



*For Immediate Release*

## DCM Shriram Ltd. announces Q2 & H1 FY22 Financial Results

**PAT for Q2 FY22 at Rs. 159 crs, up 33% YoY**

**Board Declared Interim dividend of 230%**

- **Net Revenue\* up 5% YoY at Rs 2,145 crs.**
  - **Chemicals** revenues up 37% led by both volumes and prices.
  - **Vinyl** revenues up 94% YoY primarily led by higher prices.
  - **Sugar** revenues down 29% YoY, primarily down due to lower sugar volumes
  
- **PBDIT up 30% YoY at Rs 311 crs.**
  - **Vinyl** PBDIT at Rs 156 crs vs Rs 52 crs during same period last year.
  - **Chemicals** PBDIT Rs 108 crs vs Rs 94 crs during Q2 FY21.
  - **Sugar Business** PBDIT lower 42% YoY at Rs 33 crs
  
- **Surplus cash** net of debt at 30<sup>th</sup> September, 2021 is Rs. 679 crs vs net debt of Rs 242 crs at 30<sup>th</sup> September, 2020.

*New Delhi, 19<sup>th</sup> October, 2021:* DCM Shriram Ltd. announced its Q2 & H1 FY22 financial results today.

\* Net of Excise duty of Rs. 33 crs during the quarter.

## Q2 FY22 Highlights

Rs Crs

	Q2 FY22	Q2 FY21	Change (%)
<b>Net revenue from operations</b>	2,145*	2,047	4.8%
<b>PBDIT</b>	311	240	29.9%
<b>PBIT</b>	252	180	40.1%
<b>Finance Cost</b>	23	26	-9.2%
<b>PAT</b>	159	119	33.2%

\*Net of excise duty on country liquor sales amounting to Rs 33 crs.

### Key Developments and Outlook – Q2 FY22

**1. Net Revenues** (net of excise duty on sale of country liquor) up 5% YoY at Rs.2,145 crs for Q2 FY22.

□ **The Revenues were positively impacted by:**

- Revenue for Chloro-vinyl segment up 56% at Rs 814 crs:
  - **Chemicals** business revenues up 37% YoY at Rs 483 crs driven by both volumes and prices.
    - Caustic sales volumes up 15% YoY. ECU realization for Q2 FY22 up 22% YoY. Caustic Soda Flakes also saw healthy increase in prices. Utilization levels for the quarter at healthy 90% vs 78% for Q2 FY21.
  - **Vinyl** business revenues up 94% YoY at Rs 332 crs driven by higher prices and higher volumes of PVC.
    - PVC prices up 62% YoY. Carbide prices up 75% YoY. PVC prices continue to move with international prices which have been firming up. Volumes of PVC were higher by 23% YoY.
  - **Fertilizer** revenues up 34% at Rs 293 crs resulting from higher gas prices which is a pass through.
  - **Fenesta** revenues up 40% YoY at Rs 130 crs due to volumes. Order booking up 63% YoY for Q2 FY22
  - In the same period last year the demand in Chloro-Vinyl and Fenesta was impacted by Covid-19 Pandemic.

❑ **The Revenues were negatively impact by:**

- **Sugar** business revenues (net of excise duty on country liquor sales amounting to Rs 33 crs) down 29% YoY at Rs 590 crs primarily impacted by lower sugar volumes. Sugar Volumes had a -ve impact of Rs 245 crs.
  - Domestic sales volumes were lower at 12.3 lac qtls down 17% YoY on account of lower quota released by the government which is a direct result of lower available inventory.
  - Export was negligible vs about 5 lac qtls YoY since the total export quota allocated for SY20 was 22 lac qtls vs 12.5 lac qtls for SY21, which was largely fulfilled by Q4 FY21.
  - Sugar domestic realizations and distillery realization were higher and had positive impact on revenues.

