For Immediate Release

DCM Shriram Ltd. announces its FY'20 and Q4 FY'20 financial results

Net Revenues for FY '20 at Rs 7,767 crores vs Rs 7,771 crores last year

Net Profit for FY '20 at Rs 717 crores vs Rs 906 crores last year

- **Projects commissioned,** involving investments of Rs 707 crores commissioned during the year
  - 332 TPD chlor-alkali capacity expansion, 200 KLD distillery, 66MW power plant and 40TPD PVC plant.
  - led to 13% increase in chlor-alkali volumes, 41% increase in distillery revenues, and improvement in cost structures.
- **Chlor-Alkali prices** witnessed correction by about 23% YoY for the year, adversely impacting revenue and profits.
- **Profits** for Sugar, Agri Inputs ie Bioseed and Shriram Farm Solutions, Plastics and Fenesta registered improvements.
- **New Projects** - The Company has decided to enter into the business of Country Liquor as a forward integration of Sugar distillery operations. The Board has approved an investment of Rs.42.40 crores to set up Country Liquor bottling plant with a capacity of 11,000 cases per day.

New Delhi, 3rd June, 2020: DCM Shriram Ltd. announced its FY20 & Q4 FY20 financial results today.

FY20 Highlights

Rs.cr

	FY19	FY20	Growth (%)
Net revenue from operations	7,771	7,767	-0.1%
PBDIT	1,456	1,295	-11.1%
PBIT	1,299	1,076	-17.2%
Finance Cost	119	164	37.8%
PAT	906	717	-20.8%

Key Developments:

1. **Total Revenues** for the year at Rs 7,767 crores (FY 2019 : Rs 7,771 crores).

   a. The revenues were positively impacted by:

      i. Commissioning of additional 332 TPD Chlor-Alkali capacity led to an increase in volumes by 13% YoY.

      ii. Commissioning of second distillery of 200 KLD contributed to a 41% YoY increase in distillery revenues. Distillery operations started utilization of B-heavy molasses, leading to diversion of 4.6 lac qtls from Sugar to Ethanol.

      iii. Domestic Sugar prices improved by 8% YoY. Sugar exports were up from 8.7 lacs qtls in FY19 to 12.8 lac qtls.

      iv. Turnover of Value added inputs vertical of Shriram Farm Solutions went up by 16% YoY, led by improved focus post rationalization of bulk fertilizer business.

      v. With the sale of subsidiary, SGFL in May 20, the company has now totally exited the SSP business.

   b. The revenues were adversely impacted due to:

      i. 23% YoY drop in ECU realization for chlor-alkali products - led to reduction of about Rs 500 crores in revenue.

      ii. Lower domestic sales of Sugar, a result of lower demand and consequently lower releases.

      iii. Lockdown in March 20, which led to lower sales by ~ Rs 156 crores.

2. **PBDIT** at Rs 1,295 crores (FY19 : Rs 1,456 crores).

   a. Factors contributing positively to PBDIT are:

      i. Sugar PBDIT was up 14% led by higher domestic sugar prices and higher ethanol volumes. Reduction in power tariff, partially offset the gains.

      ii. Plastic PBDIT was up 19% YoY due to better margins led by lower input costs.

      iii. SFS PBDIT was up 67% YoY led by better earnings in Value added portfolio and lower losses in Bulk fertilizers, post rationalization.

      iv. Fertilizer PBDIT at Rs 91 crores vs Rs 28 crores in FY19. This was primarily due to one-time impact of reversal of provision made in to FY'19, consequent to removal of ambiguities in the Modified NPS III via government notification, amounting to Rs 38 crores. PBDIT excluding one-time impact of reversal of provision, for FY20 at Rs 53 crores vs Rs 66 crores in FY19. PBDIT for current year impacted by costs wrt maintenance shut down taken in April'19.

      v. Bioseed India profits improved as a result of rationalisation of fixed expenses.

   b. PBDIT for the year for Chemicals business was lower by Rs. 340 crores a decline of 35% YoY. The ECU realization went down by 23% YoY. The impact was partly mitigated by volume increase by 13% YoY and lower coal costs.

