

Results Announcement



DSCL's Q1 FY2007 net sales up 17% at Rs. 681cr

Operating Profit maintained at \approx Rs 81 crores

Q1 FY07 performance driven by higher volumes in Plastics and Chemicals and better price realizations in Sugar and Cement business

FY2007 outlook based on:

- *Volume growth in Chemicals and PVC Resin*
- *Doubling of sugar crushing capacities to 33,000 TCD in time for next season.*

New Delhi, July 25, 2006

DSCL, 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 2006.

Highlights for the quarter are:

Figures in INR Crores

<u>Particulars</u>	<u>Q1 FY 2007</u>	<u>Q1 FY 2006</u>
Net Revenue	680.5	584.1
Operating Profit	81.4	81.7
PBT	42.4	55.1
PAT	30.1	38.6
EPS(On Rs 2/- Share)	1.82	2.33

Q1 FY2007 performance review (all comparisons with Q1 FY2006)

1. Factors that contributed positively to increase in revenues and profits during the quarter under review included higher volumes in Chemicals and Plastics businesses by 18% and 41% respectively and better realisations in Sugar and Cement businesses. The Company's recent initiatives of "Hariyali Kisaan Bazaar" rural retail and Fenesta™ Building Systems operations contributed to the increase in sales for the quarter.
2. The Chemicals and Plastics business recorded sharp reduction in operating margins due to lower prices (by 19% and 3% respectively) and rising costs of furnace oil, coal, salt and carbon material.
3. The results for the quarter are after accounting for the following debits/credits :
 - An expense of Rs. 3.2 crores on account of exchange rate difference, reflecting mainly the cost of hedging the foreign currency liabilities.

- A debit of Rs. 4.52 crores relating to previous year consequent to notification of lower than expected concession rates on phosphatic and potassic fertilizers for July 2005 to March 2006 by Government of India.
 - In order to better reflect the quarterly performance of sugar business, the company changed the treatment of sugar off-season expenses to “Integral approach” from “Discreet approach” followed so far. Consequently the PBDIT and PAT for the quarter are higher by Rs.6.91 crores and Rs.3.86 crores respectively. This change will have no effect on yearly performance.
4. Depreciation and interest costs were higher during the quarter, a reflection of the expanded capacities in the Chemicals, Plastics, and Sugar businesses that have been commissioned within the past one year.

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 an operationally good quarter under tough business environment with our recently enhanced capacities making optimal contributions and our value-added businesses showing encouraging performances. We expect to deliver an operationally good performance for the full year as well, with further capacity enhancements in Sugar, Fenesta Building systems and PVC resin businesses.”

Key operating highlights

During the quarter under review DSCL 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 Choro-Vinyl businesses. The high-value and knowledge based business initiated by the Company, including Fenesta Building Systems, Hariyali Kisaan Bazaar and *Shriram Polytech (Our Polymer Compounding division)* have also delivered encouraging performances.

Expanded capacities at Kota fully contributing to performance

The Company's expanded capacities in its Chlor-alkali, Plastics (including Calcium Carbide), Cement and Captive Power operations at its Kota complex made optimal contributions to overall performance during the quarter under review.

- **Chlor-alkali:** DSCL had completed the enhancement of its chlor-alkali capacity to 510 TPD in two phases- from 339 TPD to 450 TPD in Q4'05 and from 450 TPD to 510 TPD in

Q4'06 with 60 TPD expansion at Kota. The Company's entire chlor-alkali capacity is now based on the modern, environment-friendly, and more efficient membrane cell technology.

- **PVC Resin and Calcium Carbide:** The Company expanded in Q3'06 its PVC Resin capacity from 115 TPD to 175 TPD and Calcium carbide capacity from 190TPD to 340 TPD. The Company has further enhanced its PVC resin capacity to 200 TPD in July 2006.
- **Power:** The company enhanced its captive power capacity from 85 MW to 125 MW in Q3'06. Currently the plants are operating at above 100% capacity. As we are able to operate above 100%, we are selling the surplus power generated to the state electricity board.