**2. PBDIT for Q2 FY22 up 30% YoY at Rs 311 crs.**

❑ **PBDIT was positively impacted by:**

- **Vinyl** PBDIT at Rs 156 crs vs Rs 52 crs during same period last year led by higher prices and PVC volumes.
- **Chemicals** PBDIT Rs 108 crs vs Rs 94 crs during Q2 FY21 led by volumes and higher product prices.
- Higher Sugar and Distillery realizations had positive impact on sugar earnings.

❑ **PBDIT was negatively impacted by:**

- **Sugar** Business PBDIT lower 42% YoY at Rs 33 crs, primarily due to lower volumes. Sugar volumes (both domestic and export) are regulated by government. Higher rate of purchased molasses as well as the Ethanol mix also dragged the earnings.
  - Q2 FY '21 had a provision for ~Rs. 27 crs. on account of reversal of incentives under SIPP 2013.
- **Bioseed** PBDIT at -ve Rs 14 crs vs Rs 7 crs for Q2 FY21 impacted by lower volumes primarily in India.
- **Key raw material inputs including coal costs in Chloro-Vinyl business had significant impact on earnings.**

**3. PAT for Q2 FY22 at Rs 159 crs vs Rs 119 crs during Q2 FY21.**

**4. Surplus cash net of debt** at 30<sup>th</sup> September, 2021 is Rs. 679 crs vs net debt of Rs 242 crs at 30<sup>th</sup> September, 2020 and Rs. 180 crs on 31<sup>st</sup> March 2021.

- There is seasonality in Capital employed which is generally at the highest level during Q4 due to build up during the Sugar season and is lowest around September.
- The ongoing capex programs in Chemicals and Sugar are expected to be commissioned as per plan and will be funded largely by internal accruals.

**5. Interim Dividend** declared by the Board at 230% amounting to Rs 71.7 crs.

## H1 FY 22 Highlights

Rs Crs

	H1 FY22	H1 FY21	Change (%)
<b>Net revenue from operations</b>	4,102*	3,959	3.6%
<b>PBDIT</b>	611	432	41.6%
<b>PBIT</b>	495	313	58.2%
<b>Finance Cost</b>	51	69	-26.5%
<b>PAT</b>	316	188	68.2%

\*Net of excise duty on country liquor sales amounting to Rs 84 crs.

### Key Developments and Outlook – H1 FY22

#### 1. Net Revenues (net of excise duty on sale of country liquor) up 4% YoY at Rs.4,102 crs:

##### □ Net Revenues were positively impacted by:

- Revenue for Chloro-vinyl segment up 68% at Rs 1,413 crs:
  - **Chemical** business revenues up 53% YoY at Rs 895 crs driven by both volumes and prices. Volumes up 34% YoY. ECU prices up 18% YoY.
  - **Vinyl** business revenues up 105% YoY at Rs 518 crs driven by higher prices of products and higher volumes of PVC.
  - **Fenesta** revenues for H1 FY22 higher by 79% YoY at Rs 239 crs led by volumes. Order booking up 69% YoY at Rs 280 crs.
  - Chloro-Vinyl and Fenesta businesses in Q1 FY21 was impacted by pandemic and lockdown due to Covid-19, resulting in loss of production leading to lower sales. Demand recovered gradually during Q2 FY21, however, remained below normal.
  - **Fertilizer** revenues up 22% at Rs 513 crs resulting from higher gas prices which is a pass through. H1 FY22 revenues includes amount of Rs 33 crs received in Q1 FY22 for price revisions relating to previous years. Volumes lower 13% YoY. Plant operated at lower capacity due to partial break down during Q1 FY22.
  - **Bioseed International** revenues were higher 12% YoY at Rs 75 crs driven by higher corn and paddy sales.

##### □ Net Revenues were negatively impacted by:

- **Overall Sugar** business revenues (net of excise duty on country liquor sales amounting to Rs 84 crs) down 32% YoY at Rs 1,153 crs.

