



For Immediate Release

DCM Shriram Ltd. announces its Q2 FY21 financial results

Q2 Revenues at Rs 2,047 crs and PAT at Rs. 119 crores
Q2 FY'21 PAT registered healthy 72% growth of over Q1 FY'21 (QoQ)

Q2 vs Q1 FY21 (QoQ)

- Revenues up by 7%:
 - Led by recovery in Chloro-Vinyl and Fenesta business which were significantly impacted by Covid-19 pandemic in Q1. Revenue from these businesses is up 73% led by volumes
- PBDIT up by 25%
 - Chloro-Vinyl and Fenesta businesses' PBDIT was up 180%
- Capacity utilization levels in these businesses has improved from ~40-50% in Q1 to 80-95% in Q2 FY 21

New Delhi, 20th October, 2020: DCM Shriram Ltd. announced its Q2 FY21 financial results today.

Q2 FY21 Highlights

	Q2 FY21	Q2 FY20	YoY Change (%)	Q1 FY21	QoQ Change (%)
Net revenue from operations	2,047	1,753	16.8%	1,912	7.1%
PBDIT	240	243	-1.5%	192	24.6%
PBIT	180	190	-5.4%	133	35.1%
Finance Cost	26	42	-39.3%	43	-40.8%
PAT	119	119	0.1%	69	72.2%

Rs crores

Key Developments:

1. Net Revenues up 17% at Rs 2,047 crs vs Rs 1,753 crs in Q2'FY20

a) The revenues (vs Q2 FY'20) were positively impacted by:

- i. Overall sugar business revenues up 89% YoY at Rs 830 crs led by volumes:
 - Sugar volumes up 74% YoY including exports of 5 lac qtls.
 - Higher Distillery volumes by 153% YoY. Second Distillery of 200 KLD capacity commissioned in December'19 led to higher volumes.
 - Significant reduction in Sugar inventory at 14.7 lac qtls vs 29.8 lac qtls in Sept '20.
- ii. Turnover of Value added inputs vertical of Shriram Farm Solutions went up by 32% YoY at Rs 189 crs driven by growth across all categories.
- iii. Plastics revenues up 25% YoY at Rs 171 crs led by higher volumes of PVC along with higher PVC prices.

b) The revenues (vs Q2 FY'20) were negatively impacted by:

- i. Chemicals ECU was lower by 24% YoY net impact Rs. 58 crs. Volumes were lower by 4%, impact Rs. 18 crs.
- ii. Fenesta revenues down 22% YoY at Rs 93 crs impacted by pandemic due to nature of the business. However, with order booking up 9% YoY, performance is expected to improve further in coming months.
- iii. Fertilizers revenue down 22% YoY at Rs 219 crs due to lower gas prices (a pass through).
- iv. Bioseed revenue lower 9% YoY because of preponement of sales to Q1 FY 21. Philippines continue to show good performance in corn and paddy.

2. PBDIT at Rs 240 crs vs Rs 243 crs during Q2 FY20.

Excluding the onetime impact of -ve Rs. 27 crs in Sugar (explained below), the PBDIT is Rs. 267 crs.

a) Earnings were driven by:

- i. Sugar PBDIT (excl the one time impact) is at Rs 85 crs. vs Rs. 42 crs. in Q2 FY'20. Earnings resulted from higher sugar and distillery volumes. During Q2 FY'21 the business has taken a

onetime provision of –ve Rs 27 crs against dues from Govt under Sugar Industry, Co-Gen and Distillery Promotion Policy, 2013.

- ii. SFS PBDIT at Rs 22 crs vs Rs 8 crs in Q2 FY20 driven by growth in volumes and margins.
- iii. Plastics PBDIT up 44% YoY at Rs 52 crs driven by higher PVC prices / volumes as well as lower power cost.
- iv. New power plant of 66 MW at Kota (commissioned in Feb FY'20) led to costs saving of ~Rs 21 crs in Q2 FY'21.

b) Earnings were lower on account of:

- i. Chemicals PBDIT down 41% YoY at Rs 94 crs primarily due to lower prices having an impact of Rs. 58 crs.
- ii. Fenesta earnings lower 37% YoY at Rs 15 crs due to lower volumes affected by pandemic. Sequentially, earnings are higher by Rs 21 crs.

