



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 19.7.2022, please find attached a copy of Result Presentation on Unaudited Financial Results for the quarter ended 30.06.2022.

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 : 19.7.2022

Encl. : as above

DCM SHRIRAM LTD.



DCM SHRIRAM
Growing with trust

DCM Shriram Ltd.

Q1 FY23 - Results Presentation

July 19, 2022

Safe Harbour

Certain statements in this document may be forward-looking. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. DCM Shriram Ltd. will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

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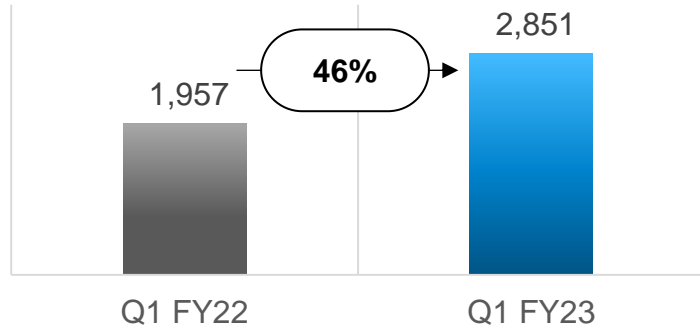
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Management Message & Segments

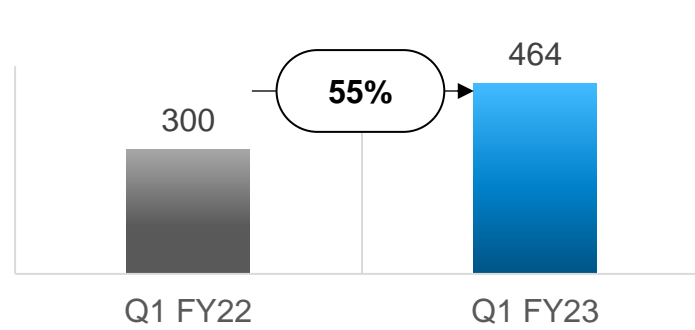
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Financial Snapshot – Q1 FY23

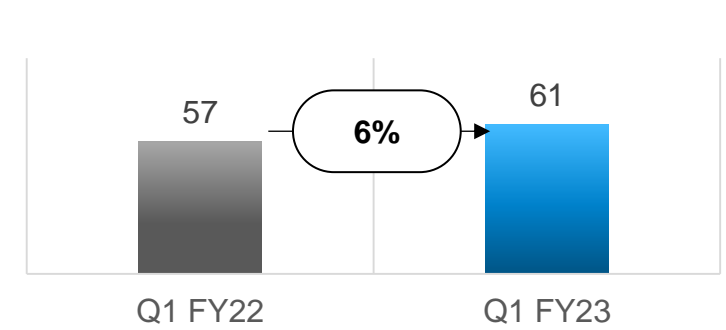
Revenue (Net*)



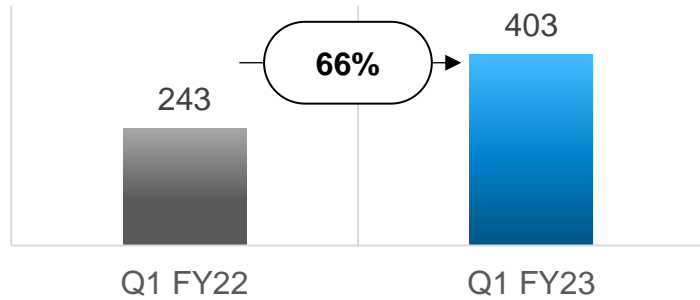
PBDIT



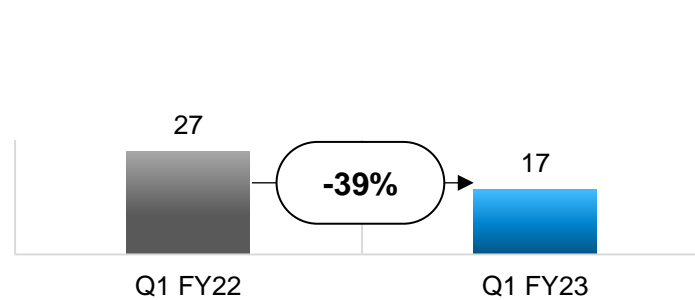
Depreciation



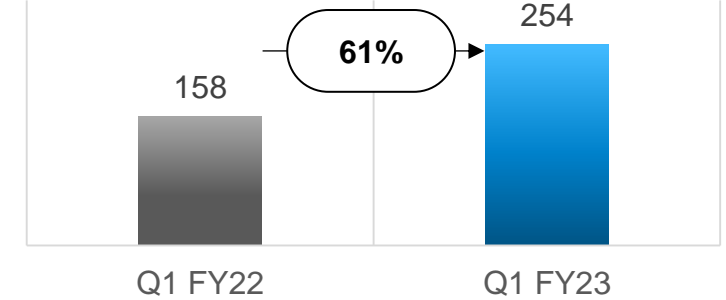
PBIT



Finance Cost**



PAT



* Net of excise duty of Rs 51 crs and Rs 120 crs for Q1 FY22 and Q1 FY23 respectively, on country liquor sales.