Sugar crushing and co-gen power capacity expansions

- **Sugar crushing capacity:** DSCL's crushing capacity is expected to more than double to 33,000 TCD by the time the upcoming crushing season begins. Work on establishing two new factories, located in central UP where the other two existing factories of the Company are located, is progressing on schedule. Both factories will have a capacity of 8,000 TCD each and adequate command area for cane. Some capacity enhancements will also be done at the existing mills. The extended capacities will begin operations during the current year but their full benefit is expected to be reflected in FY2008 performance.
- **Co-gen power:** During the quarter under review, the Company exported 76 lakh units of co-gen power to the Uttar Pradesh Power Co-operation Ltd from its existing co-gen power plants. The Company is expanding its co-gen power capacity from 24MW to 81MW, including 38MW for export to the state grid. By October 2007, the last phase of this addition in co-gen capacity is expected to be completed.

This crushing and co-gen capacity expansion initiative is being implemented at an investment of Rs 550 crore, which also makes the Company eligible for UP government incentives as applicable.

Hariyali Kisaan Bazaar

- **3 new stores added during Q1 FY2007:** DSCL's rural retailing initiative is aimed at meeting all the needs of the rural population including farming needs and consumer good needs. During the quarter the company opened 3 new satellite stores on rented premises.
- **Offering of consumer goods extended to all stores.**
- **Insurance and construction material were also added.**

- The number of Hariyali stores now stands at 31, and is expected to increase significantly over the next 2 years.

Fenesta™ Building Systems-

- The Fenesta business is a value-added extension of the Company's existing PVC resin and PVC compounding operations. This business during the current quarter had a robust order booking of about 42,000 windows as compared to 9,100 windows in the same period last year.
- In order to meet the rapid growth in demand for Fenesta, the Company is planning to double the capacity of its Fenesta extrusion plant at Kota which should be completed during the current year. DSCL is also adding to its fabrication capacities by setting up new facilities across multiple cities and expanding existing ones.

- 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.

For further information please contact:

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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 25, 2006

Details to the announcement: Business-wise performance review

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

- **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 FY2007	40,132	20,715
Q1 FY2006	34,021	25,450
% Shift	18.0 %	-18.6 %

Performance	Revenues	PBIT
Q1 FY2007	89.8	34.2
Q1 FY2006	92.5	46.9
% Shift	-2.9 %	-27.1 %

- This business reported higher volumes during the quarter on the back of expanded capacities, with the last phase of expansion at Kota of 60 TPD being completed in Q4'06.
- Revenue and earnings performance of this business reflects lower realizations and high input costs. The ECU's are down by almost 19% as compared to same period last year. However there has been an improvement in the ECU compared to the preceding quarter, i.e. Q4 '06. **The realizations are up by almost 17% as compared to Q4 '06.**
- The earnings in this business were impacted by higher prices for two key inputs used in the manufacture of Chlor-alkali, i.e. Furnace oil (Used in the generation of Captive power at Bharuch) and Salt. The furnace oil prices have increased from approximately Rs. 12,000/MT in June 2005 to touch approximately Rs. 20,000/MT in June 2006. The company is already studying other fuel options to generate economical power at Bharuch. The Kota facility is already self-sufficient with economical captive thermal power.
- 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 XWR realisation (Rs. / MT)	Carbide Sales (MT)	Carbide XWR realization (Rs. / MT)
Q1 FY2007	14,325	41,029	3,845	22,470
Q1 FY2006	10,166	42,311	1,948	25,842
% Shift	41.0 %	-3.0 %	97.4 %	-13.0 %

Performance	Revenues	PBIT
Q1 FY2007	71.7	11.9
Q1 FY2006	49.0	9.7
% Shift	46.4 %	22.6 %

- This business reported a substantial improvement in revenues, led by a significant increase in volumes following an increase in capacity from 115 TPD to 175 TPD in Q3 '06. The company has further enhanced this capacity to 200 TPD in July '06.
- After a period of depressed realisations during the past few quarters, there has been some improvement in realisations during the quarter under review, although it was still marginally lower than the similar period last year (3%). However the realizations have shown marginal improvement compared to preceding quarter, i.e. Q4 '06 by almost 7%.
- The business's operating margins were under pressure, i.e. besides witnessing lower realizations the company witnessed cost push pressures, i.e. higher input cost of coal, carbon material etc.

