



DCM SHRIRAM

BSE Limited Phiroze JeeJeeBhoy Towers, Dalal Street, <u>Mumbai - 400 001</u>	National Stock Exchange of India Ltd., "Exchange Plaza", 5 th Floor, Plot No. C-1, G Block, Bandra-Kurla Complex, Bandra (E) <u>Mumbai - 400 051</u>
SCRIP CODE : 523367	SCRIP CODE : DCMSHRIRAM

Kind Attn: Department of Corporate Communications/Head – Listing Department

Sub: Update on the outcome of Board Meeting

Dear Sirs,

This is in continuation to our letter dated 18.1.2022, please find attached a copy of Press Release on Unaudited Financial Results for the quarter ended 31.12.2021.

You are requested to kindly take the above information on your records and disseminate the same including at your website.

Thanking You,

Yours faithfully,
For DCM Shriram Ltd.

(Sameet Gambhir)
Company Secretary

Dated : 18.01.2022

DCM SHRIRAM LTD.

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CIN No. L74899DL1989PLC034923



For Immediate Release

DCM Shriram Ltd. announces Q3 & 9M FY22 Financial Results

PAT for Q3 FY22 up 38% YoY, PBDIT up 46% YoY

Board Declared Interim dividend of 260%

➤ **Net Revenues* up 26% YoY at Rs 2,730 crs.**

- **Growth in revenues** led by Chloro-vinyl, Fenesta and Shriram Farm Solutions.
- **Chloro-Vinyl** revenues up 90% YoY at Rs 1,042 crs primarily led by prices.
- **Shriram Farm Solutions** revenues up 13% YoY at Rs 446 crs led by volumes
- **Fenesta** revenues up 26% YoY at Rs 137 crs driven by volumes and prices.
- **Sugar** revenues down 14% YoY, at Rs 565* crs primarily due to lower sugar volumes despite better prices, led by lower monthly releases.
- Cane crush during the current season is higher than same period last year.

➤ **PBDIT up 46% YoY at Rs 614 crs.**

- **Chloro-Vinyl** PBDIT at Rs 411 crs, up 107% YoY.
- **Sugar Business** PBDIT up 13% YoY at Rs 132 crs.

➤ **Surplus cash** net of debt at 31st December, 2021 is Rs. 245 crs vs net debt of Rs 385 crs at 31st December, 2020.

➤ **ROCE** came in higher at 27% vs 17% for Dec'20.

New Delhi, 18th January, 2022: DCM Shriram Ltd. announced its Q3 & 9M FY22 financial results today.

* Net of Excise duty of Rs. 61 crs during the quarter.

Q3 FY22 Highlights

Rs Crs

	Q3 FY22	Q3 FY21	Change (%)
Net revenue from operations	2,730*	2,159	26.5%
PBDIT	614	421	45.9%
PBIT	553	365	51.5%
Finance Cost	17	28	-39.2%
PAT	350	253	38.0%

*Net of excise duty of Rs 61 crs on country liquor sales.

Key Developments and Outlook – Q3 FY22

1. Net Revenues (net of excise duty on sale of country liquor) up 26% YoY at Rs 2,730 crs for the quarter.

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

- **Chemicals** business revenues up 115% YoY at Rs 738 crs driven by prices.
 - ECU prices up 126% YoY. Flakes prices also up YoY. ECU prices up 73% QoQ.
 - Caustic sales volumes up 8% YoY, also contributed to the revenues. Sales volumes of Hydrogen and Aluminum Chloride were also up.
- **Vinyl** business revenues up 47% YoY at Rs 304 crs driven by higher prices and higher volumes of Carbide.
 - PVC prices up 36% YoY and carbide prices up 94% YoY.
 - Carbide sales volumes up 72% YoY. PVC volumes down 4% YoY for lower production of PVC due to higher payback from carbide.
- **Fertilizer** revenues up 39% at Rs 367 crs resulting from higher gas prices which is a pass through.
- **Fenesta** revenues up 26% YoY at Rs 137 crs led by both retail and projects segment. Revenues up 5% QoQ. Order booking up 43% YoY.
- **Shriram Farm Solutions (SFS)** revenues up 13% YoY at Rs 446 crs driven by wheat seed and specialty nutrition products.