3. **PAT** remained flat at Rs 119 crs vs Rs 119 crs during same period last year.

4. **Revenues and PBDIT in Q1 FY21** for our Chloro-vinyl and Fenesta businesses were impacted because of Covid-19 lead lockdowns and muted economic activity. Q2 has witnessed significant improvement

- a) Revenues from these businesses higher at Rs. 616 crs. vs Rs. 356 crs. in Q1 FY 21, primarily led by volumes.
- b) PBDIT from these businesses higher at Rs. 161 crs. vs Rs. 58 crs. in Q1 FY 21.
- c) Capacity utilization at 80-95% are at near pre-covid-19 levels

5. **Net Debt** at 30th Sep, 2020 at Rs 242 crs vs Rs 983 crs at 30th Sep, 2019 and Rs 1,167 crs at 30th June, 2020.

6. **ROCE** declined YoY as a result of Covid-19 impact on earnings as well as lower prices of Caustic Soda in Chemical business.

7. **Projects** – Company has started work on 120 MW new power plant at Bharuch to improve cost structure, expected to be commissioned in Q4 FY 22.

8. Company has completed sale of its Seeds Business in Vietnam.

H1 FY21 Highlights

Rs crores

	H1 FY20	H1 FY21	YoY Change (%)
Net revenue from operations	3,655	3,959	8.3%
PBDIT	617	432	-30.0%
PBIT	514	313	-39.1%
Finance Cost	79	69	-12.8%
PAT	340	188	-44.7%

Key Developments:

1. Net Revenues up 8% YoY at Rs 3,959 crs.

- a) Impact of Covid-19 on revenue in Q1 FY 21 was ~ Rs. 350 crs led by volumes, this has recovered significantly in Q2 FY'21
- b) Overall sugar business revenues up 85% YoY at Rs 1,707 crs driven by:
 - i. Sugar volumes up 76% YoY. This includes export of 10 lac qtls in H1 FY21 vs 0.5 lac qtls LY.
 - ii. Higher Distillery volumes by 137% YoY. Second Distillery of 200 KLD capacity commissioned Q3 FY20 led to higher volumes. B-Heavy Molasses based ethanol sales at 283 lac ltrs vs Nil in H1 FY20. Effective diversion of ~5 lac qtl of sugar to ethanol during SS 19-20.
 - iii. Significantly lower Sugar inventory at 30.09.20 at 14.7 lac qtls vs 29.8 lac qtls at Sept 19.
- c) SFS revenues up 12% YoY at Rs 398 crs, with value added segment up 29% YoY, across product categories
- d) Plastics (Vinyl) revenues down 8% YoY at Rs 253 crs due to lower volumes impacted by lockdown restrictions during Q1. Volumes as well as prices have picked up significantly in Q2
- e) Chemicals (Chlor-alkali) revenues down 40% at Rs 585 crs. ECU prices lower 32% YoY and volumes lower 22% YoY. Demand has been impacted by Covid 19, however, we are seeing good recovery with increase in economic activity.
- f) Fenesta revenues down 41% YoY at Rs 133 crs impacted by pandemic due to nature of the business. Business is witnessing regular recovery since May '20.