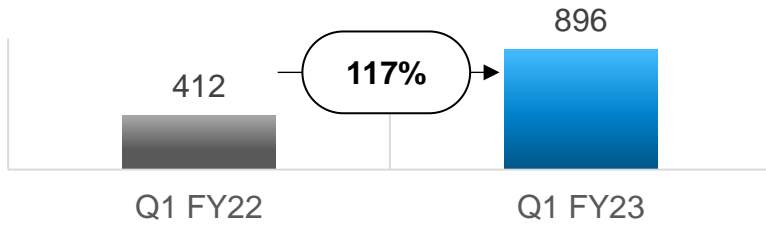
**This is Gross finance cost. Finance cost net of Interest / Dividend income and Interest subsidy/grants for Q1 FY23 at -ve Rs 1.4 crs, for Q1 FY22 at Rs 10.7 crs.

- ❑ Tax cash outflow is limited to MAT (17.47%)
- ❑ Net Debt as on 30th June, 2022 stood at Rs 8 crs, was Rs 4 crs as on 31st March, 2022 and Rs 32 crs as on 30th June, 2021.
- ❑ ROCE for the period came in at 37% vs 23% for June'21.

Revenue Drivers – Q1 FY23

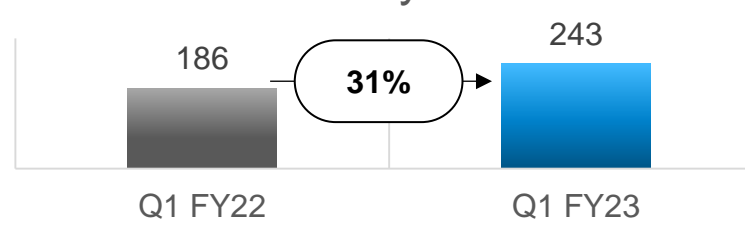
Positive Revenue Drivers

Chemicals



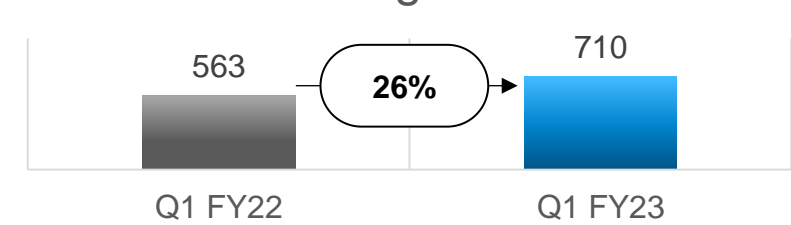
- ECU prices up 103% YoY. Product prices across categories were also up YoY.
- Caustic volumes were up 13% YoY.

Vinyl



- Driven by higher prices and volumes.
- Carbide prices up 18% YoY. PVC prices up 3% YoY. Volumes up 135% and 13% YoY respectively.

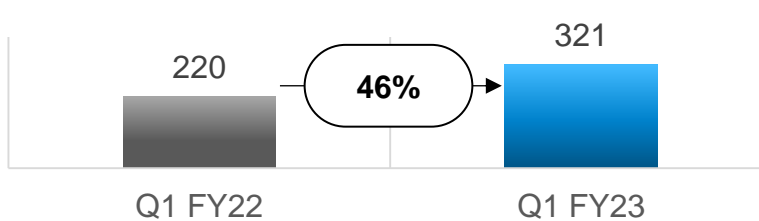
Sugar*



- Sugar and Ethanol volumes up 20% and 12% YoY.
- Domestic sugar prices up 7% YoY.
- Ethanol Prices also increased .

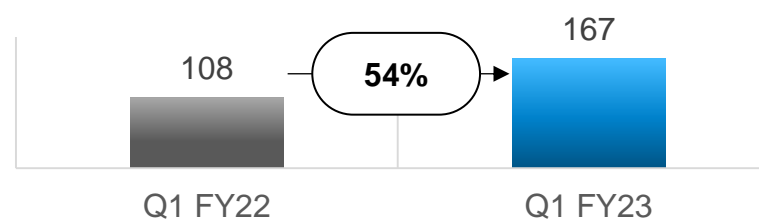
* Net of excise duty of Rs 51 crs and Rs 120 crs for Q1 FY22 and Q1 FY23 respectively, on country liquor sales.

Fertilizer



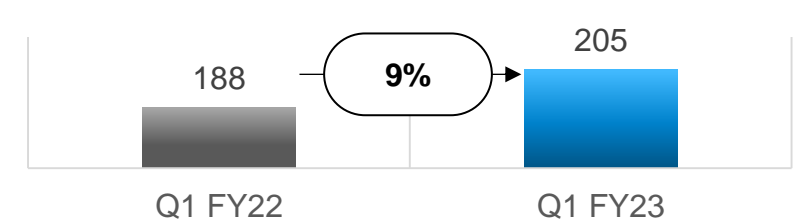
- Revenue growth led by higher gas prices which is a pass through.
- Volumes lower 15% YoY due to planned maintenance shut down.

Fenesta



- Revenues led by volumes and prices in both Project segment and retail segment.
- Order booking up 113% YoY.

Bioseed

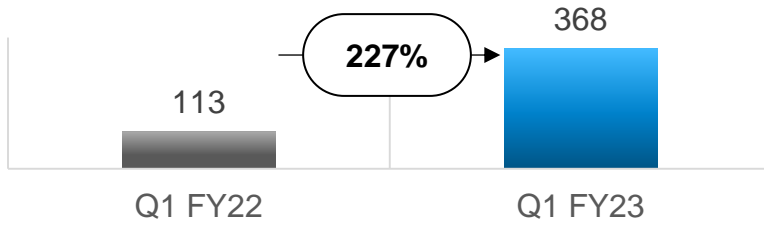


- Revenues growth driven by India operations led by Cotton in trade channel and Corn in institutional channel.