3. A charge of Rs 14.8 crores is taken in FY20 for sale of subsidiary at Indonesia and Vietnam.

4. **PAT** stood at Rs 717 crores vs Rs 906 crores during last year.

5. **Net Debt** at 31st March, 2020 at Rs 1,623 crores vs Rs 1,265 crores at 31st March, 2019. Net Debt increased as a result of:

   a. Capital Expenditure outflow of Rs. 596 crores during the year.

   b. Higher Sugar business inventory at Rs. 1,434 crores vs Rs. 1,211 crores last year. Of this part will come down with higher sugar exports and regularization of Ethanol dispatches in Q1 FY 21.

   c. Higher urea subsidy at Rs. 642 crores vs Rs. 533 crores last year.

6. **ROCE** has declined as a result of lower earnings as well as higher capital employed on account of capitalization of projects post completion during the year and higher working capital.

7. **Sugar Season update**

   a. Crushing days for SY20 is 183 days vs 182 days for SY19, last mill closed for season on 16.05.20

   b. Cane Crushed during SY20 is 598 lac qtls vs 542 lac qtls during previous season.

   c. Recoveries based on final molasses stood at 11.92% for the SY 20 vs 12.09% for period previous season.

8. **Completed Projects** - a) 332 TPD chlor-alkali capacity at Bharuch b) 200 KLD Distillery at Ajbapur c) PVC expansion of 40 TPD at Kota d) 66 MW power plant at Kota in replacement of 50 MW power plants.

9. **Projects under implementation -** The schedule for implementation of capacity expansion at Bharuch for Caustic Soda Plant by 700 TPD (along with 120 MW Captive Power plant and Flaker capacity expansion of 500 TPD) at an investment of Rs.1,070 crores is being reworked after factoring in the Covid19 related disturbances.

10. **New Projects** - The Company decided to enter the business of Country Liquor as a forward integration of Sugar distillery operations. The Board has approved an investment of ~ Rs.42.40 crores to set up Country Liquor bottling plant of capacity of 11,000 cases per day at Hariawan (UP) Sugar Unit. This will also enable swing capability between ethanol & country liquor.

Q4 FY20 Highlights

Rs.cr

	Q4 FY19	Q4 FY20	Growth (%)
Net revenue from operations	1,888	1,917	1.6%
PBDIT	439	355	-19.2%
PBIT	395	295	-25.5%
Finance Cost	24	47	96.8%
PAT	293	201	-31.3%

Key Developments:

1. **Net Revenues** at Rs 1,917 crores (Q4 FY19 : Rs 1,888 crores).
   a. The revenues were positively impacted by:
      i. Higher domestic Sugar volumes up by 38% YoY and distillery volumes up 83% YoY consequent to commissioning of second distillery 200 KLD and Higher sugar prices 4% YoY.
      ii. SFS value added inputs revenues up 22% YoY with enhanced focus on this segment.
   b. The revenues were adversely impacted due to the following:
      i. Chemicals ECU prices down 35% YoY leading to lower revenues by ~Rs 158 crores. Volumes down 4% YoY, impacted by nationwide lockdown due to Covid-19.
      ii. Lower PVC volumes 22% YoY a result of nationwide lockdown due to Covid-19.

2. **PBDIT** at Rs 355 crores (Q4 FY19 : Rs 439 crores).
   a. Chemicals PBDIT down by Rs 182 crores due to lower ECU realizations.
   b. Sugar profits are lower despite higher prices of Sugar and higher volumes Ethanol, since last year's Q4 results included impact of accrual of ~Rs 36 crores of cane price support from central govt. Lower power tariffs also impacted the earnings by about Rs 25 crores.
   c. Fertilizer PBDIT at Rs 76 crores vs –ve Rs 30 crores during Q4 FY19. Provision of Rs 53 crores created up to Dec'19 (including Rs 38 crores in Q4 FY19) reversed in Q4 FY20 relating to provision for fixed costs under NPS III, consequent to removal of ambiguities in the Modified NPS III via government notification. Better energy efficiency added to the earnings.

