



For Immediate Release

DCM Shriram Ltd. announces its Q3 FY21 financial results

Interim Dividend Declared 275% amounting to Rs 85.8 crs

PAT for Q3 FY21 at Rs 253 crs up 44% vs Q3 FY20

PBDIT for Q3 FY21 at Rs 421 crs up 30% vs Q3 FY20

- **New projects** approved in Chemical downstream products at an investment of Rs 1,000 crs to be implemented over next 24 months:
 - Epichlorohydrine (ECH) along with Glycerine purification facility
 - Hydrogen peroxide
 - Expansion of Anhydrous Aluminum chloride
 - Multipurpose Product Research and Development center
- **Revenues** at Rs 2,159 crs down 2% YoY:
 - Plastics, Shriram Farm Solutions and Sugar distillery witnessed upside.
 - Sugar and Chemicals witnessed decline.
 - Businesses operating at normal capacity levels.
- **PBDIT** at Rs 421 crs up 30% YoY:
 - Plastics, Sugar distillery and Shriram farm solutions added to earnings.
 - Chemicals business witnessed decline.

New Delhi, 19th January, 2021: DCM Shriram Ltd. announced its Q3 FY21 financial results today.

Q3 FY21 Highlights

Rs crs

	Q3 FY21	Q3 FY20	Change (%)
Net revenue from operations	2,159	2,195	-1.6%
PBDIT	421	323	30.3%
PBIT	365	267	36.6%
Finance Cost*	28	38	-25.6%
PAT	253	175	44.5%

*Please refer point no 5 below.

Key Developments:

1. Revenues for Q3 FY21 at Rs 2,159 crs down 2% vs Q3 FY20:

- The revenues were positively impacted by:
 - ❑ Vinyl Business revenue stood at Rs 207 crs up 41% YoY, driven by PVC prices up 49% and volumes up 11%.
 - ❑ Shriram farm solutions (SFS) Value added product business revenues were at Rs 395 crs up 28% YoY, driven by product categories across value added vertical, primarily Seeds.
 - ❑ Fenesta Business has witnessed a 17% improvement in Q3 (at Rs 109 crs) vs Q2 FY21.
- The revenues were negatively impact by:
 - ❑ Overall sugar business revenues down 14% YoY at Rs 657 crs impacted by:
 - Lower exports ~Rs 233 crs due to late announcement of export policy. Exports will reflect in subsequent quarters. Domestic sugar volumes up 6% YoY.
 - Higher Distillery volumes by 148% YoY added Rs. 101 crs. to revenue. Second Distillery of 200 KLD capacity commissioned Q3 FY20 led to higher volume YoY.
 - ❑ Chemicals revenues down 13% YoY due to lower prices. ECU prices down 21% YoY. Lower prices had –ve impact of approx Rs. 50 crs. Prices were down 7% in Q3 vs Q2 FY21.

2. PBDIT for Q3 FY21 at Rs 421 crs up 30% vs Q3 FY20.

- Overall sugar PBDIT up 16% YoY (excluding inventory valuation charge of Rs.18 crs) at Rs 135 crs. Earnings were driven by distillery.
- Plastics PBDIT at Rs 101 crs vs Rs 30 crs driven by higher PVC Prices and volumes.

- SFS profits up 24% at Rs 78 crs led by higher revenue in value added vertical, primarily Seeds. 66MW power plant commissioned in Feb'20 has significantly enhanced savings.
- Chemicals PBDIT at Rs 98 crs down 21% YoY due to lower ECU prices.
- Fertilizer PBDIT at Rs 39 crs vs Rs 17 crs during same period last year. Current quarter includes Rs 20 crs Govt arrears post price notification received in Q3' FY 21 for FY 18-19.

3. **PAT** for Q3 FY21 at Rs 253 crs up 44% vs Q3 FY20.

4. **Sugar Season Updates:**

- Mills started in first week of November' 2020.
- Cane crushed till 31st December, 2020 (SY21) is 203.3 lac qtls vs 190.0 lac qtls in corresponding period.
- Recoveries, on final molasses, till 31st December, 2020 (SY21) is 10.7% vs 11.2% till 31st December, 2019 (SY20).
- Contracted exports of 12.5 lac qtls for SY21.

5. **Net Debt at** 31st December, 2020 stood at Rs 385 crs vs Rs 971 crs at 31st December, 2019 vs Rs 242 crs at 30th September, 2020.

- **Net Finance cost** for Q3 FY21 at Rs 13.5 crs vs Rs 8.6 crs for Q3 FY20.

6. **ROCE** came in at 17.1% for Q3 FY21 from 15.1% for Q2 FY21. ROCE improved in Q3 vs Q2 FY21, with better performance in Vinyl, Sugar and SFS businesses.

7. **Interim Dividend** declared by Board at 275% amounting to Rs 85.8 crs.

