

DCM Shriram Ltd.

Result Update Q2FY24



CMP INR 894

Result Update

DCM Shriram Ltd. reported Q2FY24 :

Net revenues for Q 2 were at 2708 Crores 2740 crores in Q 2 FY 23, a decline of 1% year on year adversely impacted by lower volumes and prices of chlorophyll segment.

Farm Solutions led the Growth for the Q2. PDT for Q 2 was at INR 16 crores versus INR 32 crores in Q 2 at FY23, a decline of 55% year on year.

Chlorophenyl segment revenue declined 30% year on year to 656 Crores and PBIT was down 91% at 16 Crores. The chemical segment reported revenues of 509 crores, a decline of 35% year on year. ECU prices were lower by 40% year on year. soda sales were down by 2% year on year. Therefore PPD it was down 85%.

However, the segment continues to see good demand and prices for hydrogen margins are currently positive. Led by reduction in energy, Vinyl saw a decline in revenues by 5% year on year at ₹147 crores, largely on account of a decline in prices. However.

Volumes of PVC and coverage increased by 15% and 7% respectively.

Sugar volumes were up 30% year on year due to higher domestic releases. Volumes of ethanol were at 541 Lakh liters Versus 256 Lakh liters owing to the commissioning of the 120 KLD multi Sea distillery. Sriram Farm Solutions revenues increased by 18% year on year.

Net debt at INR 203 crores as on September 20, 2023. As against INR 681 crores as of March 31, 2023

Industry Diversified

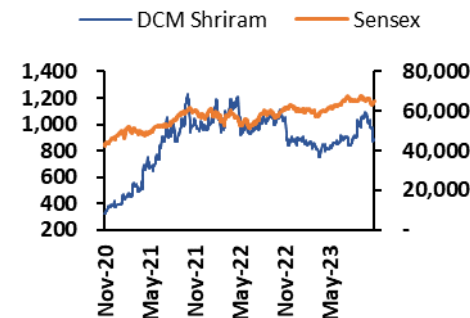
Scrip Details

Face Value (INR)	2
Market Cap (INR Cr)	13,940
Price (INR)	894
No of SH O/S (Cr)	16
3M Avg Vol (000)	5.44
52W H/L (INR)	1,118/ 730
Div. Yield (%)	1.56

Shareholding (%) Sep 2023

Promoter	66.5
DII's	8.5
Public	21.2
FII's	3.0
Others	0.8

TOTAL 100.0



Key Standalone Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	PAT	EBITDA (%)	PAT (%)	Adj. EPS (Rs.)	Adj BVPS (Rs.)	RoE (%)	RoIC (%)	EV/EBIT DA (X)	P/BV (X)	P/E (X)
FY19	7771	1358	903	17	12	58	225	26	25	11	4	15
FY20	7767	1175	719	15	9	46	258	18	17	13	3	19
FY21	8308	1142	672	14	8	43	297	14	19	12	3	21
FY22	9627	1787	1066	19	11	68	351	19	29	8	3	13
FY23	11547	1551	911	13	8	58	395	15	19	9	2	15

Source: Ventura Research & Company Financials

key Highlights:

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 and 43 MW (peak) captive green power at Bharuch.
- 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, PVC, Carbide, Stable Bleaching Powder.

Chemicals

- Capacity utilization for Q2 FY24 at 90% (LY 87 %) & till date at 89% same as last year.
- 120 MW Power Plant trials initiated & will aide further reduction in costs from Q3 FY24.
- Other projects are under advanced stages of execution and will commission in FY 2024. Procurement, marketing & research related activities have started for all.

Vinyl

- Capacity utilization for Q2 FY24 at 92% vs 66% LY due to power plant breakdown LY.
- Significant drop in realizations
- Power and carbon costs have come down but margins continue to be thin at current prices.
- Due to swing capability company is maximizing carbide sales where margins are better.

