For Immediate Release

DCM Shriram Ltd. announces Q1 FY22 Financial Results

Net Revenue for Q1 FY22 at Rs 1,957* crs vs Rs 1,912 crs for Q1 FY21

PBDIT for Q1 FY22 at Rs 300 crs, up 56% YoY

PAT for Q1 FY22 at Rs. 158 crs, up 128% YoY

- **Net Revenue up 2% YoY:**
  - **Chemical** revenues up 76% and Fenesta up 168% led by volumes
  - **Vinyl** revenues up 128% driven by prices
  - **Sugar** Business revenues down 36% due to lower volumes of Sugar
- **PBDIT up 56% YoY:**
  - **Vinyl** PBDIT at Rs 90 crs vs Rs 7 crs during same period last year led by higher prices.
  - **Chemicals** PBDIT Rs 113 crs vs Rs 61 crs during Q1 FY21 led by volumes and prices
  - **Sugar** Business PBDIT Rs. 42 crs. vs Rs. 90 crs. during Q1 FY'21 led by volumes
- **Credit rating (Long Term) upgraded** to AA+ (from AA) by ICRA during the quarter.
- **Project Investment:**
  - Grain based Distillery at Ajbapur Sugar unit, with a capacity of 120 KLD at a capital expenditure of Rs 145 crs.
  - Initiate the 700 TPD Chlor-alkali capacity expansion project along with 500 TPD Flaker plant.

New Delhi, 20th July, 2021: DCM Shriram Ltd. announced its Q1 FY22 financial results today.

***Net of excise duty on country liquor sales amounting to Rs 50.8 crs. Including excise duty, total revenue is Rs 2,008 crs.

Q1 FY22 Highlights

Rs Crs

	Q1 FY22	Q1 FY21	Change (%)
Net revenue from operations	1,957*	1,912	2.4%
PBDIT	300	192	56.1%
PBIT	243	133	82.7%
Finance Cost	27	43	-36.7%
PAT	158	69	128.5%

Key Developments and Outlook

1. **Net Revenues** (net of excise duty*) stood at Rs.1,957 crs for Q1 FY'22 vs Rs. 1,912 crs in Q1 FY'21:

   - ❑ The Revenues were positively impacted by:

     - ➢ Revenue for Chemicals business is up by 76% at Rs 412 crs and for Fenesta up by 168% at Rs 108 crs:

       - Higher volumes in Chemicals and Fenesta businesses lead to higher revenue. In the corresponding quarter last year, demand as well as production was impacted due the Covid-19 pandemic and related nationwide stringent lockdowns. As regards sequential quarter the volumes are largely in line.

       - ECU prices witnessed 11% increase at Rs. 24,309/MT vs Q1 FY 21. QoQ ECU is up 16%.

     - ➢ Vinyl business revenues were at Rs 186 crs vs Rs 82 crs during Q1 FY21 crs driven by higher prices of PVC which were up 86% at Rs. 125,003 / MT and Carbide up 55% at Rs. 85,777/MT. QoQ prices were stable. Volumes of PVC were higher by 26%, however, QoQ they were lower by 34% impacted by low demand as a result of 2nd wave of Covid-19. Volumes are coming back to normal now.

     - ➢ Fertilizer revenues up 8% at Rs 220 crs resulting from price revisions relating to previous years amounting of Rs 33 crs and higher gas prices (impact +ve Rs. 24 crs) which is a pass through. Volumes however were lower ~20% YoY as well as QoQ, since the plant operated at 75% capacity utilization (Impact –ve Rs. 41 crs) due to a partial breakdown. The plant is now operating at full capacity.

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- The Revenues were negatively impact by:

  - Overall Sugar business revenues (net of excise duty on country liquor sales amounting to Rs 50.8 crs) are down 36% YoY at Rs 563 crs primarily impacted by volumes of Sugar and Power, which resulted in a -ve impact of Rs 361 crs, partly offset by increase in distillery volumes Rs 22 crs and higher prices of Sugar and Ethanol Rs 26 crs, resulting in a net impact of Rs 314 crs.