8. **Credit rating** was reaffirmed by Crisil at A1+. (Rating with ICRA is at 'AA' long term and 'A1+' Short term).

9. **Projects**

➤ **Under implementation**

- ❑ To optimize the cost structure at Bharuch, the company started work on 120 MW new power plant at Bharuch in Q2 FY20, It is progressing as per plan.
- ❑ The plan for implementation of 700 TPD Caustic Soda plant and 500 TPD flaker will be taken in due course.

➤ **New Projects approved by the Board with an investment of Rs 1,000 crs. These projects will be implemented at the existing site of Bharuch Gujarat.**

- ❑ Epichlorohydrine (ECH) with a capacity of 51000 TPA along with Glycerine purification facility.
- ❑ Hydrogen peroxide (H2O2) at a capacity of 52500 TPA
- ❑ Expansion of Anhydrous Aluminum Chloride with a capacity of 32850 TPA
- ❑ Multipurpose Product Research & Development Center.

The objective is to foray into downstream Chemicals, linked to our Chlor-alkali business. Further the Multipurpose product research & development center is being set up to enable forward integration of existing products and new products i.e. ECH and H2O2. This will also set up our base for other value added chemicals going forward.

9M FY21 Highlights

Rs crs

	Q9 FY21	Q9 FY20	Change (%)
Net revenue from operations	6,118	5,850	4.6%
PBDIT	853	940	-9.3%
PBIT	678	781	-13.2%
Finance Cost*	97	117	-17.0%
PAT	442	515	-14.3%

**Please refer point no 3 below.*

Key Developments:

1. Revenues for 9M FY21 at Rs 6,118 crs up 5% vs 9M FY20.

- Overall sugar business revenues up 40% YoY at Rs 2,364 crs driven by sugar and distillery volumes:
 - ❑ Sugar volumes up 25% YoY. Domestic volumes at 44.5 lac qtls up 25% and export volumes at 10.1 lac qtls up 24%. This is despite delay in announcement of export policy for the current season.

- ❑ Distillery volumes up 141% YoY at 940 lac ltrs. Ajbapur Distillery commissioned in Q3 FY20 added 524 lac ltrs.
- SFS revenues up 15% at Rs 793 crs driven by growth across the product categories in Value added segment.
- PVC revenues up 9% YoY at Rs 460 crs driven by prices. PVC prices up 22% YoY and volumes were lower by 1% YoY. Lower volumes of PVC were impacted by shut down in Q1 due to pandemic. Sequentially, the average capacity utilization has gone up from 44% in Q1 FY21 to 94% in Q2 to 96% in Q3 FY21.
- Chemicals revenues down 32% at Rs 928 crs due to lower prices and volumes. ECU prices lower 30% YoY. Volumes down 15% YoY impacted by Covid 19. Lower volumes and lower prices had an impact of Rs 200 crs and Rs 242 crs respectively. Sequentially, the average capacity utilization has gone up from 51% in Q1 FY21 to 78% in Q2 to 79% in Q3 FY21.
- Fenesta revenues down 28% YoY at Rs 242 crs impacted by pandemic due to nature of the business, majority of this impact came in Q1 this year. Business has seen recovery with increase in economic activity. Sequential average capacity utilization increased from 37% in Q1 to 81% in Q2 to 91% in Q3 FY21. Overall order booking up 16% YoY for Q3 FY21 (6% up vs Q2 FY21).

2. PBDIT for 9M FY21 at Rs 853 crs down 9% vs 9M FY20.

- Chemicals PBDIT at Rs 253 crs down 54% YoY due to lower prices and volumes.
- Plastics PBDIT at Rs 160 crs up 87% YoY due to higher prices and lower power costs.
- Commissioning of new power plant of 66 MW to replace old plant led to energy savings.
- Overall sugar PBDIT up 9% YoY at Rs 264 crs driven by sugar and distillery volumes. But for the onetime items such as Provision of ~Rs. 27 crs. in Q2 FY'21 against government dues under SIPP 2013 policy and inventory valuation charge of Rs 18 crs in Q3 FY'21 the profit would have been Rs. 310 crs.
- SFS PBDIT at Rs 117 crs up 53% YoY. Growth across product categories in value added segment. Focus on value added segment is yielding sustained results.
- Fertilizer PBDIT at Rs 66 crs vs Rs 15 crs during same period last year due to shut down impact (April'19) leading to lower volumes and shut down costs and onetime impact due to price notification related to FY18-19 in Q3 FY'21.

➤ Fenesta PBDIT at Rs 27 crs down 54% YoY impacted by pandemic. The business is witnessing reasonable recovery on YoY basis.

