August 29, 2025

DCM Shriram Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based –Term loan	1279.90	1162.16	[ICRA]AA+(Stable); reaffirmed
Long term fund based –Cash credit	1299.00	1299.00	[ICRA]AA+(Stable); reaffirmed
Short term non-fund based limits	800.0	900.0	[ICRA]A1+; reaffirmed; assigned for the enhanced amount
Long term/Short-term – Unallocated limits	7.88	125.62	[ICRA]AA+(Stable)/[ICRA] A1+; reaffirmed; assigned for the enhanced amount
Commercial paper	600.0	700.0	[ICRA]A1+; reaffirmed; assigned for the enhanced amount
Fixed deposits	40.0	40.0	[ICRA]AA+(Stable); reaffirmed
Total	**4,026.78**	**4,226.78**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmation of the ratings takes into account DCM Shriram Limited's (DCM Shriram) diversified business profile, being present in the chemicals and vinyl, sugar and ethanol, Fenesta building systems and agri-input (including Shriram Farm Solutions (SFS), urea and bioseed) segments. The diversification in the business model has helped the company tide itself over the cyclicality in any one segment. The ratings also derive comfort from the high operating efficiency of the chlor-alkali division wherein DCM is one of the largest caustic soda manufacturers in the country and has the advantage of captive power generation facilities at its Kota (Rajasthan) and Bharuch (Gujarat) plants, in addition to arrangements to source renewable power, which makes DCM one of the low-cost producers in the country. This segment has witnessed improvement in volumes as well as slight uptick in realisations, which has aided its profitability in FY2025 and the same is likely to witness steady improvement going forward.

DCM is also a sizeable player in the sugar segment with 42,400 TCD of crushing capacities and integration into co-generation of power and manufacturing of ethanol, including grain-based ethanol, which mitigate the cyclicality in the sugar segment to some extent. The profitability in the sugar segment moderated owing to high sugarcane prices and low sugarcane recovery, even as domestic sugar realisations remained firm. In the ethanol segment also, elevated grain prices impacted the margins. The realisations for PVC were also below the long-term average during FY2025 owing to the influx of low-cost materials from China. The other business segments, namely SFS and Fenesta building systems (Fenesta), have continued to demonstrate a healthy improvement in performance and have been contributing meaningfully to the overall OPBDITA generation.

The ratings also factor in the comfortable financial risk profile of the entity, characterised by stable cash generation and an adequate liquidity position on the back of healthy cash balances and sufficient cushion in working capital limits. The profits and cash accruals improved in FY2025 owing to volume growth as well as energy efficiency initiatives in the caustic soda business along with healthy margins in the SFS segment.

Chlorine is a by-product in caustic soda manufacturing and its disposal remains a key concern for the industry as a whole. ICRA notes that the proposed downstream integration projects that are being set up at the Bharuch complex will consume a substantial proportion of the chlorine being produced at the facility, in addition to chlorine that is being supplied to the customers through pipelines. The increased captive chlorine consumption is expected to lend stability to caustic soda production and the ECU realisations at the Bharuch complex.

The ratings are constrained by the cyclical nature of the caustic soda, sugar and PVC segments although the company has been working on downstream integration projects to reduce the volatility in earnings. Also, the significant ongoing capex will increase the company's reliance on external debt and is likely to moderate the leverage metrics in the near term, although these are expected to remain comfortable and are likely to improve as the capex starts yielding returns. With the annual cash generation expected to be in the range of Rs. 1,000-1,200 crore per year over the near to medium term, the company's liquidity profile is expected to remain comfortable. The company also has the financial flexibility and headroom to raise additional funding, if required, which can augment its liquidity position.

ICRA also notes the measures adopted by the company to reduce its carbon footprint. The company is sourcing fuel from alternative sources such as biomass and wind-solar hybrid renewable power projects through JVs to reduce the dependence on coal. It is also promoting a circular economy in its operations by setting up projects like the recovery of anhydrous sodium sulphate from brine, compressed biogas from press-mud generated as by product in sugar production and manufacturing sulphate of potash from distillery ash in one of its subsidiaries.

The Stable outlook on the long-term rating reflects ICRA's expectation of comfortable cash generation with a likely improvement in the sugar segment and a steady performance in chemicals.