- Lower sugar volumes had an impact to the tune of Rs 596 crs. Domestic volumes lower due to lower monthly release. Export volumes lower as SY20 had export quota of 22 lac qtls vs 12.5 lac qtls for SY21.
- Domestic Sugar and Ethanol realizations were up that added to revenue
- Power volumes lower as sugar season 2021 ended early vs sugar season 2020.
- Country liquor sales for the period at Rs. 8 crs (Net of excise duty of Rs 84 crs).
- **India operations Bioseed** revenues down 21% at Rs 191 crs impacted by lower volumes.

**2. PBDIT for H1 FY22 up 42% YoY at Rs 611 crs vs Rs 432 crs for H1 FY21.**

**□ PBDIT was positively impacted by:**

- **Chemicals** PBDIT up 42% at Rs 220 crs led by volumes and higher product prices.
- **Vinyl (Plastics)** PBDIT for H1 FY22 at Rs 246 crs vs Rs 60 crs during same period last year led primarily by higher prices. PVC volumes had positive impact on the earnings.
- **Fenesta** PBDIT at Rs 31 crs vs Rs 9 crs during H1 FY21 due to higher execution in projects as well as retail verticals
- Last year pandemic related lockdowns and demand disruption had significant impact on earnings for Chloro-Vinyl and Fenesta business
- **Fertilizer** PBDIT up 82% at Rs 49 crs. Earnings higher on account of additional income of Rs 33 crs received during Q1 FY22 on account of price revisions relating to previous years. Lower volumes during the period dragged down the earnings. Plant operated at 75% capacity utilization during Q1 FY22. Plant is stable now.

**□ PBDIT was negatively impacted by:**

- **Overall** sugar business PBDIT lower 49% YoY at Rs 76 crs, primarily due to:
  - Sugar volumes were lower for both domestic and export.
  - Power volumes lower due to shorter sugar season 2021 vs SY20. Mills ended earlier in SY21.
  - Higher rate of purchased molasses and higher off season expenses (during Q1 FY22 – a result of shorter season) also dragged the earnings.
  - Higher sugar domestic prices and distillery prices had positive impact but was more than offset by lower volumes.
- **Bioseed** PBDIT at Rs 12 crs vs Rs 57 crs for H1 FY21 impacted by earnings from India operations due to lower volumes and higher overheads.

3. **PAT** for H1 FY22 at Rs 316 crs vs Rs 188 crs during H1 FY21.
4. **Long Term credit rating upgraded to AA+** (from AA) by ICRA during H1 FY'22 and Short term rating of A1+ was reaffirmed. CRISIL has reaffirmed rating is A1+ on short term rating scale.

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

*“We are glad to report a good overall performance during the quarter. The businesses environment remains disruptive despite relative normalization of Covid-19 during the quarter, given the global supply chain constraints led by climate induced factors, geo-political reasons and Covid-19.*

*Our Chloro-vinyl businesses have performed better given the improved demand as well as price scenario. However with global increase in energy prices as well as other key inputs, the cost pressures are high. There is significant uncertainty on inputs costs although we are having adequate supplies to ensure continuity of operations. We expect that higher product prices will support the increase in costs.*

*Our Sugar business is operating in a favorable operating environment which is good for the farmers as well as the industry. Although the SAP for Sugarcane has been revised upwards, we hope that product prices will support the increase in SAP. Higher international prices of Sugar augur well for the business.*

*For Our Agri Input business of Shriram Farm Solutions and Bioseed this is a limited season.*

*Our Investment projects of around Rs. 2,500 crs across businesses are under progress. 2<sup>nd</sup> wave of Covid -19 as well as extensive rains have impacted some of the project milestones, however we expect to commission the projects as per plan.*

*Given the health of our balance sheet and operating cash-flow, we will look forward to more growth avenues and enhance our scale, integration, value addition and cost positioning.”*



