

Results Announcement



**DSCCL's Q1 FY08 own products sales up \approx 8% at Rs.581 Cr
Net Loss at Rs.7.77 Cr; mainly due to decline in sugar profits
by Rs.30.85 Cr over corresponding quarter
Plastics witnesses' strong operating performance
Discontinuation of Bulk Fertilizers trading contributes to profits
Hariyali and Fenesta deliver promising revenue growth**

New Delhi, July 31, 2007

DSCCL, an integrated business group, with extensive and growing presence across the entire agricultural value chain and chloro-vinyl industry, today announced its financial results for the quarter ended 30 June, 2007.

Q1 FY2008 performance review (all comparisons with Q1 FY2007)

1. Gross Sales from own products were up \approx 8%, driven by higher volumes in Sugar and value added businesses of Hariyali Kisaan Bazaar & Fenesta Building Systems. Overall, the revenues declined to Rs.616.49 crore as against Rs.680.52 crore for the same period last year, primarily on account of discontinuation of imported bulk fertilizers trading.
2. The company reported a net loss for the quarter under review amounting to Rs.7.77 crore as compared to a profit of Rs.30.14 crore in Q1'07. The cash profit for the quarter stood at Rs.17.83 crore as against Rs.58.75 crore for the same period last year.
3. The sugar business recorded a loss of Rs.15.61 crore (last year profit Rs.15.24 crore) due to sharp reversal in prices, which declined by \approx 32% as compared to same period last year, and higher cane cost which went up by \approx 8%.
4. Lower ECU realizations in chemicals business also exerted pressure on operating margins; however, realizations have improved in comparison to Q4'07. Better operating performance in Plastics business and traded products helped to mitigate partially, the decline in profitability.
5. Interest costs for the quarter were higher primarily on account of increase in borrowing costs, higher working capital requirement due to extended sugar season, higher sugar inventory and high fertilizer subsidy receivables from the government, and debt raised to implement various capacity expansions.

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:

“The period under review witnessed sharp reversal in Sugar business. Chlor alkali also saw some correction in prices while Plastics delivered a strong operating performance. We are pleased to report encouraging growth in new and value added businesses of Hariyali and Fenesta. Going forward, we continue to remain positive on the strength of our integrated business model and our ability to respond and sustain under challenging circumstances.”

Key operating highlights

During the quarter under review DSCCL continued to build upon its existing strengths 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 high-value and knowledge based business initiated by the Company, including Fenesta Building Systems, Hariyali Kisaan Bazaar and Shiram Polytech (Our Polymer Compounding division) have also delivered encouraging performances.

Expanded capacities in Plastics drive healthy business performance

The Company's expansion of its PVC resins capacity to 200 TPD, which was completed in July, 06, made optimal contribution to the business performance during the quarter under review. The business delivered healthy operating performance on the back of higher volumes as well as uptrend in realizations.

Chlor-Alkali expansion underway at Bharuch

The company is implementing the expansion of its Chlor-alkali capacity from 200 TPD to 360 TPD at its Bharuch facility, along with setting up a 48 MW thermal power plant. The expanded capacity is expected to be commissioned by Q1'FY09.

Fertilizer plant to get LNG supply soon

The Company had carried out the conversion of its Urea plant at Kota to enable use of LNG in Q2'07. The necessary infrastructure for gas transportation is being put in place and the company should be able to secure LNG supplies in the next quarter.

Expanded capacity in Co-gen power in Sugar helps to mitigate operating pressure

During the quarter under review, the Company exported 351.70 lakh units of co-gen power to the Uttar Pradesh Power Corporation Ltd. The expansion in co-gen power capacity from 24 MW to

70.5 MW, which was stabilized in Q4'07, helped to partially mitigate the decline in profitability of sugar business. Going forward, the Company plans to expand its co-gen power capacity from 70.5 MW to 82.5 MW, including 36 MW for export to the state grid.

Hariyali Kisaan Bazaar

- **15 new outlets added during Q1 FY2008:** DSCL's rural retailing initiative, which is aimed at meeting farming as well as family needs of the rural population, added 15 new outlets which included 1 large format outlet (own premises) and 14 satellite outlets (lease premises) in its existing states.
- The company also set up two new distribution centers at Bhatinda and Kota with the objective of streamlining its supply chain management.
- The number of Hariyali outlets now stands at 85, which the company plans to scale up to \approx 250 outlets by Dec 08.