2. PBDIT down 30% at Rs 432 crs:

- a) Chemicals PBDIT down 64% YoY at Rs 155 crs impacted by lower prices and volumes due to Covid 19. Sequentially PBDIT increased from Rs 61 crs. in Q1 to Rs. 94 crs. in Q2
- b) Plastics PBDIT up 8% YoY at Rs 60 crs. Sequentially, PBDIT increased from Rs 7 crs in Q1 to Rs 52 crs in Q2.
- c) Fenesta PBDIT down 79% YoY at Rs 9 crs due to lower volumes impacted by pandemic. Sequentially PBDIT went up from a loss of Rs. 6 crs. in Q1 to a profit of Rs. 15 crs in Q2 FY 21.
- d) Overall sugar earnings up 15 % YoY at Rs 148 crs. This includes:
 - i. One time provision of Rs 27 crs taken in Q2 FY21 against government dues under Sugar Industry, Co-Generation and Distillery Promotion Policy, 2013
 - ii. Onetime income relating to previous period in Q1 FY20 of Rs. 13.8 crs

Excluding the above onetime items, PBDIT up 52% at Rs. 175 crs driven by sugar and distillery volumes.

- e) SFS PBDIT up 193% YoY at Rs 39 crs driven by value added segment across product categories.
- f) Bioseed PBDIT up 48% at Rs 57 crs driven by better earnings from India operations and Philippines.

3. PAT at Rs 188 crs vs Rs 340 crs during H1 FY20.

Commenting on the performance for the quarter and half year ending September 2020, in a joint statement, Mr. Ajay Shriram, Chairman & Senior Managing Director, and Mr. Vikram Shriram, Vice Chairman & Managing Director, said:

“The operating as well as financial performance of the company has improved significantly over previous quarter which was impacted by the effect of Covid-19 pandemic. Although the operating challenges due to Covid-19 have reduced, the uncertainty of economic environment continues. Our investments as well as rationalization over last couple years has strengthened our businesses and helped us in sustaining a reasonable performance in these challenging times.

Our Chloro-Vinyl businesses have witnessed healthy increase in volumes since May’20 and are now operating at reasonable levels. Our investment in new and efficient power plant at Kota to replace the old plants in Q4 last year, has brought significant cost savings and made us more competitive and enabled higher capacity utilization. Chlor-Alkali business should witness further improvement in volumes and prices as the demand as well as international prices improve. We have started implementation of 120 MW coal based power plant at Bharuch that will improve cost competitiveness at our Chemicals complex at Bharuch.

In our Sugar business we have increased scale and forward integration over last few years with 200 KLD distillery added in Q3 last year. This along with Sugar exports has led lower working capital as well as higher earnings. These steps along with policy support from government has improved the returns as well as given stability to the business.

Our Agri input businesses have rationalized revenue verticals and improved product offerings. Discontinuation of trading in Bulk fertilizers and sale of international seeds business at Indonesia and Vietnam has helped in reducing losses and has improved the focus on core business. These steps have improved performance and augurs well for consistent growth of these businesses

Our Balance sheet as well as cash flows are healthy and enable us to continue our focus on building scale, integration and cost competitiveness in our businesses”

Q2 FY21 – Segment Performance YoY

Rs crores

Segments	Revenues			PBIT			PBIT Margins %	
	Q2 FY20	Q2 FY21	YoY % Change	Q2 FY20	Q2 FY21	YoY % Change	Q2 FY20	Q2 FY21
Chemicals	426.8	351.6	(17.6)	139.1	73.7	(47.0)	32.6	21.0
Plastics	136.6	171.3	25.3	33.4	48.1	44.2	24.4	28.1
Sugar	439.2	830.0	89.0	26.8	39.1	45.9	6.1	4.7
SFS	159.5	189.0	18.5	8.2	21.5	162.8	5.1	11.4
Bioseed	117.4	107.4	(8.5)	5.4	5.6	5.4	4.6	5.2
Fertilizer	281.5	218.9	(22.2)	15.1	15.2	0.9	5.4	7.0
Others	207.3	187.9	(9.3)	24.0	14.4	(40.1)	11.6	7.7
-Fenesta	118.9	93.0	(21.8)	20.2	11.3	(44.1)	17.0	12.2
-Cement	39.9	47.1	18.1	3.2	3.3	2.8	7.9	6.9
-Hariyali Kisaan Bazaar & others	48.4	47.8	(1.3)	0.6	(0.2)	-	1.3	(0.4)
Total	1768.3	2,056.1	16.3	252.0	217.6	(13.6)	14.2	10.6
Less: Intersegment Revenue	15.4	9.3	(39.7)					
Less: Unallocable expenditure (Net)				62.0	37.9	(38.9)		
Total	1,752.9	2,046.9	16.8	189.9	179.7	(5.4)	10.8	8.8

