May 12, 2022

DCM Shriram Limited: Migration of the rating outstanding on the medium-term rating scale to the long-term rating scale

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loan	510.70	510.70	[ICRA]AA+ (Stable); outstanding
Fund based	1150.00	1150.00	[ICRA]AA+ (Stable; outstanding
Non-fund based	800.00	800.00	[ICRA]A1+ outstanding
Commercial Paper	600.00	600.00	[ICRA]A1+ outstanding
Fixed Deposit	40.00	40.00	[ICRA]AA+ (Stable) migrated from MAAA (Stable)
Unallocated	76.08	76.08	[ICRA]AA+(Stable)/[ICRA]A1+; outstanding
Total	**3,176.78**	**3,176.78**	

Rationale

In compliance with the circular [SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2021/594] issued by the Securities and Exchange Board of India (SEBI) on July 16, 2021 and the subsequent circular SEBI/HO/MIRSD/MIRSD_CRADT /P/CIR/2022/43 of April 1, 2022, for standardizing the rating scales used by the Credit Rating Agencies, ICRA has discontinued the medium-term rating scale which was being used to assign ratings to the fixed deposit programmes of entities.

Accordingly, ICRA has migrated the rating currently outstanding for the fixed deposits programme of DCM Shriram Limited from the medium-term rating scale to the long-term rating scale. The medium-term rating scale of ICRA was a 14-point scale, while the long-term rating scale is a 20-point scale. The migration of the rating has resulted in a change in the rating symbol; however, this is to be construed only as a recalibration of the rating from one scale to another, and not as a reflection of a change in the credit risk of the fixed deposit programme.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: Click here

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Fertiliser Entities Rating Methodology for Entities in the Chemical Industry Rating Methodology for Entities in the Sugar Industry
Parent/Group Support	NA
Consolidation/Standalone	The rating is based on the consolidated financials of the company. The details of the entities consolidated are given in Annexure-2

About the company

DCM Shriram Limited (DCM Shriram) is a diversified company with interests in agri-value chain (urea, sugar, seeds and trading of agri-inputs) and the chloro-vinyl chain (chlor-alkali and PVC). Apart from these, the company is involved in certain other related businesses to take advantage of vertical integration, such as Fenesta Building System (UPVC doors and windows), cement (produced at its integrated Kota plant) and PVC compounding (50:50 JV with Axiall Inc., USA). The company's operations are based out of Kota and Bharuch (for chloro-vinyl value chain) and central Uttar Pradesh (for sugar). In Kota, the company has a fully integrated unit with chlor-alkali, PVC, urea and cement plants and a captive power plant. The company also has a chlor-alkali plant in Bharuch along with a captive power plant. The sugar operations of the company are based in central Uttar Pradesh (UP). The bioseed division of the company is headquartered in Hyderabad. The company is a public limited company with 66.53% of the shareholding being held by the promoter group as of March 31, 2021, while the rest is held by institutional investors and the public.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020
					12 May 2022	29 June 2021	6 July 2020	28 Jun 2019
1	Term Loan	Long Term	510.7	510.7	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Positive)
2	Fund based	Long term	1150.0	-	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Positive)
3	Non-fund based	Short Term	800.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
4	Commercial Paper	Short Term	600.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
5	Fixed Deposit*	Long Term	40.00	-	[ICRA]AA+ (Stable)	MAAA (Stable)	MAA+ (Stable)	MAA+ (Positive)
6	Unallocated	Long Term/Short Term	76.08	-	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Positive)/ [ICRA]A1+

**The medium-term rating scale of ICRA was a 14-point scale, while the long-term rating scale is a 20-point scale. The migration of the rating has resulted in a change in the rating symbol; however, this is to be construed only as a recalibration of the rating from one scale to another, and not as a reflection of a change in the credit risk of the fixed deposit programme*

Complexity level of the rated instrument

Instrument	Complexity Indicator
Term Loan	Simple
Fund based	Simple
Non-fund based	Simple
Commercial Paper	Simple
Fixed Deposit	Simple

Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
-	Term Loan-1	October 2016	-	October 2026	54.00	[ICRA]AA+ (Stable)
-	Term loan-2	January 2018	-	January 2028	91.14	[ICRA]AA+ (Stable)
-	Term loan-3	November 2018	-	June 2024	128.16	[ICRA]AA+ (Stable)
-	Term Loan-4	December 2018	-	March 2020	21.00	[ICRA]AA+ (Stable)
-	Term Loan-5	December 2018	-	December 2024	15.00	[ICRA]AA+ (Stable)
-	Term Loan-6	March 2019	-	March 2029	40.52	[ICRA]AA+ (Stable)
-	Term Loan-7	March 2019	-	March 2029	160.88	[ICRA]AA+ (Stable)
-	Fund based-long term	-	-	-	1150.0	[ICRA]AA+ (Stable)
-	Fixed Deposit Program	-	-	-	40.0	[ICRA]AA+ (Stable)
-	Non fund based	-	-	-	800.0	[ICRA]A1+
Not placed yet	Commercial Paper	-	-	7- 360 days	500.0	[ICRA]A1+
INE499A14CN8	Commercial Paper	April 22, 2021	3.70%	June 29, 2021	50.0	[ICRA]A1+
INE499A14CO6	Commercial Paper	June 2, 2021	3.80%	September 1, 2021	50.0	[ICRA]A1+
	Unallocated	-	-	-	76.08	[ICRA]AA+ (Stable) / [ICRA]A1+

Source: *Company*

Annexure-2: List of entities considered for consolidated analysis

Company Name	DCM Shriram's Ownership	Consolidation Approach
DCM Shriram Credit & Investments Limited	100.00%	Full Consolidation
Bioseed India Limited	100.00%	Full Consolidation
DCM Shriram Infrastructure Limited	100.00%	Full Consolidation
Fenesta India Limited	100.00%	Full Consolidation
Shri Ganpati Fertilizers Limited	81.41%	Full Consolidation
Hariyali Rural Ventures Limited	100.00%	Full Consolidation
DCM Shriram Aqua Foods Limited	100.00%	Full Consolidation
Shriram Bioseed Ventures Limited	100.00%	Full Consolidation
Bioseeds Limited	100.00%	Full Consolidation
Bioseeds Holdings PTE Limited	100.00%	Full Consolidation
Bioseed Research Phillipiness Inc.	100.00%	Full Consolidation
Bioseed Vietnam Limited	100.00%	Full Consolidation
Shriram Bioseed (Thailand) Limited	99.99%	Full Consolidation
Bioseed Research USA Inc.	100.00%	Full Consolidation
Shriram Axiall Private Limited	50.00%	Full Consolidation

Source: *DCM Shriram's annual report FY2021*

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