Sugar

- Stocks likely to remain under check in SS 2023-24 considering net production estimates of 30mmt.
- Government may take call on exports towards end of season. In view of this domestic markets likely to remain isolated from global markets.
- FRP increased by Rs 10/ qtl –for SS 2023-24. SAP for UP yet to be announced.
- Board has approved a project in Loni to increase capacity by 2100 TCD with capex of Rs. 163 crores.

Fenesta Building Systems

- Successfully commissioned 2 extrusion lines at Kota in Q2 FY24 thereby increasing extrusion capacity by 43%. Entered into Strategic Partnership for Facade business with UAE based firm.
- Currently 6 Fabrication shops (4 uPVC and 2 Aluminum windows) along with 10 extrusion lines are operational. There are 310 no. of dealers in 210 cities with 9 own showrooms. International presence in 3 countries

Shriram Farm Solutions

- Launched 3 new products in Q2 FY24 including 1 from own research in Specialty Plant Nutrition vertical.
- Project for manufacturing of water soluble fertilizers & biologicals (in a subsidiary), likely to be commissioned in the next quarter.

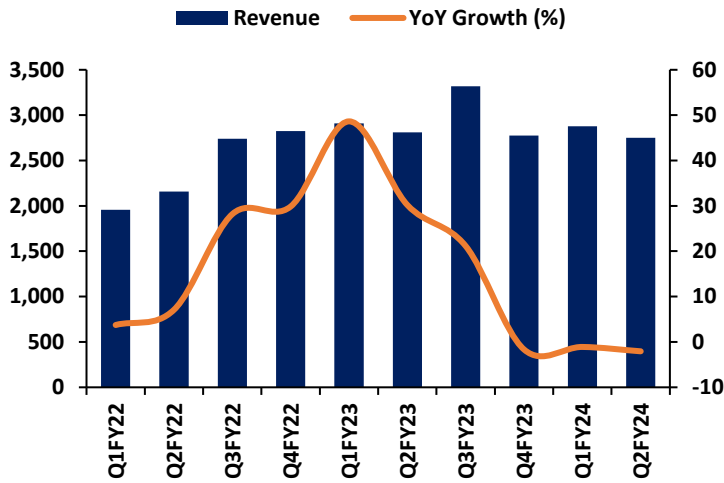
DCM Shriram Ltd. consolidated Financial Summary

Fig in INR Cr (unless specified)	FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24
Revenue from operation	8,308	1,957	2,145	2,730	2,796	9,627	2,851	2,740	3,236	2,720	11,547	2,780	2,708
Growth (YoY) (%)	0	0	0	0	0	0	0	0	0	-0	0	-0	-0
Raw Material Cost	4,526	974	1,070	1,187	1,205	4,436	1,383	1,451	1,607	1,233	5,674	1,548	1,564
Material Cost to Sales (%)	1	0	0	0	0	0	0	1	0	0	0	1	1
Employee Cost	733	192	193	202	197	783	213	221	225	231	891	243	244
Employee Cost to Sales (%)	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	1,908	509	592	752	759	2,621	819	797	849	910	3,432	823	786
Other Expenses to Sales (%)	0	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA	1,142	283	290	589	635	1,787	436	270	554	346	1,551	166	114
Margin (%)	0	0	0	0	0	0	0	0	0	0	0	0	0
PAT	672	158	158	350	401	1,066	254	128	342	187	911	57	32
Margin (%)	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Profit	673	158	159	350	401	1,067	254	128	342	187	911	57	32
Margin (%)	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted EPS	43					68					58		
P/E Ratio	21					13					15		
Adjusted BVPS (Rs)	298					353					397		
P/BV Ratio (X)	3					3					2		
Enterprise Value	13923					13707					14464		
EV/EBITDA Ratio	12					8					9		
Networth	39					44					29		
Return on Equity	14					19					15		
Capital Employed	6,099					7,011					7,827		
Return on Capital Employed	11					15					11		
Invested Capital	4,766					5,404					6,853		
Return on Invested Capital	19					29					19		
Cash From Operating Activities	1887					1224					1296		
Cash Flow from Investing Activities	-642					-888					-1543		
Cash from Financing Activities	-918					-275					-235		
Net Cash Flow	327					62					-482		
Free Cahflow	1759					576					-429		
FCFF to sales	21					6					-4		
FCF to Net Profit	244					63					-119		
Total debt	1451					1509					1633		
Net Debt	117					-98					659		
Net Debt to Equity	0					0					0		
Net Debt to EBITDA	0					0					0		
Fundamental Scores													
Altman Z Score	1.8					2.0					2.0		
Piotroski F-score	6.0					6.0					4.0		
Beneish M-score	(3.2)					(1.8)					(2.3)		