    - Domestic sales volumes were lower at 10.5 lac qtls vs 16.3 lac qtls in Q1 FY 21, on account of lower quota released by the government which is a direct result of lower available inventory. Exports quota for SY 21 was largely fulfilled by Q4 FY21, hence exports during Q1 FY22 were at 0.2 lac qtls vs 5.0 lac qtls in Q1 FY21. Total export quota allocated for SY20 was 22 lac qtls vs 12.5 lac qtls for SY21.

    - Power volumes for Q1FY22 lower at 294 lac units vs 634 lac units for Q1FY21, due to shorter Sugar season.

    - Ethanol volumes stood at 311 lac ltrs vs 286 lac ltrs in Q1 FY 21.

    - Country liquor started sales this quarter with sales of 18.5 lac ltrs, Rs. 5.1 crs (net of excise duty amounting to Rs 50.8 crs).

- The 1st wave of Covid'19 lead to decline in revenue in Q1 FY '21 by ~ Rs. 300 crs because of lower volumes in Chloro-Vinyl and Fenesta Businesses.

2. **PBDIT** for Q1 FY22 up 56% YoY at Rs 300 crs.

- PBDIT was positively impacted by:

  - Vinyl (Plastics) PBDIT at Rs 90 crs vs Rs 7 crs during same period last year led by higher prices.

  - Chemicals PBDIT Rs 113 crs vs Rs 61 crs during Q1 FY21 led by volumes and higher ECU prices.

  - Fenesta PBDIT at Rs 12 crs vs –ve Rs 6 crs during Q1 FY21 due to lower volumes in Q1 FY21.

  - Fertilizer PBDIT at Rs 33 crs vs Rs 9 crs during Q1 FY21. The major reason was the additional income of Rs. 33 crs on account of price revision related to earlier periods. Excluding this income PBDIT was lower YoY primarily because of lower volumes.

- PBDIT was negatively impacted by:

  - Sugar Business PBDIT stood at Rs 42 crs vs Rs 90 crs during same period last year, primarily due to lower Sugar volumes at 10.7 lac qtls vs 21.3 lac qtls. Higher Sugar and Ethanol prices had a positive impact on the earnings.

  - Bioseed PBDIT at Rs 27 crs vs Rs 50 crs for Q1 FY21 impacted by lower volumes in India operations primarily in institutional segment and impact of Covid 19.

  - Input Costs have risen over the same period last year, in Chloro-Vinyl and Fenesta Businesses.

3. **PAT** for Q1 FY22 at Rs 158 crs vs Rs 69 crs during Q1 FY21.

4. **Net Debt** at 30th June, 2021 stood at Rs 122 crs vs Rs 1,167 crs at 30th June, 2020 and Rs. 180 crs on 31st March 2021. The reduction in debt over June 2020, resulted from lower sugar inventory and significantly lower fertilizer subsidy outstanding. Our prudent approach to Capex and working capital management across businesses also led to lower net debt.

5. **Long Term credit rating upgraded** to AA+ (from AA) by ICRA during the quarter and Short term rating of A1+ was reaffirmed. CRISIL rating is A1+ on short term rating scale.

6. **ROCE** came in at 20.8% in Q1 FY22 vs 18.0% in FY 21.

7. **Project Investments**

- New Investments approved by Board

  - Grain based Distillery at Ajbapur Sugar unit, with a capacity of 120 KLD at a Capital expenditure of Rs 145 crs, expected to be commissioned by Q2 FY23.

  - Additional steam generation for commercial sale up to 90 TPH at Bharuch at an investment of Rs. 31 crs, expected to be commissioned by end of Q1 FY23.

  - Replacement of 3 electrolysers with a capacity of ~160 TPD, with latest and efficient technology at Kota Chemicals unit at an investment of Rs 44 crs, expected to be commissioned by Q4 FY 22.

- Under implementation at a investment of ~ Rs. 2,100 crs at Bharuch Chemical Complex

  - 120 MW new coal based power plant expected to be commissioned by end of Q1 FY23.

  - Other projects are progressing as per schedule:

- Epichlorohydrine (ECH) with a capacity of 51,000 TPA along with Glycerin purification facility, Hydrogen peroxide (H_2O_2) at a capacity of 52,500 TPA, Expansion of Anhydrous Aluminum Chloride with a capacity of 32,850 TPA and Multipurpose Product Research & Development Center.