Key rating drivers and their description

Credit strengths

Diversified business profile with benefits derived from integration – DCM Shriram has a diversified business profile with presence across the chemicals and vinyl, sugar and ethanol, Fenesta building systems and agri-input (including SFS, urea and bio seed) segments. Its energy-intensive businesses are at Kota (Rajasthan) and Bharuch (Gujarat) with both the locations having access to low-cost coal-based power through captive power plants. The Kota plant is an integrated facility manufacturing caustic soda, chlorine, PVC, cement and urea. The integrated nature of the operations ensures the company's competitiveness in the chemical and PVC segments. It also allows the company to decide on the basket of products to be produced, leading to maximisation of earnings per unit of power produced.

High operating efficiency of chlor-alkali division and low-cost coal-based captive power generation facility at Kota and Bharuch plants – DCM's chlor-alkali operations at Kota (524 TPD) and Bharuch (2225 TPD) are supported by a 383-MW coal based captive power capacity and a 50-MW (peak) renewable power plant, in addition to the proposed 68-MW (peak) renewable power at Kota. The company also commissioned a 120-MW power plant last year at its Bharuch facility, which improved the profitability. The production of caustic soda is an energy-intensive process and DCM's access to low-cost power supports its cost structure, providing healthy profitability from the segment. In the past, high coal prices had impacted the cost dynamics of the captive power plant. Coal prices have, however, moderated, and the company is finding green alternatives to reduce its carbon footprint and procure lower cost power.

Profitable scaling up of operations in Fenesta and SFS segments – The company has been able to scale up its Fenesta and SFS businesses with healthy profitability levels. In FY2025, the Fenesta segment reported a top line of Rs. 868 crore with segmental profit of Rs. 125 crore. The SFS segment recorded a top line of around Rs. 1,436 crore and profit of Rs. 279 crore. Although the profitability in Fenesta was slightly lower during FY2025 elevated costs for setting up new revenue platforms and enhancing capacities, the SFS segment's profitability continued to be healthy owing to healthy demand and market leadership in research wheat segment. The company is making efforts to increase its product profile in the Fenesta segment which is likely to lead to a healthy growth in turnover, going forward, while maintaining a steady growth in segmental profit. For SFS, the top line and profitability are expected to grow at a steady pace, making these segments important drivers for the overall consolidated profitability.

Ramp-up of distillery operations to mitigate cyclicality of sugar segment – DCM Shriram has set up three distilleries with a combined capacity of 560 KLD (out of this 250 KLD can operate on grains as well). The ethanol production was impacted during the year owing to sugarcane availability issues and restrictions on ethanol blending from sugar syrup and B-Heavy molasses. However, the distillery operations provide stability to the earnings of the sugar segment, which earlier remained vulnerable to the volatility in prices of sugar and cane. Further, the demand for ethanol is expected to grow steadily owing to policy support.

Healthy financial risk profile – The company's capital structure has remained healthy, characterised by strong gearing and steady cash flow generation, helping the interest coverage ratio to improve to 8.7x for FY2025. With sizeable capex planned in FY2026, the credit metrics could moderate but a healthy cash flow generation and a diversified business profile are expected to keep debt metrics comfortable over the near to medium term.

Credit challenges

Cyclical nature of sugar, chemical and polyvinyl chloride (PVC) businesses – Sugar is a cyclical industry wherein the input price i.e., cane price, is set by the Government, while the realisations are market-driven, though an MSP by the Government provides a minimum base for the selling price. The realisations are driven by sugar production, inventory and demand levels, while the raw material availability is exposed to agro-climatic risks. However, the company has taken steps to mitigate the volatility in the earnings of the sugar segment by setting up 560-KLD distilleries. The chemical and vinyl segments are also exposed to the vagaries of duty structures, apart from the cyclicality associated with global and domestic supply-demand balance.

The company is also undertaking downstream integration projects in the caustic soda segment with a 52,000-MTPA epichlorohydrin (ECH) plant as well as an additional 100-TPD aluminium chloride and 225 TPD calcium chloride plants at Bharuch. Further, the acquisition of Hindusthan Speciality Chemicals Ltd, an epoxy manufacturer, enables DCM to further elongate its value chain to more downstream products. As a result, these projects are expected to moderate the cyclicality of the caustic soda segment although the offtake of these products and the realisations will remain exposed to commodity cycles.