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

- **Overall Sugar** business revenues (net of excise duty on country liquor sales) down 14% YoY at Rs 565 crs impacted by lower sugar and distillery volumes.
 - Domestic sugar volumes down 29% YoY at 9.5 lac qtls, impacted revenues by Rs 131 crs. Domestic volumes are regulated by government through monthly releases which were lower YoY. Domestic sugar realizations higher 12% YoY.
 - Distillery volumes down 17% YoY at 267 lac ltrs due to maintenance shut down and lower availability of molasses. Distillery prices higher for current ethanol season.

2. PBDIT for Q3 FY22 up 46% YoY at Rs 614 crs.

❑ **PBDIT was positively impacted by:**

- **Vinyl** PBDIT at Rs 125 crs, up 24% YoY led by higher prices and carbide volumes. Cost pressures were high, driven by high coal and carbon material costs, which were offset by higher product prices.
- **Chemicals** PBDIT at Rs 286 crs up 193% YoY led by prices and volumes. Input costs came in significantly higher, esp. the energy costs, which were more than offset by better prices.
- **Overall Sugar** PBDIT at Rs 132 crs up 13% YoY driven by better domestic sugar and Distillery realizations. Lower volumes and higher input costs partially neutralized the upside in the earnings.
- **SFS** PBDIT came in higher at Rs 97 crs up 24% YoY.

❑ **PBDIT was negatively impacted by:**

- **Bioseed** PBDIT at –ve Rs 32 crs vs –ve Rs 8 crs for Q3 FY21 impacted by lower volumes in India operations. Q3 is a short season for Indian operations. Inventory provisions/ write-offs were higher.
- **Fertilizer** business had lower earnings at Rs 18 crs vs Rs 39 crs during Q3 FY21 due to onetime gain of ~Rs 19.8 crs in Q3 FY21.

3. PAT for Q3 FY22 at Rs 350 crs vs Rs 253 crs during Q3 FY21.

4. Surplus cash net of debt as on 31st Dec, 2021 is Rs. 245 crs vs net debt of Rs 385 crs as on 31st Dec, 2020 and Rs 180 crs on 31st March 2021.

- ❑ Reduction in net debt is attributed to strong operating cash-flow over last 12 months.
- ❑ There is seasonality in Capital employed which is high during Q4, due Inventory buildup in Sugar and Urea Subsidy.

5. Sugar Season update

- ❑ Mills started at end of Oct'21/ early Nov'21.
- ❑ Cane crushed for SY22 is 212 lac qtls vs 203 lac qtls for SY21.
- ❑ Recoveries on final molasses for the season stood at 10.6% (SY22) vs 10.7% (SY21).
- ❑ Company started to produce ethanol based on cane juice during the current season.
- ❑ Sugar diverted to cane juice and B-Heavy molasses at 4.3 lac qtls.

6. Second Interim Dividend declared by the Board at 260% amounting to Rs 81.1 crs.

9M FY 22 Highlights

Rs Crs

	9M FY22	9M FY21	Change (%)
Net revenue from operations	6,832*	6,118	11.7%
PBDIT	1,225	853	43.7%
PBIT	1,048	678	54.6%
Finance Cost	68	97	-30.2%
PAT	666	442	50.9%

*Net of excise duty of Rs 145 crs on country liquor sales.