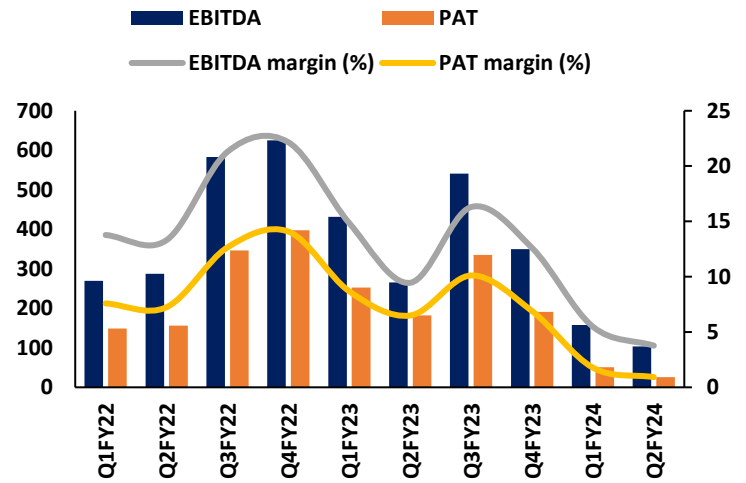
Source: Ventura Research & Company Financial

DCM Shriram Ltd. Financial Summary in Charts

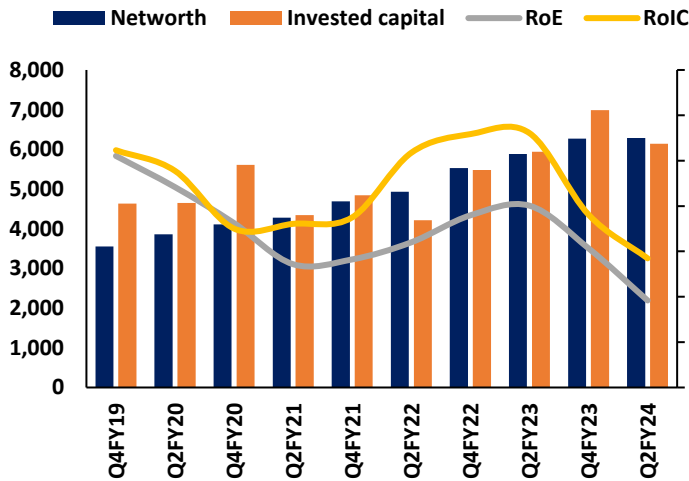
Revenue Growth



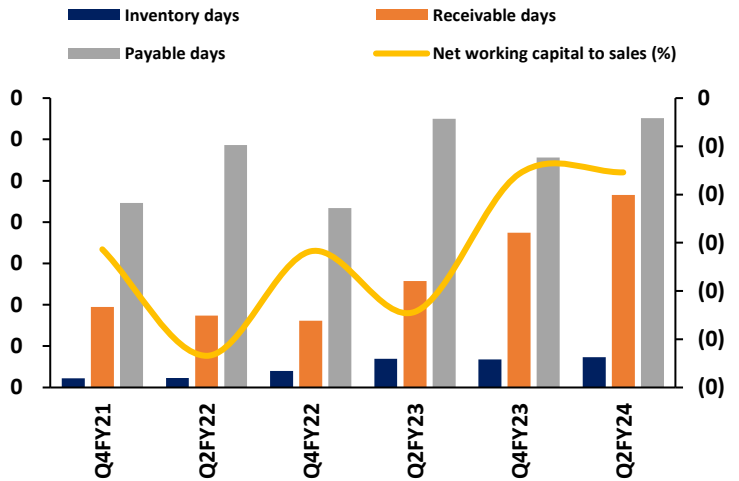
Operating profit and Net Margins



Return Ratios



Working Capital



Source: Ventura Research & Company Financials

DCM Shriram Ltd. Financial Summary in Charts

Fig in INR Cr (unless specified)	FY19	FY20	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY19	FY20	FY21	FY22	FY23
Income Statement						Per share data & Yields					
Revenue	7,771.1	7,767.1	8,308.2	9,627.4	11,547.0	Adjusted EPS (INR)	58.1	46.0	43.2	68.4	58.4
YoY Growth (%)		(0.1)	7.0	15.9	19.9	Adjusted Cash EPS (INR)	68.1	60.0	58.1	83.7	75.1
Raw Material Cost	3,691.2	3,815.2	4,525.6	4,435.8	5,674.1	Adjusted BVPS (INR)	226.1	260.1	298.1	352.8	397.2
RM Cost to Sales (%)	47.5	49.1	54.5	46.1	49.1	Adjusted CFO per share (INR)	49.7	31.8	121.0	78.5	83.1
Employee Cost	663.7	735.7	732.7	783.3	890.6	CFO Yield (%)	5.6	3.6	13.7	8.9	9.4
Employee Cost to Sales (%)	8.5	9.5	8.8	8.1	7.7	Adjusted FCF per share (INR)	2.0	3.3	112.8	36.9	(27.5)
Other Expenses	2,058.7	2,041.3	1,907.8	2,621.4	3,431.7	FCF Yield (%)	0.2	0.4	12.7	4.2	(3.1)
Other Exp to Sales (%)	26.5	26.3	23.0	27.2	29.7						
EBITDA	1,357.5	1,175.0	1,142.1	1,786.9	1,550.5	Solvency Ratio (X)					
Margin (%)	17.5	15.1	13.7	18.6	13.4	Total Debt to Equity	0.5	0.5	0.3	0.3	0.3
YoY Growth (%)		(13.4)	(2.8)	56.5	(13.2)	Net Debt to Equity	0.3	0.4	0.0	(0.0)	0.1
Depreciation & Amortization	157.2	219.0	233.1	238.0	260.2	Net Debt to EBITDA	0.9	1.4	0.1	(0.1)	0.4
EBIT	1,200.4	956.0	909.0	1,548.9	1,290.4						