Significant capex being undertaken; to increase reliance on external debt – The company plans to undertake sizeable capex to improve downstream integration and move into advanced materials. This is likely to keep the capex intensity elevated during FY2026. The leverage metrics could moderate in FY2026 owing to the higher capex; however, the metrics should improve in the subsequent years owing to steady cash flow generation.

Environmental and Social Risks

DCM manufactures caustic soda, which results in the production of chlorine as a by-product, the disposal of which remains a key challenge for the industry. The chemical sector in general remains exposed to the risk of tightening regulations for the production, handling and transport of chemical products with regards to safety and environmental impact, remedial measures for pollution and effluent treatment.

ICRA notes the measures adopted by the company to reduce its carbon footprint and water conservation. The company is 10x water positive and ~35% of its total power consumption is green power. The company is sourcing fuel from alternative sources such as biomass to reduce the dependence on coal. The company also has tie-ups to source renewable energy (wind and solar), helping cut down on emissions as well.

Liquidity position: Adequate

DCM Shriram's liquidity is expected to remain adequate, given the large cash and liquid investment balances of Rs. ~1,000 crore as on March 31, 2025, unutilised working capital limits (average buffer of around Rs. 500 crore in the last 12 months) and expectations of comfortable cash accruals, even as the capex is likely to remain elevated in near term.

Rating sensitivities

Positive factors – The ratings of DCM Shriram can be upgraded if the company is able to significantly ramp up its scale of operations and diversify into less commoditised products.

Negative factors – The ratings may be downgraded if the company's total debt/OPBDITA remains above 2x for a sustained period owing to weak cash generation. Capex plans/acquisitions resulting in higher debt on the books of the company may also trigger a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals Sugar Fertiliser
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of the company. The details of the entities consolidated are given in Annexure II

About the company

DCM Shriram Limited (DCM Shriram) is a diversified company with interests in the agri-value chain (urea, sugar, seeds and agri-inputs) and chemicals and vinyl. Apart from these, the company is involved in certain other related businesses to take advantage of vertical integration, such as the Fenesta building system (UPVC doors and windows, aluminum windows, facades and hardware), cement (produced at its integrated Kota plant) and PVC compounding. The company's operations are based in 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 chemicals plant at Bharuch along with a captive thermal and renewable power plant. The company's sugar operations are based in central Uttar Pradesh (UP). The bioseed division of the company has its headquarters in Hyderabad. The company is a public limited company with 66.52% of the shareholding being held by the promoter group as on June 30, 2025, while the rest is held by institutional investors and the public.

Key financial indicators (audited)