Agri businesses

Fertilizers (Urea)

Product	Volume (MT)	Realization (Rs. / MT)
Q1 FY2007	109,804	18,411
Q1 FY2006	105,044	14,987
% Shift	4.5 %	22.8 %

Performance	Revenues	PBIT
Q1 FY2007	202.3	6.7
Q1 FY2006	157.0	6.2
% Shift	28.8 %	8.1 %

- Revenues increased 28.8% to Rs 202.3 crore reflective of higher input costs induced by a rise in naphtha prices, while PBIT increased 8.1% to Rs 6.7 crore.
- The company had higher interest cost on account of delays in subsidy receipt from the FICC.
- DSCL's is the lowest cost manufacturer of naphtha-based urea and plans to achieve the capability to also use natural gas as feedstock by September 2006.
- The performance of this business is influenced by government policy. The company is awaiting the government's announcement on policy parameters for the third phase of the long term pricing policy of urea which was to be effective from 1st April 2006.
- The Company's focus is on continually improving operational efficiencies and maintaining its cost leadership status.

Sugar

Product	Sales (Qty)	Realization(Rs. /MT)
Q1 FY2007	46,562	18,489
Q1 FY2006	49,757	16,269
% Shift	-6.4 %	13.6 %

Performance	Revenues	PBIT
Q1 FY2007	96.1	15.2
Q1 FY2006	88.1	11.3
% Shift	9.1 %	35%

- DSCCL regards its sugar operations as a key growth driver. This business delivered better revenues and earnings during Q1'07, driven by continued uptrend in realisations.
- In order to better reflect the quarterly performance of sugar business, the company changed the treatment of sugar off-season expenses to "Integral approach" from "Discreet approach" followed so far. Consequently the PBDIT and PAT of the company for the quarter are higher by Rs.6.91 crores and Rs.3.86 crores respectively. This change will have no effect on yearly performance.
- The Company's sugar realisations were higher at Rs 18,489/MT, however margins were same as last year.
- Revenues for the quarter increased 9.1% to Rs 96.1 crore, with PBIT up 35% at Rs 15.2 crore.
- The company's capacity of 14,000 TCD, increased from 11,000 TCD earlier at its existing plants in central UP, is being further expanded to 33,000 TCD with the addition of two new factories in the same area.
- The sugar business will witness volume growth in the next two years with higher capacities.

Traded Products

Performance	Revenues	PBIT
Q1 FY2007	159.6	-3.4
Q1 FY2006	158.7	2.1
% Shift	0.5 %	-

- DSCCL offers multiple other agri inputs, in addition to its own agri products including urea and hybrid seeds, to the farming community through its traded products operation. This activity enables DSCCL to have a comprehensive product portfolio and a larger market presence.
- Sales in this segment were stable at Rs 159.6 crore. Margins in this activity tend to be low, as the benefits are more strategic in nature. The Company had a negative PBIT of Rs 3.4 crore in the quarter on account of :

- Expense on account of exchange rate difference, reflecting mainly the cost of hedging the foreign currency liabilities
- A debit of Rs. 4.52 crores relating to previous year consequent to notification of lower than expected concession rates on phosphatic and potassic fertilizers for July 2005 to March 2006 by Government of India.

Others

DSCCL'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 and Cement.

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.

The Fenesta business is delivering strategic benefits as it enables DSCCL to realize a higher contribution from its plastic business and also de-commoditizes it. Revenues from the Fenesta business have increased 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. Resultantly, revenues under 'others' registered a 44% growth to Rs 73.29 crore in Q1FY2007.

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

DCM SHRIRAM CONSOLIDATED LIMITED

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

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2006

(Rs. in crores)