## Q2 FY22 – Segment Performance

Rs Crs	Revenues			PBIT			PBIT Margins %	
Segments	Q2 FY22	Q2 FY21	YoY % Change	Q2 FY22	Q2 FY21	YoY % Change	Q2 FY22	Q2 FY21
Chloro-Vinyl	814.3	522.9	55.7	238.2	121.8	95.6	29.3	23.3
Sugar	589.9*	830.0	(28.9)	14.2	39.1	(63.8)	2.4	4.7
SFS	178.3	189.0	(5.6)	21.1	21.5	(1.9)	11.8	11.4
Bioseed	77.4	107.4	(27.9)	(16.1)	5.6	-	(20.7)	5.2
Fertilizer	293.5	218.9	34.0	13.8	15.2	(9.6)	4.7	7.0
Others	209.2	187.9	11.3	10.2	14.4	(29.3)	4.9	7.7
-Fenesta	130.1	93.0	39.9	14.7	11.3	30.2	11.3	12.2
-Cement	44.9	47.1	(4.6)	(4.0)	3.3	-	(9.0)	6.9
-Hariyali Kisaan Bazaar & others	34.2	47.8	(28.5)	(0.5)	(0.2)	-	(1.5)	(0.4)
<b>Total</b>	<b>2,162.7</b>	<b>2,056.1</b>	<b>5.2</b>	<b>281.3</b>	<b>217.6</b>	<b>29.3</b>	<b>13.0</b>	<b>10.6</b>
Less: Intersegment Revenue	17.9	9.3	93.0					
Less: Unallocable expenditure (Net)				29.5	37.9	(22.2)		
<b>Total</b>	<b>2,144.8*</b>	<b>2,046.9</b>	<b>4.8</b>	<b>251.9</b>	<b>179.7</b>	<b>40.1</b>	<b>11.7</b>	<b>8.8</b>

\* Net of excise duty on country liquor sales amounting to Rs 33 crs.

Note: Net revenue includes operating income

## H1 FY22 – Segment Performance

Rs Crs	Revenues			PBIT			PBIT Margins %	
Segments	H1 FY22	H1 FY21	YoY % Change	H1 FY22	H1 FY21	YoY % Change	H1 FY22	H1 FY21
Chloro-Vinyl	1,412.7	838.5	68.5	416.1	165.2	151.9	29.5	19.7
Sugar	1,153.4*	1,707.4	(32.4)	37.5	110.9	(66.1)	3.3	6.5
SFS	390.7	398.5	(1.9)	36.9	38.9	(5.2)	9.4	9.8
Bioseed	265.9	307.7	(13.6)	9.0	53.4	(83.1)	3.4	17.4
Fertilizer	513.0	422.1	21.6	44.0	21.0	109.7	8.6	5.0
Others	413.0	314.5	31.3	16.9	7.6	121.3	4.1	2.4
-Fenesta	238.6	133.4	78.8	23.4	1.8	1,195.0	9.8	1.4
-Cement	91.5	78.4	16.7	(5.0)	5.8	-	(5.5)	7.3
-Hariyali Kisaan Bazaar & others	83.0	102.7	(19.2)	(1.6)	0.1	-	(1.9)	0.1
<b>Total</b>	<b>4,148.8</b>	<b>3,988.6</b>	<b>4.0</b>	<b>560.4</b>	<b>397.0</b>	<b>41.2</b>	<b>13.5</b>	<b>10.0</b>
<b>Less: Intersegment Revenue</b>	46.9	29.7	57.8					
<b>Less: Unallocable expenditure (Net)</b>				65.4	84.2			
<b>Total</b>	<b>4,101.9*</b>	<b>3,958.9</b>	<b>3.6</b>	<b>494.9</b>	<b>312.8</b>	<b>58.2</b>	<b>12.1</b>	<b>7.9</b>

\* Net of excise duty on country liquor sales amounting to Rs 84 crs.

Note: Net revenue includes operating income

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