3. **PAT** stood at Rs 201 crores vs Rs 293 crores during same period last year.

4. **Completed Projects -** 66 MW power plant at Kota commissioned during the quarter.

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

"We continue to progress our strategic direction of enhancing scale, strengthening cost competitiveness, synergistic integration of operations and strong consumer value propositions.

We expanded chlor- alkali, pvc and distillery capacity during the year. The new capacities have stabilized and are helping the company in growing volumes continuously. The 66MW power plant commissioned at Kota in Q4'20 to replace the old 50 MW power plants will help in reducing costs and improving reliability of operations.

The chlorine based chemical businesses, a forward integration to chlor-alkali operations, are being grown over a period and we plan to continue to progress the same over next few years.

We are strengthening our product and geographic portfolio by exiting some under-performing areas and strengthening others. In Shriram Farm solutions, we have completed the exit from trading of bulk fertilizer and are strengthening the Value Added agri-inputs business. In Bio-seed we have exited Indonesia and Vietnam and are focusing on strengthening India and Philippines businesses. In Fenesta, we have added System aluminum windows to our portfolio.

We are simultaneously ensuring a sound financial, healthy cash generation and strong liquidity to ensure that we continue to meet all our obligations and commitments timely.

The recent developments relating to Covid19 adversely impacted some of our operations-leading to complete shutdown and then operating at lower production levels. The product prices also recorded softness. We are very hopeful that the position will improve continuously as more and more sectors open up. We are also working on utilizing the learnings of this period to further strengthen our operations including customer engagements, operating practices, supply chain, cost structures, working capital cycle, etc on sustained basis.

We are confident of a sustained growth over the medium term."

Covid -19 impact on Business

- The lockdown as per the directions of Government of India and the States from March 24th onwards, affected part of our operations:
    - Sugar and Bioseed businesses, being categorized as essential, continued normal operations.
    - Chemicals, Shriram Farm solutions, Fertilizer resumed operations in early April'20.
    - Plastics, Fenesta and Cement operations resumed by mid May '20.
- Fertilizer and SFS have reached normal level of operations. Chloro-vinyl, Fenesta and Cement businesses are operating at 50-70% capacity and the production is improving in line with market demand.
- The operating and financial performance of the Company has been subdued during this period as a result lower volumes and prices for some of our businesses.
- Overall operating cash flows are comfortable. The Company has maintained adequate cash in hand and undrawn bank limits. It has met all its business, statutory and financial commitments as per the due dates and is maintaining adequate liquidity for future commitments.

Response to Covid – 19

- **Social**
    - Distribution of Sodium Hypochlorite a disinfectant from our Chemical Plants and alcohol based sanitizers from our Sugar plant. Distribution of Masks and Gloves across locations among communities.
    - Spreading awareness about preventive steps among our employees, their families and communities around our plant locations.
    - Enabling 'work from home' to the maximum extent possible.
    - SOPs have been put in place at all the work places for maximum precautions and preventive steps, including canteens.
    - Donations to Centre and State funds for Covid – 19.

- **Business related**

  - The Company is focusing on increasing sales in all its businesses. It has enhanced engagement with customers and is also expanding the markets to newer geography. These steps are leading to continuous increase in production levels.

  - The company is also conserving cash by optimizing the working capital and the capital expenditure.

  - Simultaneously plans are being firmed up to enhance efficiency and optimize cost structures.