PARTICULARS	Quarter Ended		Year Ended
	30.6.2006	30.6.2005	31.3.2006
	(1) Unaudited	(2) Unaudited	(3) Audited
Gross Sales : Own Products	537.30	450.34	1,804.84
: Traded Products	183.12	167.95	671.48
: Services	-	-	0.06
Total	720.42	618.29	2,476.38
Less : Excise Duty	39.90	34.24	143.75
Net Sales/ Income from operations	680.52	584.05	2,332.63
Other Income	8.60	2.97	17.29
Total Expenditure			
(a) (Increase)/Decrease in Stock in trade			
: Own Products	70.10	62.17	(1.63)
: Traded Products	(0.35)	(65.98)	(128.91)
(b) Consumption of Raw Materials	195.24	138.45	770.72
(c) Purchases and related cost - Traded Products	181.80	230.07	783.33
(d) Power, fuel, etc.	80.21	68.39	289.40
(e) Personnel Cost	33.25	29.64	124.41
(f) Other expenditure	54.37	42.55	228.86
(g) Sugar Off-Season expenses	(6.91)	-	-
	607.71	505.29	2,066.18
Operating Profit	81.41	81.73	283.74
Interest	18.74	11.49	48.45
Gross Profit	62.67	70.24	235.29
Depreciation	20.26	15.16	70.19
Profit before Tax	42.41	55.08	165.10
Provision for taxation	12.27	16.50	49.91
Net Profit	30.14	38.58	115.19
Paid-up Equity Share Capital (face value of each share - Rs. 2)	33.34	16.75	33.34
Reserves excluding Revaluation reserve			488.02
Basic/Diluted - EPS (Rs. per equity share)	1.82	2.33	6.94
Aggregate of Public shareholding			
- Number of Shares	75395200	7540660	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
	30.06.2006	30.06.2005	31.03.2006
A. Segment Revenue			
Fertiliser	202.26	156.99	600.54
Plastics	71.70	48.99	236.14
Chemicals	89.80	92.45	324.95
Sugar	96.10	88.07	363.61
Traded Products (Wholesale)	159.57	158.70	617.68
Others	73.29	50.79	234.73
Total	692.72	595.99	2377.65
Less: Inter segment revenue	12.20	11.94	45.02
Net Sales/ Income from Operations	680.52	584.05	2332.63
B. Segment Results			
Profit (before unallocated expenditure interest and tax)			
Fertiliser	6.68	6.18	21.27
Plastics	11.87	9.68	34.38
Chemicals	34.19	46.89	128.87
Sugar	15.24	11.29	72.34
Traded Products (Wholesale)	(3.42)	2.07	(0.01)
Others	3.65	(3.12)	(11.12)
Total	68.21	72.99	245.73
Less: i) Interest	18.74	11.49	48.45
ii) Other unallocable expenditure net off unallocated income	7.06	6.42	32.18
Total Profit before Tax	42.41	55.08	165.10
C. Segment Capital Employed			
Fertiliser	190.82	70.66	237.18
Plastics	256.10	189.70	275.91
Chemicals	366.60	337.18	352.20
Sugar	682.81	319.97	566.89
Traded Products (Wholesale)	121.81	(76.29)	21.13
Others	264.22	205.22	248.35
Total Segment Capital Employed	1882.36	1046.44	1701.66

NOTES :

- 1 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. 6.91 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 quarter is higher by Rs. 3.86 crores. This change will have no effect on the annual results.
- 2 In view of Accounting Standard (AS) 15 (revised 2005) " Employee Benefits", issued by The Institute of Chartered Accountants of India which is applicable w.e.f. April 01, 2006, personnel cost for the quarter ended June 30, 2006 includes additional provision for employee benefits of Rs. 0.12 crore. The corresponding figure for the quarter ended June 30, 2005 has not been re-casted as the accumulated liability of employee benefits (including liability for compensated absences, presently actuarially determined on a discounted basis) amounting to Rs. 10.04 crores (net of tax) upto March 31, 2006 will be adjusted from surplus in profit and loss account in accordance with the Accounting Standard.
- 3 Pursuant to notification of the final rates of concession on phosphatic and potassic fertilisers for the period July 1, 2005 to March 31, 2006 issued by the Government of India, Ministry of Chemicals and Fertilisers vide its notification dated June 13, 2006, the Company has reversed revenue credits aggregating Rs. 4.52 crores accrued in the previous year.
- 4 Provision for taxation is made based on the best estimate of weighted average annual income - tax rate.
- 5 Previous period figures have been recast, wherever necessary.
- 6 During the quarter, 90 Investor complaints were received, which have all been attended to. No complaints were pending at the beginning or at the end of the quarter.
- 7 The above results were approved and taken on record by the Board of Directors in their meeting held on July 25, 2006.

For and on behalf of the Board

Place : New Delhi

Date : 25.07.2006

AJAY S. SHRIRAM
Chairman & Senior Managing Director

Per our report attached

For A.F. Ferguson & Co.

Chartered Accountants

Partner

Place : New Delhi

Date : 25.07.2006

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 June 30, 2006, does not have any impact on the above Results and Notes in aggregate except in respect of matter explained in note 1.

For and on behalf of the Board

Place : New Delhi

Date : 25.07.2006

AJAY S. SHRIRAM
Chairman & Senior Managing Director