PBDIT Drivers – Q1 FY23

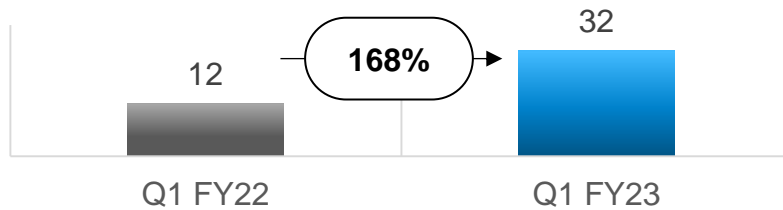
Positive PBDIT Drivers

Chemicals



- Led by higher product prices and volumes.
- Both coal & salt prices continue to be high, which were more than offset by better product prices.

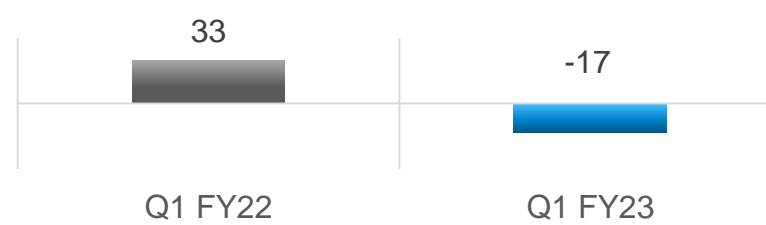
Fenesta



- Higher Volumes in both Project & Retail Segment.
- Better margins in retail segment.

Negative PBDIT Drivers

Fertilizers



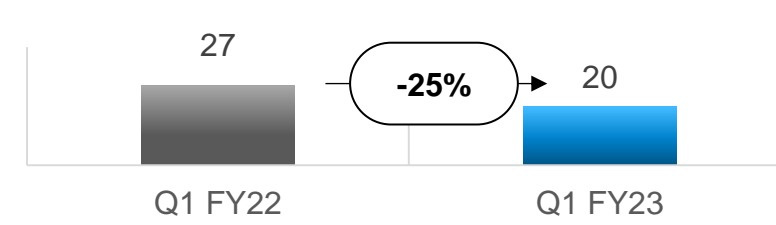
- Lower volumes and higher energy consumption due to planned shut down impacted the earnings.
- Fixed expenses higher during the shutdown

Vinyl



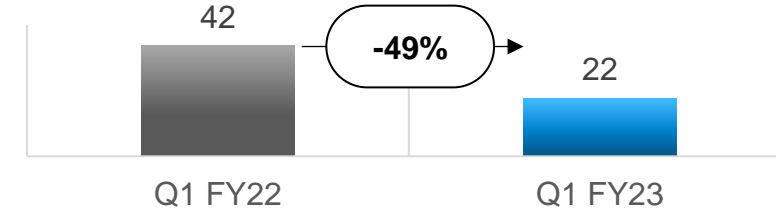
- Input costs led by power and carbon material were higher, impacting the earnings.

Bioseed



- Earnings in Philippines operations were lower due to volumes.
- India operations witnessed 35% improvement in earnings

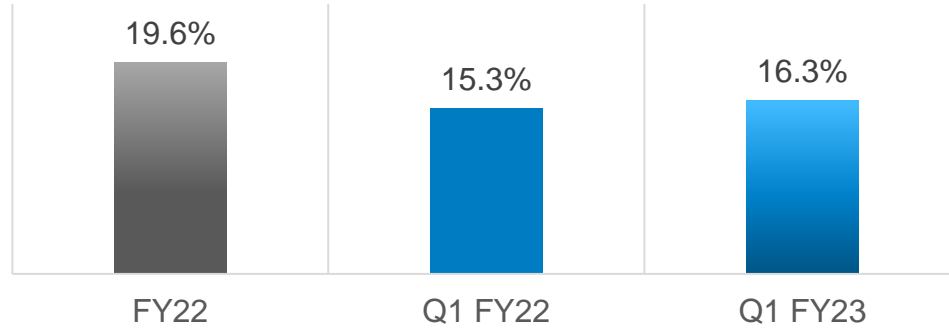
Sugar



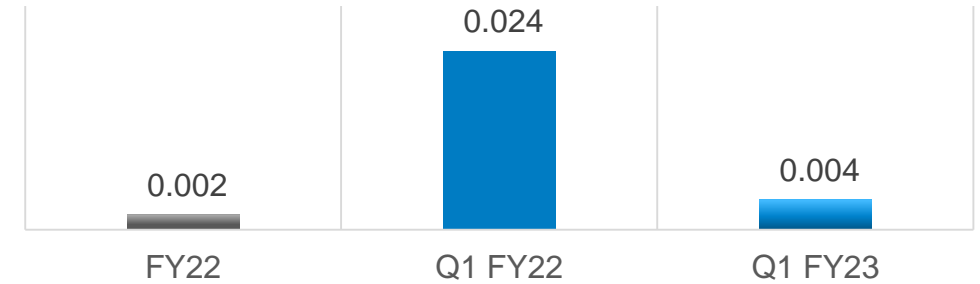
- Lower margins in sugar largely due to increased costs led by cane prices and lower recoveries.
- Ethanol earnings were stable.
- LY there was gain on sale of export quota
- Higher product prices partly offset cost pressures.