Fenesta™ Building Systems-

- The Fenesta business is a value-added extension of the Company's existing PVC resin operations. This business during the current quarter had a robust order booking of about **81,660 windows** as compared to 42,000 windows in the same period last year.
- The company also expanded its marketing presence to 11 cities in the current quarter with the launch of Fenesta in Kolkata.
- The new products launched by the company have also witnessed encouraging response.

- 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, 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, July 31, 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)
Q1 FY2008	40,325	17,220
Q1 FY2007	40,132	20,715
% Shift	0.5%	(16.9) %

Performance	Revenues	PBIT
Q1 FY2008	76.7	19.9
Q1 FY2007	89.8	34.2
% Shift	(14.6)%	(41.8)%

- Revenue and earnings performance of this business reflects lower ECU realizations. The prices are down by almost 17% as compared to the same period last year. However, there has been an improvement in the ECU realizations compared to the preceding quarter, i.e. Q4 '07 by almost 11%.
- Better efficiencies achieved in certain critical inputs, lower rates of furnace oil (input for producing power at Bharuch) along with stable volumes helped to arrest the pressure on operating margins.
- Capacity expansion to 360 TPD and setting up of 48 MW thermal power plant at Bharuch facility is being implemented as per planned schedule. The expanded capacity is expected to come on line by Q1'09.
- The performance of this business is influenced by market factors that determine selling price. DSCL's large scale and low cost of production enable it to remain profitable even during challenging times.

Plastics

Product	PVC Sales (MT)	PVC realisation (Rs. / MT)	XWR	Carbide (MT)	Sales	Carbide realization (Rs. / MT)	XWR
Q1 FY2008	16,283	45,571		4,323		24,377	
Q1 FY2007	14,325	41,029		3,845		22,470	
% Shift	13.7 %	11.1 %		12.4%		8.5%	

Performance	Revenues	PBIT
Q1 FY2008	86.6	18.1
Q1 FY2007	71.7	11.9
% Shift	20.8 %	52.1%

- This business reported a substantial growth in revenues and earnings, led by a significant increase in volumes, following an increase in capacity from 175 TPD to 200 TPD in July, 06.
- Uptrend in PVC realisations (\approx 11%) led to a healthy operating performance during the quarter under review. Going forward, positive demand-supply outlook is expected to keep realizations stable in the medium term.
- Higher volumes and prices of carbide also contributed to better performance of Plastics business.

Cement

Product	Volume (MT)	Realization (Rs. / MT)
Q1 FY2008	89,939	2,601
Q1 FY2007	98,156	2,318
% Shift	(8.4)%	12.2 %

Performance	Revenues	PBIT

Q1 FY2008	28.4	8.2
Q1 FY2007	26.7	8.9
% Shift	6.4%	(7.9)%

- The Cement business witnessed revenue growth on account of firm cement prices. However, lower volumes and higher input costs led to pressure on margins.
- The Company markets its cement under the “Shriram” brand which commands a premium in the market place due to its superior quality. Due to the integration of its operations, the company’s cement business is of a limited size relative to its plastic businesses.

Agri businesses

Fertilizers (Urea)

Product	Volume (MT)	Realization (Rs. / MT)
Q1 FY2008	90,484	18,737
Q1 FY2007	109,804	18,411
% Shift	(17.6)%	1.8%

Performance	Revenues	PBIT
Q1 FY2008	169.4	4.7
Q1 FY2007	202.3	6.7
% Shift	(16.3)%	(29.9)%

- The urea business registered decline in revenues and profitability primarily on account of lower volumes, consequent to a plant shutdown. However, the company should be able to make up for the production shortfall in the remaining part of the year by higher capacity utilization.
- The realizations for the quarter under review were higher due to impact of costs updation under NPS-III (new pricing scheme), made applicable from October, 2006 onwards by the Government of India.

- DSCL is negotiating LNG supplies with leading companies and should be able to switch over to LNG in the next quarter. The necessary infrastructure for gas transportation is also being put in place.
- High subsidy receivables continue to impact interest costs adversely.

