13)	(17.21)	95.72	120.34	(1.63)
: Traded Products	0.19	(76.10)	93.90	(148.80)	(128.91)
(b) Consumption of Raw Materials	289.57	230.50	587.70	493.25	770.72
(c) Purchases and related cost - Traded Products	300.85	313.50	668.21	696.86	783.33
(d) Power, fuel, etc.	80.66	72.30	237.64	213.06	289.40
(e) Personnel Cost	37.83	29.78	110.52	91.29	124.41
(f) Other expenditure	75.55	63.38	192.28	152.95	231.16
(g) Cost of own manufactured goods capitalised	(1.71)	(0.55)	(4.99)	(0.97)	(2.30)
(h) Sugar Off- Season expenses	3.66	-	(12.33)	-	-
	740.47	615.60	1,968.65	1,617.98	2,066.18
Operating Profit	68.65	65.11	205.48	210.40	283.74
Interest	20.59	12.27	58.74	33.60	48.45
Profit before Depreciation and Tax	48.06	52.84	146.74	176.80	235.29
Depreciation	22.92	19.07	63.55	50.27	70.19
Profit before Tax	25.14	33.77	83.19	126.53	165.10
Provision for taxation	5.46	9.32	22.56	37.36	49.91
Net Profit	19.68	24.45	60.63	89.17	115.19
Paid-up Equity Share Capital (face value of each share - Rs. 2)	33.34	33.34	33.34	33.34	33.34
Reserves excluding Revaluation reserve					488.02
Basic/Diluted - EPS (Rs. per equity share)	1.19	1.47	3.65	5.37	6.94
Aggregate of Public shareholding					
- Number of Shares	75359200	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)

PARTICULARS	QUARTER ENDED		NINE MONTHS ENDED		YEAR ENDED
	31.12.2006	31.12.2005	31.12.2006	31.12.2005	31.03.2006
A. Segment Revenue					
Fertiliser	193.56	170.47	466.59	476.17	600.54
Plastics	88.40	63.20	246.25	158.25	236.14
Chemicals	91.30	70.04	271.24	246.51	324.95
Sugar	81.47	94.83	262.95	278.14	363.61
Traded Products (Wholesale)	253.94	223.13	675.84	526.88	617.68
Others	106.82	63.90	265.01	167.21	234.73
Total	815.49	685.57	2,187.88	1,853.16	2,377.65
Less: Inter segment revenue	15.22	11.32	40.73	35.97	45.02
Net Sales/ Income from Operations	800.27	674.25	2,147.15	1,817.19	2,332.63
B. Segment Results					
Profit (before unallocated expenditure interest and tax)					
Fertiliser	11.29	7.58	4.76	21.42	21.27
Plastics	17.14	8.30	44.76	23.34	34.38
Chemicals	34.53	23.33	101.02	104.95	128.87
Sugar	1.45	19.09	26.09	42.34	72.34
Traded Products (Wholesale)	(5.22)	0.22	(6.82)	3.86	(0.01)
Others	(3.67)	(5.17)	(0.04)	(12.53)	(11.12)
Total	55.52	53.35	169.77	183.38	245.73
Less: i) Interest	20.59	12.27	58.74	33.60	48.45
ii) Other unallocable expenditure net off unallocated income	9.79	7.31	27.84	23.25	32.18
Total Profit before Tax	25.14	33.77	83.19	126.53	165.10
C. Segment Capital Employed					
Fertiliser	280.65	126.57	280.65	126.57	237.18
Plastics	248.65	261.61	248.65	261.61	275.91
Chemicals	366.53	348.84	366.53	348.84	352.20
Sugar	830.29	364.80	830.29	364.80	566.89
Traded Products (Wholesale)	(36.00)	(53.17)	(36.00)	(53.17)	21.13
Others	325.61	226.68	325.61	226.68	248.35
Total Segment Capital Employed	2,015.73	1,275.33	2,015.73	1,275.33	1,701.66

NOTES :

1. Company's new Sugar factories at Hariawan and Loni at Uttar Pradesh started cane crushing and are under stabilization. The capacity expansion of 3000 TCD at Ajbapur started commercial production in December, 2006.
2. The Board has approved plans for expansion of Caustic Soda Production Capacity from 68,000 TPA to 1,22,000 TPA and setting up of 48 MW coal based Power Plant in replacement of 24 MW Furnace Oil based Power Plant at its Unit at Bharuch, Gujarat
3. During the quarter, Anant Thermal Energy Limited and Shriram Bioseed (Thailand) Limited have become subsidiaries of the Company.
4. In view of the seasonal nature of the sugar industry, the Company for the purposes of interim results has accounted for off season expenditure on "Integral approach" basis instead of "Discrete approach" basis hitherto followed. Accordingly, the off season expenditure aggregating Rs. 12.33 crores has been deferred to be included in the cost of sugar to be produced in remaining part of the year . As a result of this, profit after tax for the Nine months is higher by Rs. 9.21 crores and Profit after tax for the quarter is lower by Rs. 2.73 crores. This change will have no effect on the annual results.
5. Provision for taxation is made based on the best estimate of weighted average annual income - tax rate.
6. Previous period figures have been recast, wherever necessary.
7. During the quarter, 75 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 January, 22, 2007.

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 ended December 31, 2006, does not have any impact on the above Results and Notes in aggregate except in respect of matter explained in note 4.

For and on behalf of the Board

Place : New Delhi
Date : January 22, 2007

AJAY S. SHRIRAM
Chairman & Senior Managing Director