Returns & Leverage

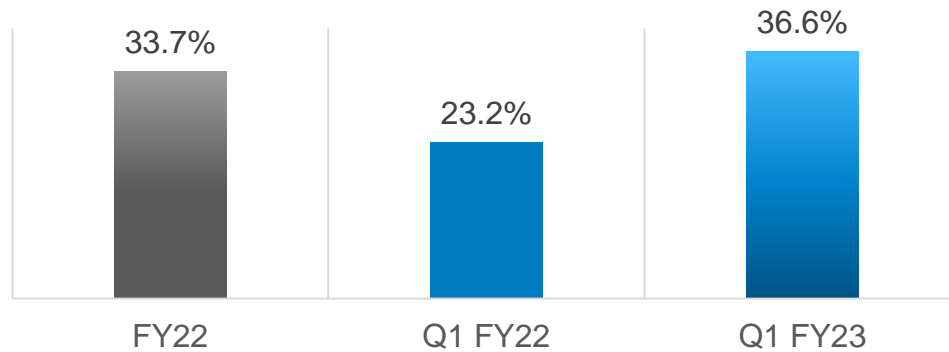
PBDIT to Net Sales



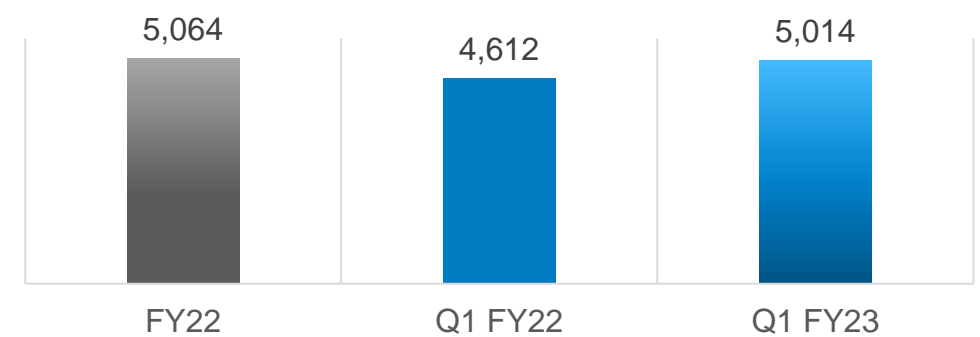
Net Debt / EBITDA



ROCE %



Capital Employed (Rs. Crs)



Note: ROCE and Net Debt/ EBITDA Calculated on TTM basis

ROCE calculated on average of capital employed at end of the quarters

Capital Employed excludes CWIP and Liquid Investments.

All nos / ratios are on consolidated basis.

Segment Performance – Q1 FY23

Rs crs	Revenues			PBIT			PBIT Margins %		
	Segments	Q1 FY23	Q1 FY22	YoY % Change	Q1 FY23	Q1 FY22	YoY % Change	Q1 FY23	Q1 FY22
	Chloro-Vinyl	1,140	598	90	413	178	132	36	30
	Sugar	710	563	26	2	23	(91)	0	4
	SFS	218	212	3	18	16	13	8	7
	Bioseed	205	188	9	18	25	(27)	9	13
	Fertilizer	321	220	46	(20)	30	-	(6)	14
	Others	299	204	47	12	7	75	4	3
	-Fenesta	167	108	54	28	9	218	17	8
	-Cement	43	47	(7)	(19)	(1)	-	(45)	(2)
	-Others	89	49	83	3	(1)	-	4	(2)
	Total	2,893	1,986	46	442	279	59	15	14
	Less: Intersegment Revenue	42	29	44					
	Less: Unallocable expenditure (Net)				39	36	9		
	Total	2,851	1,957	46	403	243	66	14	12

* Net of excise duty of Rs 120 crs and Rs 51 crs for Q1 FY23 and Q1 FY22 respectively on country liquor sales.

Note: Net revenue includes operating income

Management's Message

Commenting on the performance for the quarter and period ending June 2022, in a joint statement, Mr. Ajay Shriram, Chairman & Senior Managing Director, and Mr. Vikram Shriram, Vice Chairman & Managing Director, said:

We are witnessing very high inflation levels across the globe after many decades. There are supply chain disruptions, prices of key commodities are still elevated, Interest rates are rising, currencies across the globe are at historic lows against the US dollar and there is Russia-Ukraine conflict which is continuing. These have led to uncertain economic environment. With our strong businesses and balance sheet we are well placed to manage these uncertainties. Our operating and financial performance during the quarter continues to remain strong.

***Chemicals** business has performed well, with cost pressures being more than compensated with increase in volumes and product prices. Some softening is likely with the reduction in global demand however overall returns are expected to remain reasonable and the cost improvement measures being taken will cushion our margins. **Vinyl** business is facing cost pressures however the margins are good.*

***Sugar** business is facing margin pressures in Sugar, however Ethanol earnings are stable. This season, costs have gone up with increase in SAP as well as adverse climate factors. Sugar policy especially in UP, requires better support from government. Ethanol continues to get fillip from the Government considering their target of 20% mandate by 2025, here again cane juice based ethanol requires a differentiated policy for UP given unfavorable cost dynamics. **Fenesta & Shriram Farm Solutions** businesses continue to witness good growth with new product portfolios & geographical expansion. **Bioseed India** has shown improvement despite delay in monsoons.*

We are investing close to Rs 3,500 crs in various projects primarily in Chemicals and Sugar business which are to be commissioned over the next 12 months and will be funded from internal accruals and debt. These projects will increase our scale, forward integration, new product lines along with bringing efficiencies and cost reduction. Some of these projects are directed towards creating wealth out of waste, building future capabilities and reducing carbon footprint.

With comfortable balance sheet and cash flow we will continue to deliver growth on a sustained basis.