3. Net Finance cost for 9M FY21 at Rs 50.6 crs vs Rs 43.4 crs for 9M FY20.

4. PAT for 9M FY21 at Rs 442 crs vs Rs 515 crs during 9M FY20.

Commenting on the performance for the quarter and 9M ending December 2020, in a joint statement, Mr. Ajay Shriram, Chairman & Senior Managing Director, and Mr. Vikram Shriram, Vice Chairman & Managing Director, said:

“The Company has witnessed a sequential improvement in its quarterly performance as the challenges posed by Covid-19 reduced. This quarter has been particularly robust wherein almost all are businesses operated at normal levels.

Given our resilient performance in last nine months, our balance sheet strength, stable free cash-flows and the improvement in economic environment, the board has approved investment in Chemical downstream products of Epichlorohydrine, Hydrogen Peroxide and expansion of Aluminum Chloride. Further, it has also approved setting up a research and development center for Chemicals business to enable forward integration of current & pipeline products as well as to develop other value added chemical products. These steps augur well for growth and strengthening of our Chemicals business.

Chlor-alkali business continues to face headwinds of supply being in excess of demand leading to subdued prices. Our efforts on cost optimization in the past and going forward will ensure reasonable margins and competitiveness. 120 MW Coal based Power plant at Bharuch is under implementation and 66 MW plant at Kota was implemented last year, these are significant steps in this direction. Going forward chlorine utilization (partly) in ECH will further strengthen the business.

Sugar business will utilize Ajbapur distillery for full current season, which along with better ethanol prices will help in partly offsetting the impact of lower sugar cane recovery.

Shriram farm solutions, Bioseed and Fenesta are focusing on expanding the product portfolio and market development activities which will enable them to enhance their growth momentum.”

Q3 FY21 – Segment Performance YoY

Rs crs

Segments	Revenues			PBIT			PBIT Margins %	
	Q3 FY21	Q3 FY20	YoY % Change	Q3 FY21	Q3 FY20	YoY % Change	Q3 FY21	Q3 FY20
Chemicals	342.8	392.3	(12.6)	80.8	104.5	(22.7)	23.6	26.6
Plastics	206.9	146.6	41.1	96.4	27.1	255.4	46.6	18.5
Sugar	656.5	762.2	(13.9)	97.4	96.7	0.7	14.8	12.7
SFS	395.0	331.4	19.2	77.8	62.8	23.9	19.7	18.9
Bioseed	90.7	82.6	9.8	(9.3)	(9.4)	-	(10.3)	(11.3)
Fertiliser	263.7	274.4	(3.9)	36.7	13.8	166.4	13.9	5.0
Others	214.8	214.7	0.1	17.2	8.2	110.6	8.0	3.8
-Fenesta	108.9	107.3	1.5	15.0	13.5	10.9	13.7	12.6
-Cement	48.4	44.6	8.6	3.3	(5.3)	-	6.8	(11.9)
-Hariyali Kisaan Bazaar & others	57.4	62.8	(8.6)	(1.0)	(0.0)	-	(1.8)	(0.0)
Total	2,170.4	2,204.2	(1.5)	397.1	303.8	30.7	18.3	13.8
Less: Intersegment Revenue	11.6	9.7	20.5		0.0			
Less: Unallocable expenditure (Net)				31.9	36.4	(12.4)		
Total	2,158.7	2,194.6	(1.6)	365.2	267.4	36.6	16.9	12.2

9M FY21 – Segment Performance

Rs crs

Segments	Revenues			PBIT			PBIT Margins %	
	Q9 FY21	Q9 FY20	YoY % Change	Q9 FY21	Q9 FY20	YoY % Change	Q9 FY21	Q9 FY20
Chemicals	928.3	1,370.8	(32.3)	194.7	494.2	(60.6)	21.0	36.0
Plastics	459.9	423.1	8.7	147.6	76.8	92.3	32.1	18.1
Sugar	2,363.9	1,683.2	40.4	208.3	196.1	6.2	8.8	11.7
SFS	793.4	687.8	15.4	116.7	75.7	54.2	14.7	11.0
Bioseed	398.4	370.5	7.5	44.1	25.7	71.8	11.1	6.9
Fertiliser	685.8	716.2	(4.2)	57.7	6.4	804.7	8.4	0.9
Others	529.3	648.6	(18.4)	24.8	51.9	(52.2)	4.7	8.0
-Fenesta	242.4	334.3	(27.5)	16.8	49.6	(66.2)	6.9	14.8
-Cement	126.8	132.3	(4.1)	9.0	1.9	386.0	7.1	1.4
-Hariyali Kisaan Bazaar & others	160.1	182.0	(12.0)	(1.0)	0.5	-	(0.6)	0.3
Total	6,159.0	5,900.3	4.4	794.0	926.7	(14.3)	12.9	15.7
Less: Intersegment Revenue	41.4	50.4	(18.0)					
Less: Unallocable expenditure (Net)				116.1	145.6	(20.3)		
Total	6,117.6	5,849.9	4.6	678.0	781.2	(13.2)	11.1	13.4

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