Q2 FY21 – Segment Performance QoQ

Rs crores

Segments	Revenues			PBIT			PBIT Margins %	
	Q1 FY21	Q2 FY21	QoQ % Change	Q1 FY21	Q2 FY21	QoQ % Change	Q1 FY21	Q2 FY21
Chemicals	233.8	351.6	50.4	40.2	73.7	83.1	17.2	21.0
Plastics	81.8	171.3	109.4	3.1	48.1	1,442.0	3.8	28.1
Sugar	877.4	830.0	(5.4)	71.8	39.1	(45.5)	8.2	4.7
SFS	209.5	189.0	(9.8)	17.5	21.5	23.0	8.3	11.4
Bioseed	200.2	107.4	(46.3)	47.8	5.6	(88.2)	23.9	5.2
Fertiliser	203.2	218.9	7.8	5.8	15.2	164.9	2.8	7.0
Others	126.6	187.9	48.5	(6.8)	14.4	-	(5.3)	7.7
-Fenesta	40.4	93.0	129.9	(9.5)	11.3	-	(23.5)	12.2
-Cement	31.3	47.1	50.6	2.5	3.3	30.9	8.0	6.9
-Hariyali Kisaan Bazaar & others	54.9	47.8	(12.8)	0.3	(0.2)	-	0.5	(0.4)
Total	1932.4	2,056.1	6.4	179.3	217.6	21.4	9.3	10.6
Less: Intersegment Revenue	20.5	9.3	(54.7)					
Less: Unallocable expenditure (Net)				46.3	37.9	(18.1)		
Total	1,912.0	2,046.9	7.1	133.1	179.7	35.1	7.0	8.8

H1 FY21 – Segment Performance

Rs crores

Segments	Revenues			PBIT			PBIT Margins %	
	H1 FY20	H1 FY21	YoY % Change	H1 FY20	H1 FY21	YoY % Change	H1 FY20	H1 FY21
Chemicals	978.5	585.5	(40.2)	389.6	113.9	(70.8)	39.8	19.5
Plastics	276.5	253.0	(8.5)	49.6	51.2	3.2	18.0	20.2
Sugar	921.0	1,707.4	85.4	99.4	110.9	11.5	10.8	6.5
SFS	356.5	398.5	11.8	12.9	38.9	201.2	3.6	9.8
Bioseed	287.9	307.7	6.9	35.0	53.4	52.5	12.2	17.4
Fertilizer	441.8	422.1	(4.5)	(7.4)	21.0	-	(1.7)	5.0
Others	433.9	314.5	(27.5)	43.7	7.6	(82.6)	10.1	2.4
-Fenesta	227.1	133.4	(41.2)	36.1	1.8	(95.0)	15.9	1.4
-Cement	87.7	78.4	(10.6)	7.2	5.8	(19.8)	8.2	7.3
-Hariyali Kisaan Bazaar & others	119.1	102.7	(13.8)	0.5	0.1	(88.2)	0.4	0.1
Total	3696.1	3,988.6	7.9	623.0	397.0	(36.3)	16.9	10.0
Less: Intersegment Revenue	40.8	29.7	(27.1)					
Less: Unallocable expenditure (Net)				109.2	84.2	(22.9)		
Total	3,655.4	3,958.9	8.3	513.8	312.8	(39.1)	14.1	7.9

For further information, please contact:

Aman Pannu

Head- Corporate Communications

DCM Shriram Ltd.

+91 9899078610