Our Businesses



- ✦ Shriram Fertilizers & Chemicals, Kota - Rajasthan
- ▲ Fenesta Building Systems Bhiwadi, Chennai, Bhubaneswar & Hyderabad
- Shriram Alkali & Chemicals, Bharuch-Gujarat
- 📍 Bioseed Hyderabad & Philippines
- Sugar Production units (Central UP) – Ajbapur, Rupapur, Hariawan & Loni
- Distillery Units (Central UP) – Ajbapur & Hariawan

Chloro-Vinyl Businesses	Agri Businesses	Other Businesses
Caustic Soda (1,845 TPD)	Sugar (38,000 TCD)	Fenesta Building Systems (8,600 TPA)
Aluminum Chloride (60 TPD)	Co-Gen (155 MW)	Cement (400,000 TPA)
PVC Resins (220 TPD)	Distillery (350 KLD)*	Polymer Compounds
Calcium carbide (112,000 TPA)	Shriram Farm Solutions	Hariyali Kisaan Bazaar
	Bioseeds	
	Fertilizers (379,500 TPA)	

The business is supported by 263 MW coal based power plant and 155 MW Co-Gen (Co-Gen included above).

*On C Heavy Molasses

Chloro Vinyl Business

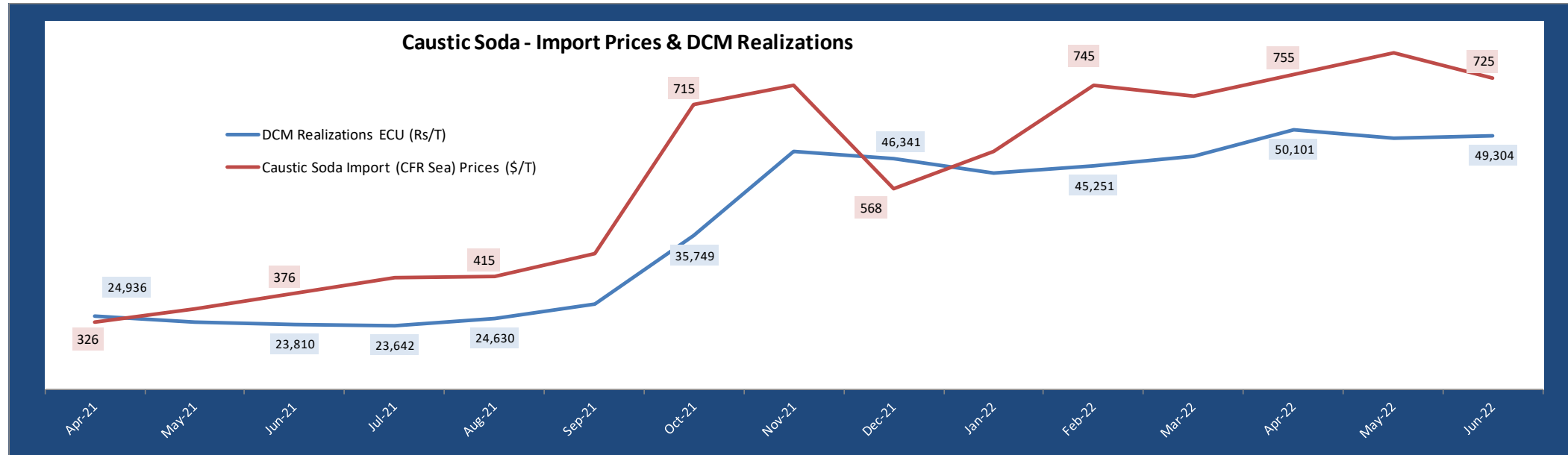
The Chloro-Vinyl business of the Company has highly integrated operations with multiple revenue streams and 225 MW captive power generation facilities. Chemicals operations are at two locations (Kota – Rajasthan and Bharuch – Gujarat), while Vinyl is at Kota only. Products includes Caustic (liquid and flakes), Chlorine, Hydrogen, Aluminum Chloride, Stable Bleaching Powder, PVC & Carbide.

Particulars	Revenues Rs Cr	PBIT Rs Cr	Capital Employed Rs Cr
Q1 FY23	1,140	413	2,188
Q1 FY22	598	178	1,689
% Shift	90	132	30

Capital employed includes CWIP of Rs 740 crs at 30th June, 2022 vs Rs 191crs at 30th June, 2021.

Chemicals

Particulars	Operational		Financial		
	Caustic Sales (MT)	ECU Realisations (Rs/MT)	Revenues (Rs/Cr)	PBIT (Rs/Cr)	PBIT Margin (%)
Q1 FY23	151,707	49,468	896	347	39
Q1 FY22	134,606	24,309	412	92	22
% Shift	13	103	117	276	73



Chemicals

Industry Overview

- The average operating rates in India was around 80% due to lower chlorine off take resulting from pressure on downstream (dyes and pigments) industry.
- Trade flows (net exports) higher by 0.56 lac MT vs LY (Exports at 0.64 vs 0.49; Imports at 0.11 vs 0.52)