Sugar

Product	Sales (Qty)	Realization(Rs. /MT)
Q1 FY2008	1,01,538	12,640
Q1 FY2007	46,562	18,489
% Shift	118.1%	(31.6)%

Performance	Revenues	PBIT
Q1 FY2008	145.7	(15.6)
Q1 FY2007	96.1	15.2
% Shift	51.6%	-

- Higher revenues were on account of volume growth, consequent to a capacity expansion from 14,000 tcd to 33,000 tcd, carried out in 06-07 sugar season.
- The Sugar business witnessed sharp fall in realizations (~32%) as compared to the same period last year, which has significantly impacted its operating performance. The prices continue to be under pressure on account of surplus production in the last sugar season and high stock carry-over.
- The profitability of this business was affected due to high cane cost, while selling prices are under pressure. Given the bumper sugar production of over 28 million tonnes in sugar season 2006-07 and a higher production estimate for the next year, the Company expects the sugar operation to remain under pressure unless there is a corresponding correction in cane prices, which make the sugar operations profitable once again.
- Export of power from the company's expanded co-gen facilities helped to arrest partially the decline in profitability. Going forward, the Company plans to expand its co-gen power capacity to 82.5 MW, with exportable surplus at 36 MW. In addition, carbon credits are also expected to bring in an additional revenue stream for the company.

Traded Products

Performance	Revenues	PBIT
Q1 FY2008	45.1	3.0
Q1 FY2007	159.6	-3.4
% Shift	(71.7)%	-

- Revenues from traded products stood lower at Rs.45.12 Cr, on account of lower volumes. The company, after taking into account, continued pressure on margins due to arbitrary government policy and considerable delay in clearing of subsidy dues, has stopped the import of bulk fertilizers which resulted in lower volumes.
- The margins reported an improvement on account of contribution from value-added products and favorable foreign exchange fluctuations.
- Curtailing of this business should help the Company better manage its working capital and improve margins going forward.

Others

DSCL'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.

The Company continues to make investments in building businesses such as Fenesta Building Systems and Hariyali Kisaan bazaar which it considers as future growth drivers.

Revenues from the Fenesta business have increased exponentially over the past few quarters as the product got increasingly accepted in the market, while Hariyali is also registering revenue growth with the Company's rural retail initiative gaining momentum and spreading its reach. Resultantly, revenues under 'others' registered a ~68% growth to Rs.78.37 crore in Q1FY2008.

The value-added businesses are expected to become earnings accretive and contribute to DSCL's long term growth in the years to come.

Fenesta Building Systems

Fenesta Building Systems, the Company's UPVC window and doors business, has almost doubled its order book to around 82,000 windows in Q1 FY2008 as compared to 42,000 in Q1 FY2007. Revenue from this business increased by 79% during the quarter under review.

This business continues to witness a strong demand and has a full fledged marketing network across 11 cities including Kolkata which it added during the quarter under review. The new products launched by the company have met with an encouraging response.

The outlook for this business continues to be strong due to consistently good revenue momentum.

Hariyali Kisaan Bazaar

The Company's unique rural retailing initiative is a one stop shop for the farmers offering agri-inputs, fuel, FMCG goods, consumer durables, apparels etc. and a whole gamut of services including agronomy, financial, and insurance. The business has delivered a strong performance with revenues up by 81% during the quarter under review. DSCL's strategy for this business is to rapidly scale up its operations to create a strong customer base and brand equity. Given that the business is in an investment phase it will take sometime to break-even.

DSCL added 15 outlets (1 centre and 14 stores) during the quarter and with that the total number of outlets now stands at 85. The Company also set up two new distribution centres at Bhatinda and Kota with the objective of streamlining its supply chain management.

In the financial services sector, the Company has entered into tie-ups to provide money transferring facilities. It also offers insurance products across general and life insurance from leading insurance service Providers. The Company has also tied up to provide healthcare services going forward.

Last year the Company successfully implemented the SAP IS retail package for Hariyali Kisaan Bazaar. This business now runs completely on the advanced SAP platform thereby ensuring a robust IT system.

DCM SHRIRAM CONSOLIDATED LIMITED

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2007

(Rs. in crores)