Key Developments and Outlook – 9M FY22

1. Net Revenues (net of excise duty on sale of country liquor) up 12% YoY at Rs 6,832 crs:

□ Net Revenues were positively impacted by:

- **Chemical** business revenues up 76% YoY at Rs 1,633 crs driven by both volumes and prices. Volumes up 24% YoY. ECU prices up 52% YoY.
- **Vinyl** business revenues up 79% YoY at Rs 822 crs driven by higher prices and volumes. PVC prices up 53% YoY. Carbide prices up 82% YoY. PVC and carbide volumes up 13% YoY and 19% YoY respectively.
- **Fenesta** revenues higher 55% YoY at Rs 375 crs led by volumes and prices. Order booking up 58% YoY led by both retail and projects.
- Chloro-Vinyl and Fenesta businesses in Q1 FY21 were impacted by pandemic and lockdown due to Covid-19, resulting in loss of production leading to lower sales. Demand recovered slowly post lock down.
- **Fertilizer** revenues up 28% at Rs 880 crs resulting from higher gas prices which is a pass through. Volumes down 10% YoY. Plant operated at lower capacity due to partial break down during Q1 FY22. One time item in current period includes amount of Rs 33 crs received in Q1 FY22 for price revisions relating to previous years and last year revenues include Rs 19.8 crs as arrears recognized for past years.

□ Net Revenues were negatively impacted by:

- **Overall Sugar** business revenues (net of excise duty on country liquor sales) down 27% YoY at Rs 1,719 crs.

- Primarily impacted due to lower sugar volumes (by 40% YoY) having impact of Rs 719 crs. Domestic volumes lower due to lower monthly release linked to lower inventory. Export volumes lower as SY20 had higher export quota vs SY21.
- Power volumes lower by 28% YoY primarily due to sugar season 2021 ended early vs sugar season 2020.
- Distillery volumes lower 8% YoY due to lower availability of molasses and extended maintenance shut down.
- Higher sugar domestic realizations and higher distillery realizations contributed to the revenues.
- **Bioseed** revenues down 13% at Rs 345 crs impacted by lower volumes of India operations. India operations revenues down 20% YoY.

2. PBDIT for 9M FY22 up 44% YoY at Rs 1,225 crs.

□ PBDIT was positively impacted by:

- **Chemicals** PBDIT up 100% YoY at Rs 506 crs led by volumes and higher product prices.
- **Vinyl** (Plastics) PBDIT up 131% YoY at Rs 371 crs led by higher prices. Volumes had positive impact on the earnings.
- **Fenesta** PBDIT up 91% YoY at Rs 52 crs due to higher execution in projects as well as prices.

□ PBDIT was negatively impacted by:

- **Overall** sugar business PBDIT lower 21% YoY at Rs 207 crs, due to:
 - Higher domestic sugar prices and distillery prices had positive impact, but gains were offset due to impact of lower volumes as explained above.
 - Higher prices of purchased molasses also impacted the earnings during the present period.
 - Previous period had a onetime provision of –ve Rs 27 crs taken against state government dues under Sugar Industry, Co-Generation and Distillery Promotion Policy, 2013.
- **Bioseed** PBDIT at –ve Rs 20 crs vs Rs 49 crs during same period last year. Impacted by earnings from India operations due to lower volumes and inventory provisioning / write-off. Lower margins also impacted the earnings.

- Key input material and power & fuel costs gone up significantly YoY as well as sequentially. Higher product prices have more than mitigated the impact.

3. PAT for 9M FY22 at Rs 666 crs vs Rs 442 crs during 9M FY21.

4. Projects under implementation

- The various projects announced in Chemicals business are under execution. Project costs are getting impacted given the significant rise in commodity prices. Execution may see delays of about 2-3 months, impacted by 2nd and 3rd wave of Covid-19 and excessive / untimely rains. The returns on the project continue to be healthy.
- Sugar segment projects moving as per plan.

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

“This quarter was very challenging for our businesses. High and volatile commodity prices along with supply constraints made the operating environment very dynamic for Chloro-vinyl and Fenesta businesses. Erratic rains made supply chain management difficult for our Agri inputs businesses. We are glad that overall our businesses did well despite these challenges.

Chloro-Vinyl business witnessed almost unidirectional increase in input costs especially energy prices. This was led by global factors such as increase in energy demand, supply constraints due to geo-political factors and adverse weather conditions. Freight costs are also adding to the cost push. However, globally the product prices have responded well to the increase in Input costs. Operating environment continues to be dynamic. Chemical expansion and downstream projects are facing headwinds from commodity price increase as well as marginal delays due to 2nd and 3rd wave of Covid-19 and extensive rains.