Performance Overview

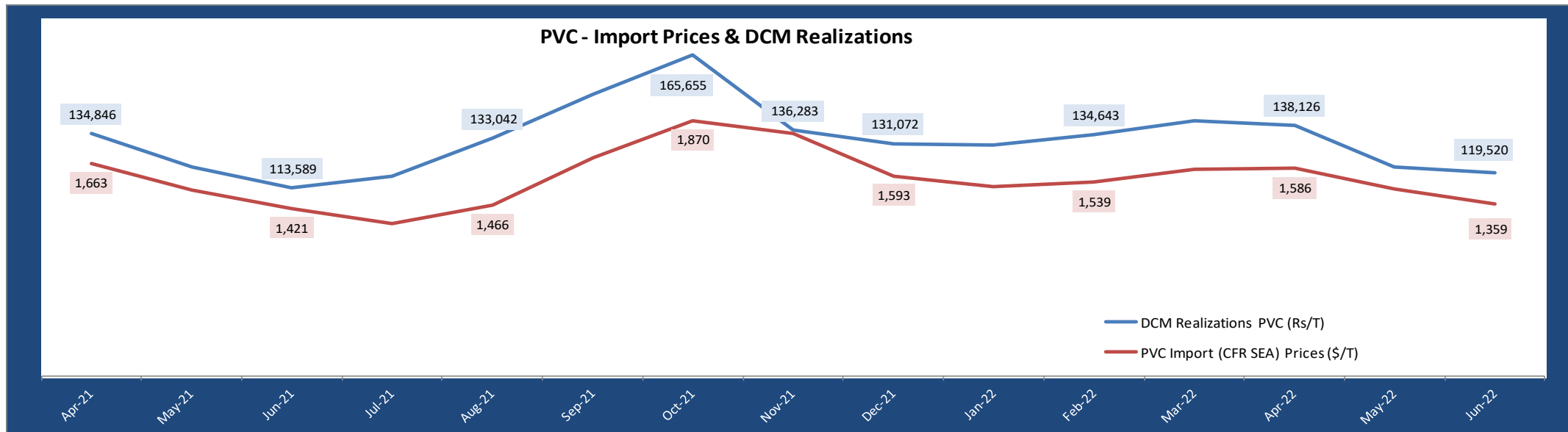
- Revenues up for Q1 FY23 up 117% YoY at Rs 896 crs.
 - ECU prices higher 103% YoY. Other product prices across the categories were also up. Higher prices had an impact of Rs 430 crs. ECU prices were up 9% QoQ, however international prices have witnessed a decline in June '22.
 - Caustic volumes for the quarter were up 13% YoY. Demand gradually picked up post 2nd wave of Covid 19 in Q1 FY22.
- PBIT up for Q1 FY23 up 276% YoY at Rs 347 crs.
 - Earnings driven by higher margins and higher volumes.
 - Input prices continue to put cost pressures though being more than mitigated by corresponding increase in product prices.
- Projects moving as per plan – Caustic, ECH & Hydrogen Peroxide & Aluminum Chloride to be commissioned in Q1'24 & Power in Q3' 23

Outlook

- Cost pressures likely to continue and product prices expected to support costs, operating margins to be reasonable.

Vinyl

Particulars	Operational				Financial		
	PVC Sales (MT)	PVC XWR (Rs/MT)	Carbide Sales (MT)	Carbide XWR (Rs/MT)	Revenues (Rs/Cr)	PBIT (Rs/Cr)	PBIT Margin (%)
Q1 FY23	14,706	128,748	4,571	101,550	243	66	27
Q1 FY22	12,960	125,003	1,942	85,777	186	86	46
% Shift	13	3	135	18	31	-23	-41



Vinyl

Industry Overview

- PVC India demand up 21% vs LY Qtr however China is witnessing slowdown in construction activities & therefore participating in exports aggressively thereby softening PVC prices.
- Carbide India demand up 33% vs LY Qtr & China not participating due to lockdowns in Shanghai.

Performance Overview

- Revenue for Q1 FY23 up 31% YoY at Rs 243 crs.
 - Carbide prices up 18% YoY and PVC prices up 3% YoY. PVC prices softened post Q4 FY22.
 - Sales volumes of Carbide & PVC up 135% & 13% YoY respectively. Volumes in Q1 FY22 were affected due to second wave of Covid 19. Volumes had an impact of Rs 24 crs on the revenues.
 - Overall production remained at similar levels during the quarter vis a vis Q1 FY22.
- PBIT for Q1 FY23 down 23% YoY.
 - Input costs largely carbon material were higher and continue to put pressure on the earnings impacting earnings by Rs 64 crs during the quarter vs same period last year and were higher vs March quarter as well.
 - Higher product prices partially absorbed the higher input costs.