Margin (%)	15.4	12.3	10.9	16.1	11.2	Return Ratios (%)					
YoY Growth (%)		(20.4)	(4.9)	70.4	(16.7)	Return on Equity	25.7	17.7	14.5	19.4	14.7
Other Income	98.8	119.9	102.2	101.4	175.6	Return on Capital Employed	17.9	12.4	11.3	15.1	10.6
Bill discounting & other charges	118.9	163.8	122.0	85.4	52.8	Return on Invested Capital	25.4	17.0	19.1	28.7	18.8
Fin Charges Coverage (X)	10.1	5.8	7.5	18.1	24.4						
Exceptional Item	0.0	(14.8)	0.0	0.0	0.0	Working Capital Ratios					
PBT	1,180.2	897.3	889.2	1,565.0	1,413.1	Payable Days (Nos)	54	44	31	36	32
Margin (%)	15.2	11.6	10.7	16.3	12.2	Inventory Days (Nos)	90	102	79	87	75
YoY Growth (%)		(24.0)	(0.9)	76.0	(9.7)	Receivable Days (Nos)	49	51	23	34	27
Tax Expense	277.6	177.8	216.9	498.9	502.3	Net Working Capital Days (Nos)	85	109	71	85	71
Tax Rate (%)	23.5	19.8	24.4	31.9	35.5	Net Working Capital to Sales (%)	23.4	30.0	19.5	23.4	19.4
PAT	902.6	719.4	672.3	1,066.1	910.8						
Margin (%)	11.6	9.3	8.1	11.1	7.9	Valuation (X)					
YoY Growth (%)		(20.3)	(6.6)	58.6	(14.6)	P/E	15.2	19.3	20.5	12.9	15.2
Min Int/Sh of Assoc	2.9	(2.7)	1.0	1.2	0.0	P/BV	3.9	3.4	3.0	2.5	2.2
Net Profit	905.5	716.7	673.3	1,067.4	910.8	EV/EBITDA	11.0	13.1	12.2	7.7	9.3
Margin (%)	11.7	9.2	8.1	11.1	7.9	EV/Sales	1.9	2.0	1.7	1.4	1.3
YoY Growth (%)		(20.8)	(6.1)	58.5	(14.7)						
Cash Flow Statement						PBT					
Balance Sheet						PBT	1,180.2	897.3	889.2	1,565.0	1,413.1
Share Capital	31.4	31.4	31.4	31.4	31.4	Adjustments	255.3	286.0	501.6	794.6	367.8
Total Reserves	3,495.0	4,024.5	4,616.8	5,470.5	6,162.4	Change in Working Capital	(383.0)	(509.1)	713.0	(636.3)	17.7
Shareholders Fund	3,526.3	4,055.9	4,648.1	5,501.8	6,193.8	Less: Tax Paid	(277.6)	(177.8)	(216.9)	(498.9)	(502.3)