FY20 – Segment Performance

Rs crores

	Revenues			PBIT			PBIT Margins %	
Segments	**FY19**	**FY20**	***YoY % Change***	**FY19**	**FY20**	***YoY % Change***	**FY19**	**FY20**
Chemicals	**1,914.7**	**1,724.8**	***(9.9)***	**910.4**	**553.0**	***(39.3)***	***47.5***	***32.1***
Plastics	**588.0**	**553.4**	***(5.9)***	**83.2**	**98.9**	***19.0***	***14.1***	***17.9***
Sugar	**2,353.0**	**2,521.6**	***7.2***	**354.6**	**390.7**	***10.2***	***15.1***	***15.5***
SFS	**716.6**	**762.0**	***6.3***	**40.7**	**67.6**	***66.2***	***5.7***	***8.9***
Bioseed	**472.3**	**415.9**	***(12.0)***	**3.2**	**10.1**	***215.9***	***0.7***	***2.4***
Fertiliser	**1,041.0**	**1,016.6**	***(2.3)***	**17.7**	**79.7**	***349.1***	***1.7***	***7.8***
Others	**814.6**	**831.9**	***2.1***	**38.2**	**45.2**	***18.3***	***4.7***	***5.4***
-Fenesta	390.5	418.9	*7.3*	48.3	53.2	*10.0*	*12.4*	*12.7*
-Cement	166.8	178.2	*6.8*	(7.5)	8.6	-	*(4.5)*	*4.8*
-Hariyali Kisaan Bazaar & others	257.3	234.8	*(8.8)*	(2.6)	(16.5)	-	*(1.0)*	*(7.0)*
Total	**7,900.2**	**7,826.1**	***(0.9)***	**1,447.9**	**1,245.2**	***(14.0)***	***18.3***	***15.9***
Less: Intersegment Revenue	129.1	58.9	*(54.3)*					
Less: Unallocable expenditure (Net)				148.8	169.4	*13.9*		
Total	**7,771.1**	**7,767.1**	***(0.1)***	**1,299.2**	**1,075.9**	***(17.2)***	***16.7***	***13.9***

Q4 FY20 – Segment Performance

Rs crores

Segments	Revenues			PBIT			PBIT Margins %	
	Q4 FY19	Q4 FY20	*YoY % Change*	Q4 FY19	Q4 FY20	*YoY % Change*	Q4 FY19	Q4 FY20
Chemicals	**524.0**	**354.0**	***(32.4)***	**244.3**	**58.9**	***(75.9)***	***46.6***	***16.6***
Plastics	**152.1**	**130.3**	***(14.3)***	**26.7**	**22.2**	***(16.9)***	***17.5***	***17.0***
Sugar	**637.4**	**838.3**	***31.5***	**227.4**	**194.6**	***(14.5)***	***35.7***	***23.2***
SFS	**72.5**	**74.1**	***2.2***	**(14.5)**	**(8.2)**	**-**	***(20.0)***	***(11.0)***
Bioseed	**44.4**	**45.3**	***2.1***	**(26.2)**	**(15.5)**	**-**	***(59.0)***	***(34.2)***
Fertiliser	**267.3**	**300.4**	***12.4***	**(32.5)**	**73.3**	**-**	***(12.2)***	***24.4***
Others	**199.9**	**183.3**	***(8.3)***	**8.4**	**(6.7)**	**-**	***4.2***	***(3.7)***
-Fenesta	101.9	84.6	*(17.0)*	12.3	3.6	*(70.8)*	*12.1*	*4.3*
-Cement	42.5	45.9	*8.1*	(1.6)	6.7	-	*(3.8)*	*14.6*
-Hariyali Kisaan Bazaar & others	55.5	52.9	*(4.8)*	(2.3)	(17.0)	-	*(4.1)*	*(32.2)*
Total	**1897.6**	**1,925.8**	***1.5***	**433.7**	**318.5**	***(26.6)***	***22.9***	***16.5***
Less: Intersegment Revenue	9.7	8.5	*(12.0)*					
Less: Unallocable expenditure (Net)				38.4	23.8	*(38.0)*		
Total	**1,887.9**	**1,917.2**	***1.6***	**395.3**	**294.7**	***(25.5)***	***20.9***	***15.4***

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