PARTICULARS	Quarter Ended		Year Ended
	30.6.2007	30.6.2006	31.3.2007
	(1) Unaudited	(2) Unaudited	(3) Audited
Gross Sales : Own Products	581.04	537.30	2,040.80
: Traded Products	82.67	183.12	831.36
Total	663.71	720.42	2,872.16
Less : Excise Duty	47.22	39.90	170.70
Net Sales/ Income from operations	616.49	680.52	2,701.46
Other Income	10.11	8.60	33.71
Total Expenditure			
(a) (Increase)/Decrease in Stock in trade			
: Own Products	41.10	63.19	(154.59)
: Traded Products	(41.27)	(0.35)	117.12
(b) Consumption of Raw Materials	261.46	195.24	1,046.71
(c) Purchases and related cost - Traded Products	118.39	181.80	714.67
(d) Power, fuel, etc.	83.84	80.21	320.05
(e) Personnel Cost	47.43	33.25	151.29
(f) Other expenditure	67.46	55.34	309.47
(g) Cost of own manufactured goods capitalised	(0.16)	(0.97)	(5.76)
	578.25	607.71	2,498.96
Operating Profit	48.35	81.41	236.21
Interest	30.00	18.74	77.34
Profit before depreciation and tax	18.35	62.67	158.87
Depreciation	29.17	20.26	90.26
Profit before Tax	(10.82)	42.41	68.61
Provision for taxation	(3.05)	12.27	22.80
Net Profit	(7.77)	30.14	45.81
Cash Profit	17.83	58.75	159.62
Paid-up Equity Share Capital (face value of each share - Rs. 2)	33.34	33.34	33.34
Reserves excluding Revaluation reserve			518.49
Basic/Diluted - EPS (Rs. per equity share)	(0.47)	1.82	2.76
Aggregate of Public shareholding			
- Number of Shares	75395200	75395200	75395200
- Percentage of shareholding	45.45%	45.45%	45.45%

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

PARTICULARS	QUARTER ENDED		YEAR ENDED
	30.06.2007	30.06.2006	31.03.2007
A. Segment Revenue			
Fertiliser	169.39	202.26	647.70
Plastics	86.63	71.70	337.73
Chemicals	76.67	89.80	347.50
Sugar	145.73	96.10	348.82
Cement	28.39	26.65	105.30
Traded Products (Wholesale)	45.12	159.57	713.89
Others	78.37	46.64	253.28
Total	630.30	692.72	2,754.22
Less: Inter segment revenue	13.81	12.20	52.76
Net Sales/ Income from Operations	616.49	680.52	2,701.46
B. Segment Results			
Profit (before unallocated expenditure interest and tax)			
Fertiliser	4.66	6.68	11.46
Plastics	18.06	11.87	63.89
Chemicals	19.88	34.19	117.84
Sugar	(15.61)	15.24	3.76
Cement	8.24	8.91	27.75
Traded Products (Wholesale)	2.98	(3.42)	(16.88)
Others	(11.09)	(5.26)	(24.68)
Total	27.12	68.21	183.14
Less: i) Interest	30.00	18.74	77.34
ii) Other unallocable expenditure net off unallocated income	7.94	7.06	37.19
Total Profit before Tax	(10.82)	42.41	68.61
C. Segment Capital Employed			
Fertiliser	212.21	190.82	337.61
Plastics	254.02	256.10	265.43
Chemicals	391.91	366.60	380.35
Sugar	1,009.12	682.81	1,015.27
Cement	26.93	26.80	26.41
Traded Products (Wholesale)	(110.96)	121.81	(184.96)
Others	379.99	237.42	337.16
Total Segment Capital Employed	2,163.22	1,882.36	2,177.27

NOTES :

1. In accordance with the accounting policy consistently followed by the Company for interim results, the off-season expenditure, aggregating to Rs. 6.50 Crores (corresponding previous quarter - Rs. 6.91 Crores) has been deferred for inclusion in the cost of sugar to be produced in the remaining part of the financial year.
2. During the quarter, Impact Builders Limited has become a subsidiary of the Company.
3. In accordance with the announcement issued by the Institute of Chartered Accountants of India, the Company has complied with Accounting Standard – 15 (Revised) “Employee Benefits” from April 1, 2007. However, the adjustment on account of transitional provisions will be dealt with in ‘general reserve/surplus in profit and loss account’ at the year end.
4. As required by the Accounting Standard – 11 “ The effect of changes in foreign exchange rates” notified by the National Advisory Committee on the Accounting Standards, the exchange fluctuation gain of Rs. 1.54 crores relating to forex loans taken for the purpose of acquiring fixed assets from outside India has been credited under ‘Other Income’ in the above statement as against the policy hitherto followed of adjusting such gains/losses in carrying amounts of concerned fixed assets under the provisions of Schedule VI - Part I of the Companies Act, 1956
5. During the quarter, 60 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 July 31, 2007.

For and on behalf of the Board

Place: New Delhi
Date: July 31, 2007

AJAY S. SHRIRAM
Chairman & Senior Managing Director