Sugar season has started well with Cane Crush levels (till date) higher than last season. During the quarter Board has approved investments in Sugar business to the extent of Rs. 358 crs towards Sugar capacity expansion, Sugar refinery and additional Grain attachment. The 120 KLD distillery as well as the above projects are progressing as per plan. This will augur well for strengthening the business. It is important that the policy framework for the industry remains stable, for sustainability of the operating environment.

Fenesta and Shriram farm Solution are growing well. Bioseed India is facing operational pressures, we expect the business to perform well over medium term.

Our cash-flows are healthy which continue to strengthen our balance Sheet.

For the next quarter we are bracing ourselves for another challenge in terms of third wave of Covid-19 pandemic.”

Q3 FY22 – Segment Performance

Rs crs	Revenues			PBIT			PBIT Margins %	
Segments	Q3 FY22	Q3 FY21	YoY % Change	Q3 FY22	Q3 FY21	YoY % Change	Q3 FY22	Q3 FY21
Chloro-Vinyl	1042.2	549.7	89.6	385.2	177.2	117.4	37.0	32.2
Sugar	565.4*	656.5	(13.9)	111.9	97.4	14.9	19.8	14.8
SFS	446.1	395.0	13.0	96.7	77.8	24.3	21.7	19.7
Bioseed	79.4	90.7	(12.5)	(33.6)	(9.3)	-	(42.3)	(10.3)
Fertilizer	367.2	263.7	39.2	15.5	36.7	(57.7)	4.2	13.9
Others	257.2	214.8	19.8	13.0	17.2	(24.2)	5.1	8.0
-Fenesta	136.7	108.9	25.5	17.3	15.0	15.9	12.7	13.7
-Cement	40.0	48.4	(17.5)	(10.5)	3.3	-	(26.4)	6.8
-Others	80.5	57.4	40.2	6.2	(1.0)	-	7.8	(1.8)
Total	2757.5	2170.4	27.1	588.8	397.1	48.3	21.4	18.3
Less: Intersegment Revenue	27.7	11.6	138.4					
Less: Unallocable expenditure (Net)				35.5	31.9	11.2		
Total	2729.8*	2158.7	26.5	553.31	365.2	51.5	20.3	16.9

* Net of excise duty of Rs 61 crs on country liquor sales.

Note: Net revenue includes operating income

9M FY22 – Segment Performance

Rs crs	Revenues			PBIT			PBIT Margins %	
Segments	9M FY22	9M FY21	YoY % Change	9M FY22	9M FY21	YoY % Change	9M FY22	9M FY21
Chloro-Vinyl	2454.8	1388.2	76.8	801.2	342.4	134.0	32.6	24.7
Sugar	1718.8*	2363.9	(27.3)	149.5	208.3	(28.2)	8.7	8.8
SFS	836.8	793.4	5.5	133.6	116.7	14.4	16.0	14.7
Bioseed	345.3	398.4	(13.3)	(24.6)	44.1	-	(7.1)	11.1
Fertilizer	880.3	685.8	28.4	59.5	57.7	3.1	6.8	8.4
Others	670.2	529.3	26.6	29.9	24.8	20.4	4.5	4.7
-Fenesta	375.3	242.4	54.9	40.8	16.8	143.2	10.9	6.9
-Cement	131.5	126.8	3.6	(15.5)	9.0	-	(11.8)	7.1
-Others	163.5	160.1	2.1	4.7	(1.0)	-	2.8	(0.6)
Total	6906.3	6159.0	12.1	1149.1	794.0	44.7	16.6	12.9
Less: Intersegment Revenue	74.6	41.4	80.5					
Less: Unallocable expenditure (Net)				100.9	116.1	(13.1)		
Total	6831.6*	6117.6	11.7	1048.2	678.0	54.6	15.3	11.1

* Net of excise duty of Rs 145 crs on country liquor sales.

Note: Net revenue includes operating income

For further information, please contact:

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