Outlook

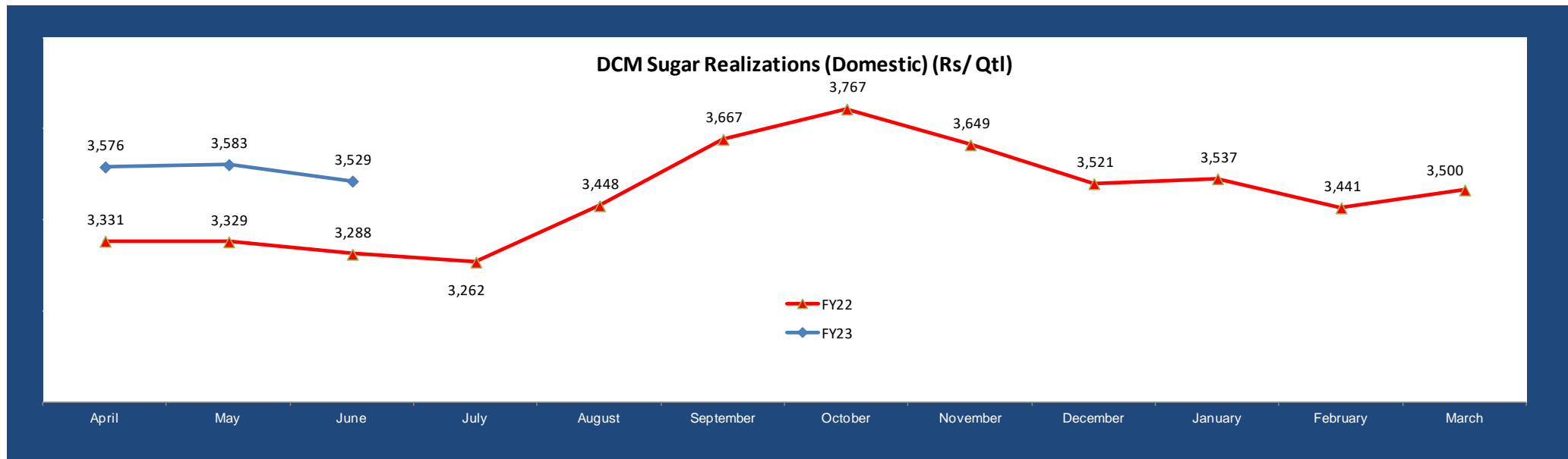
- Carbon materials prices continue to be higher though margins will be at reasonable levels.

Sugar

Particulars	Revenues* (Rs. Cr.)	PBIT (Rs. Cr.)	PBIT Margin %	Cap. Employed (Rs. Cr.)
Q1 FY23	710	2	0.3	2,804
Q1 FY22	563	23	4.1	2,383
% Shift	26	-91	-93	18

Capital employed includes CWIP of Rs 304 crs at 30th June, 2022 vs Rs 17 crs at 30th June, 2021.

* Net of excise duty on country liquor sales amounting to Rs 120 crs and Rs 51 crs for Q1 FY23 and Q1 FY22 respectively.



Sugar

Particulars	Sugar Production (Lac Qtls)	Sugar Sales (Domestic) (Lac Qtls)	Sugar (Domestic) XWR (Rs/Qtl)	Power Sales (Lac Units)	Power XWR (Rs/ unit) (Lac Units)	Distillery Sales (Lac Ltrs)	Distillery XWR - Cane Juice (Rs/ Ltrs)	Distillery XWR - B Heavy (Rs/ Ltrs)	Distillery XWR - C Heavy (Rs/ Ltrs)
Q1 FY23	2.7	12.0	3,563	247	3.7	350	63	59	48
Q1 FY22	4.4	10.5	3,315	287	3.4	311	-	56	45
% Shift	-37	14	7	-14	8	12	-	4	7

*Distillery sales from cane juice and B-heavy molasses at 75 lac ltrs and 259 lac ltrs respectively for Q1 FY 23. Corresponding period last year sales were Nil and 294 lac ltrs respectively.

Industry Overview

- Closing inventory expected as on Sept,22 ~7 mmt vs 8.2 mmt last season, this factors into all time high exports of ~10 mmt & 3.4 mmt diversion of sugar for ethanol. Production estimated at ~36 mmt.
- Sugarcane cost increased by Rs 5/ qtl – FRP and Rs 25/ qtl – SAP (Uttar Pradesh).
- Ethanol blending rate at ~10.1% currently as on 26th June, 2022, details as below:

S. No.	Particulars	UOM	SY 19-20	SY 20-21	SY 21-22
1	Total Requirement by OMC	Cr. Ltrs.	511	458	459
2	Total Qty Contracted	"	195	354	441
3	Total Lifting	"	182	296	256*
4	Blending %	%	5.0%	8.1%	10.1%*

* Up to 26th June, 2022

Sugar

Performance Overview

- Revenues for Q1 FY23 up 26% YoY at Rs 710 crs.
 - Sugar volumes were up 20% YoY driven by higher domestic monthly releases impacting revenues by Rs 78 crs. Domestic sugar prices were also up 7% YoY at Rs/qtl 3,563 vs 3,315.
 - Distillery revenues were higher driven by both volumes and prices. Ethanol prices higher consequent to increase in prices & additional incentive by the government.
 - Country liquor sales also came in higher.
- PBIT for Q1 FY23 lower at Rs 2 crs vs. Rs 23 crs for Q1 FY22.
 - PBIT lower due to lower sugar margins largely on account of higher cost driven by increase in cane prices and lower recovery due to climatic factors.
 - Higher sugar and ethanol prices partly offset cost pressures.
- Sugar inventory as on 30th June, 2022 at 27.1 vs 25.0 lac qtls LY.
- Projects moving as per plan and commissioning in Q3' 2023.

Outlook

- We expect Government to come up with sugar export policy for next sugar season that should improve market sentiments, sugar prices & subsequently profitability.
- Distillery profits are stable & upcoming distillery will give us flexibility to operate on grains as well.

Shriram Farm Solutions

Particulars	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)	PBIT Margin %	Cap. Employed (Rs. Cr.)
Q1 FY23	218	18	8	103
Q1 FY22	212	16	7	36
<i>% Shift</i>	<i>3</i>	<i>13</i>	<i>10</i>	<i>190</i>

The products includes Seeds, Pesticides, Soluble Fertilizer, Micro-nutrients etc. This business is seasonal in nature and the results in the quarter are not representative of annual performance

Performance Overview

- Revenues for Q1 FY23 up 3% YoY. All product categories had stable revenues.
- PBIT for Q1 FY23 at Rs 18 crs vs Rs 16 crs for Q1 FY22, marginally up due to slightly better margins YoY.
- Business remained stable.