Long Term Borrowings	936.8	974.9	1,012.2	951.3	1,153.7	Cash Flow from Operations	774.9	496.3	1,886.8	1,224.4	1,296.3
Deferred Tax Assets / Liabilities	(67.5)	(56.5)	2.8	220.8	472.7	Net Capital Expenditure	(834.9)	(576.3)	(220.3)	(706.7)	(1,759.0)
Other Long Term Liabilities	28.0	116.7	62.5	60.4	67.6	Change in Investments	31.5	58.1	(421.9)	(181.2)	216.4
Long Term Trade Payables	0.0	0.0	0.0	0.0	0.0	Cash Flow from Investing	(803.4)	(518.2)	(642.2)	(887.9)	(1,542.6)
Long Term Provisions	221.5	242.5	244.7	256.1	266.3	Change in Borrowings	789.0	499.6	(709.8)	22.5	56.2
Total Liabilities	4,645.2	5,333.5	5,970.3	6,990.4	8,154.0	Less: Finance Cost	(118.9)	(163.8)	(122.0)	(85.4)	(52.8)
Net Block	2,682.8	3,492.3	3,358.8	3,407.8	4,104.4	Proceeds from Equity	0.0	0.0	0.0	0.0	0.0
Capital Work in Progress	314.4	41.0	84.8	485.1	1,618.3	Buyback of Shares	(252.4)	0.0	0.0	0.0	0.0
Intangible assets under development	2.4	8.1	5.8	9.2	11.8	Dividend Paid	(140.7)	(152.8)	(85.8)	(212.1)	(238.6)
Non Current Investments	37.6	35.5	31.0	3.0	12.2	Cash flow from Financing	276.9	182.9	(917.5)	(274.9)	(235.2)
Long Term Loans & Advances	102.0	61.2	111.7	275.8	241.1	Net Cash Flow	248.3	161.0	327.1	61.6	(481.6)
Other Non Current Assets	61.3	19.1	14.3	10.2	22.5	Forex Effect	0.0	0.0	0.0	0.0	0.0
Net Current Assets	1,444.7	1,676.4	2,364.0	2,799.2	2,143.7	Opening Balance of Cash	133.7	382.0	543.1	870.1	931.7
Total Assets	4,645.2	5,333.5	5,970.3	6,990.4	8,154.0	Closing Balance of Cash	382.0	543.1	870.1	931.7	450.1

Source: Ventura Research & Company Financials

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