- The Company will now start the implementation of chlor-alkali capacity expansion of 700 TPD along with 500 TPD flaker expansion which is expected to be commissioned by Q4 FY’23.

Commenting on the performance for the quarter ending June 2021, in a joint statement, Mr. Ajay Shriram, Chairman & Senior Managing Director, and Mr. Vikram Shriram, Vice Chairman & Managing Director, said:

The performance during the quarter was robust despite the challenges of second wave of Covid-19 pandemic. Our businesses have shown resilience to the disruptions caused by pandemic and have continued to operate at normal levels. The overall economic activity in the Country was significantly better than the same period last year, enabling better performance.

In line with our strategy to grow the scale, integration and cost efficiencies of our businesses, we have taken further steps in the direction. We are expanding our Ethanol capacity with a new 120 KLD Grain based Distillery at our Ajbapur Sugar unit. We have now decided to initiate the expansion of 700 TPD Chlor-alkali capacity along with 500 TPD flaker plant at the Bharuch complex that was put on hold because of uncertainties caused by Covid-19 pandemic. We are optimizing the configuration from our under construction 120 MW power plant at Bharuch to sell up to 90 TPH steam. We are also replacing three electrolysers at Kota Chemical unit which will be more efficient and are on latest NCZ technology, to reduce power consumption and marginally increase capacity. All these steps will further strengthen our businesses.

Chloro-Vinyl and Fenesta businesses are facing cost pressures given the rise in Input prices, the Company continues to take active steps to improve cost structures and sustain reasonable margins.

Our Chlor-Alkali business has witnessed modest improvement in demand and prices. In Vinyl and Sugar prices, continue to be stable. Shriram Farm Solution and Fenesta business are enlarging their product portfolio and are witnessing good demand. Bioseed India business has faced headwinds in the current season, however, we feel it will grow well over the medium term.

Balance Sheet and Cash flow position continues to be strong, we will be able to fund most of the capex announced, from our internal accruals.

Q1 FY22 – Segment Performance

	Revenues (Net)			PBIT			PBIT Margins %	
Segments	**Q1 FY22**	**Q1 FY21**	***YoY % Change***	**Q1 FY22**	**Q1 FY21**	***YoY % Change***	**Q1 FY22**	**Q1 FY21**
Chloro-Vinyl	**598.4**	***315.6***	***89.6***	**177.9**	***43.4***	***310.2***	***29.7***	***13.7***
Sugar	**563.5***	***877.4***	***(35.8)***	**23.4**	***71.8***	***(67.5)***	***4.1***	***8.2***
SFS	**212.4**	***209.5***	***1.4***	***15.8***	***17.5***	***(9.3)***	***7.4***	***8.3***
Bioseed	**188.5**	***200.2***	***(5.9)***	***25.1***	***47.8***	***(47.5)***	***13.3***	***23.9***
Fertilizer	**219.6**	***203.2***	***8.1***	**30.2**	***5.8***	***425.7***	***13.8***	***2.8***
Others	**203.8**	***126.6***	***61.0***	**6.7**	***(6.8)***	**-**	***3.3***	***(5.3)***
-Fenesta	108.5	*40.4*	*168.2*	8.7	*(9.5)*	-	*8.0*	*(23.5)*
-Cement	46.6	*31.3*	*48.8*	(1.0)	*2.5*	-	*(2.0)*	*8.0*
-Hariyali Kisaan Bazaar & others	48.8	*54.9*	*(11.1)*	*(1.1)*	*0.2*	-	*(2.2)*	*0.5*
Total	**1,986.1**	***1,932.4***	***2.8***	**279.0**	***179.3***	***55.6***	***14.0***	***9.3***
Less: Intersegment Revenue	29.0	*20.5*	*41.9*					
Less: Unallocable expenditure (Net)				36.0	*46.3*	*(22.3)*		
Total	**1,957.1***	***1,912.0***	***2.4***	**243.1**	***133.1***	***82.7***	***12.4***	***7.0***

* Net of excise duty on country liquor sales amounting to Rs 50.8 crs. Including excise duty, total revenue is Rs 2,008 crs.

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