Outlook

- Expect good growth in value added inputs with enhanced focus on research based product portfolio.

Bioseed

Particulars	Revenues (Rs. Cr.)			PBIT (Rs. Cr.)	PBIT Margin %	Cap. Employed (Rs. Cr.)
	India	International	Total			
Q1 FY23	178	28	205	18	9	405
Q1 FY22	136	53	188	25	13	506
% Shift	31	-48	9	-27	-33	-20

Business is intensely research based and is diversified across key crops (Cotton, Corn, Paddy, Bajra and Vegetables). India is the key market with presence across all above crops. International presence is in Philippines wherein the key crop is Corn. The performance of the business has seasonality, with Kharif being the major season in India.

Performance Overview

- Q1 FY23 revenues up 9% YoY.
 - India operations revenues up 31% YoY driven by cotton, corn and paddy. Govt procurement has picked up vs previous Covid 19 impacted khariff season.
 - International operations of Philippines were impacted by lower volumes.
- Q1 FY23 PBIT lower 27% YoY at Rs 18 crs.
 - Philippines operations lower volumes had an adverse impact in earnings.
 - India operations earnings showed growth of about 37% which is a positive sign. Positive impact of higher volumes especially in cotton. Institutional sales of corn improved. This is despite lower acreages for most of the crops except cotton which also has not seen growth.
- Lower Inventories had led to lower capital employed.

Outlook

- Pick up in monsoons may provide some upside
- Strong pipeline across portfolio including cotton will lead to good growth in medium term.

Fertilizers (Urea)

Particulars	Operational		Financial			
	Sales (MT)	Realizations (Rs./MT)	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)	PBIT Margin %	Cap. Employed (Rs. Cr.)
Q1 FY23	63,948	48,128	321	-20	-6	451
Q1 FY22	75,641	23,322	220	30	14	293
% Shift	-15	106	46	-	-	54

Performance Overview

- Revenues for Q1 FY23 up 46% YoY.
 - Prices for Q1 FY23 up 106% YoY, due to higher energy prices, a pass through.
 - Volumes lower 15% YoY due to maintenance shut down taken in Q1 FY23.
- PBIT for Q1 FY23 at –ve Rs 20 crs vs Rs 30 crs during Q1 FY22.
 - Lower volumes and higher energy consumption due to maintenance shutdown.
 - Higher repair and maintenance expenses impacted the earnings.
- Subsidy outstanding as at 30th June, 2022 is Rs 462 crs vs Rs 222 crs as at 30th June, 2021. Capital employed higher due to subsidy receivables.

Outlook

- Business continues to work towards improving levels of energy consumption.

Other Businesses

- The 'Others' Segment in the financial results, includes Cement, Fenesta Building Systems, Vinyl compounding business and Hariyali Kisaan Bazaar.
- Revenues under 'Others' stood at Rs 299 crs in Q1 FY23 from Rs. 204 crs in Q1 FY22. PBIT for the quarter stood at Rs. 12 crs vis-à-vis Rs. 7 crs in Q1 FY22.

Fenesta Building Systems

Particulars	Operational			Financial		PBIT Margin %
	Order Book (Rs Crores)			Revenues	PBIT	
	Retail	Projects	Total	(Rs. Cr.)	(Rs. Cr.)	
Q1 FY23	95	89	185	167	28	17
Q1 FY22	57	30	87	108	9	8
% Shift	69	197	113	54	218	107

Fenesta a pan India brand has become synonymous with UPVC windows. Includes Retail and Project Segment

Performance Overview

- Revenues for Q1 FY23 up 54% YoY at Rs 167 crs.
 - Revenues driven by both retail and project segments.
 - Order booking up 113% YoY at Rs 185 crs.
- PBIT earnings for Q1 FY23 at Rs 28 crs vs Rs 9 crs for Q1 FY22.
 - Margins were better in retail segment and remained flattish in projects segment.
 - Higher volumes in both the segments.

Outlook

- Fenesta has been continuously focusing on improving geographical presence and also improving product offerings in both uPVC and System Aluminum segment and enhancing customer service.
- It is expanding its capacities and product portfolio (including outside of windows portfolio).

Cement

Particulars	Operational		Financial		
	Sales (MT)	Realizations (Rs./MT)	Revenues (Rs. Cr.)	PBIT (Rs. Cr.)	PBIT Margin %
Q1 FY23	83,860	4,251	43	-19	-45
Q1 FY22	107,581	3,622	47	-1	-2
% Shift	-22	17	-7	-	-

The Cement business is small, since its capacity is driven by the waste generated from carbide plant. The Company markets its cement under the 'Shriram' brand

Performance Overview

- Revenues for Q1 FY23 at Rs 43 crs vs Rs 47 crs for same period last year.
 - Prices for the Qtr up 17% YoY .
 - Volumes for the Qtr lower 22% YoY due to lower production resulting from planned shutdown.
- PBIT for Q1 FY23 at –ve Rs 19 crs vs –ve Rs 1 cr during the same period last year due to higher power & fuels costs and shutdown expenses.

Outlook

- Business working on enhancing efficiencies further and optimizing costs.

About Us & Investor Contacts

DCM Shriram Ltd. is an integrated business entity, with extensive and growing presence across the entire Agri value chain and Chloro-Vinyl industry. The Company has added innovative value-added businesses in these domains primarily Bioseed and Fenesta. Access to captive power at all key manufacturing units enables the businesses to optimize competitive edge.

For more information on the Company, its products and services please log on to www.dcmshriram.com or contact:

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