DCM Shriram Limited, Consolidated	FY2024	FY2025
Operating income	10,922.5	12,075.1
PAT	447.1	604.3
OPBDIT/OI	9.1%	11.0%
PAT/OI	4.1%	5.0%
Total outside liabilities/Tangible net worth (times)	0.8	0.8
Total debt/OPBDIT (times)	2.1	1.8
Interest coverage (times)	11.3	8.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current (FY2026)		Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Aug 29, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Long term fund based –Term loan	Long term	1162.16	**[ICRA]AA+ (Stable)**	Aug 30, 2024	[ICRA]AA+ (Stable)	Aug 01, 2023	[ICRA]AA+ (Stable)	May 12, 2022	[ICRA]AA+ (Stable)
				Mar 28, 2025	[ICRA]AA+ (Stable)			Jun 30, 2022	[ICRA]AA+ (Stable)
								Dec 06, 2022	[ICRA]AA+ (Stable)
								Mar 10, 2023	[ICRA]AA+ (Stable)
Long term fund based – Cash credit	Long term	1299.00	**[ICRA]AA+ (Stable)**	Aug 30, 2024	[ICRA]AA+ (Stable)	Aug 01, 2023	[ICRA]AA+ (Stable)	May 12, 2022	[ICRA]AA+ (Stable)
				Mar 28, 2025	[ICRA]AA+ (Stable)			Jun 30, 2022	[ICRA]AA+ (Stable)
								Dec 06, 2022	[ICRA]AA+ (Stable)
								Mar 10, 2023	[ICRA]AA+ (Stable)
Short term non-fund based limits	Short term	900.0	**[ICRA]A1+**	Aug 30, 2024	[ICRA]A1+	Aug 01, 2023	[ICRA]A1+	May 12, 2022	[ICRA]A1+
				Mar 28, 2025	[ICRA]A1+			Jun 30, 2022	[ICRA]A1+
								Dec 06, 2022	[ICRA]A1+
								Mar 10, 2023	[ICRA]A1+
Long term/Short term –Unallocated limits	Long term/ Short term	125.62	**[ICRA]AA+ (Stable)/ [ICRA]A1+**	Aug 30, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Aug 01, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+	May 12, 2022	[ICRA]AA+ (Stable)/ [ICRA]A1+
				Mar 28, 2025	[ICRA]AA+ (Stable)/ [ICRA]A1+			Jun 30, 2022	[ICRA]AA+ (Stable)/ [ICRA]A1+
								Dec 06, 2022	[ICRA]AA+ (Stable)/ [ICRA]A1+
								Mar 10, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+
Commercial paper	Short term	700.0	**[ICRA]A1+**	Aug 30, 2024	[ICRA]A1+	Aug 01, 2023	[ICRA]A1+	May 12, 2022	[ICRA]A1+
				Mar 28, 2025	[ICRA]A1+			Jun 30, 2022	[ICRA]A1+
								Dec 06, 2022	[ICRA]A1+
								Mar 10, 2023	[ICRA]A1+
Fixed deposits	Long term	40.0	**[ICRA]AA+ (Stable)**	Aug 30, 2024	[ICRA]AA+ (Stable)	Aug 01, 2023	[ICRA]AA+ (Stable)	May 12, 2022	[ICRA]AA+ (Stable)
				Mar 28, 2025	[ICRA]AA+ (Stable)			Jun 30, 2022	[ICRA]AA+ (Stable)
								Dec 06, 2022	[ICRA]AA+ (Stable)
								Mar 10, 2023	[ICRA]AA+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based –Term loan	Simple
Long term fund based –Cash credit	Simple
Short term non-fund based limits	Very Simple
Long term/Short term –Unallocated limits	NA
Commercial paper	Very Simple
Fixed deposits	Very Simple

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 analysing 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 are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term fund based –Term loan	FY2019-FY2025	-	FY2029-FY2032	1162.16	[ICRA]AA+ (Stable)
NA	Long term fund based –Cash credit	NA	NA	NA	1299.00	[ICRA]AA+ (Stable)
NA	Short term non-fund based limits	NA	NA	NA	900.00	[ICRA]A1+
NA	Long term/Short term –Unallocated limits	NA	NA	NA	125.62	[ICRA]AA+ (Stable)/ [ICRA]A1+
INE499A14DB1	Commercial paper	June 13, 2025	6.10%	Sep 12, 2025	200.00	[ICRA]A1+
INE499A14DC9	Commercial paper	July 11, 2025	5.90%	Sep 22, 2025	200.00	[ICRA]A1+
INE499A14DD7	Commercial paper	Aug 21, 2025	6.00%	Nov 20, 2025	200.00	[ICRA]A1+
Unplaced	Commercial paper	-	-	7-360 days	100.00	[ICRA]A1+
NA	Fixed deposits	NA	NA	NA	40.00	[ICRA]AA+ (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Bioseed India Limited	100.00%	Full consolidation-
DCM Shriram Infrastructure Limited	100.00%	Full consolidation-
DCM Shriram Credit and Investments Limited	100.00%	Full consolidation-
DCM Shriram Aqua Foods Limited	100.00%	Full consolidation-
Fenesta India Limited	100.00%	Full consolidation-
DCM Shriram Foundation	100.00%	Full consolidation-
Hariyali Rural Ventures Limited	100.00%	Full consolidation-
Shridhar Shriram Foundation	100.00%	Full consolidation-
Shriram Polytech Limited	100.00%	Full consolidation-
Shriram Bioseed Ventures Limited	100.00%	Full consolidation-
Bioseeds Holdings Pte. Ltd.	100.00%	Full consolidation-
Bioseed Research Philippines Inc.	99.99%	Full consolidation-
Bioseed Research USA Inc.	100.00%	Full consolidation-
DCM Shriram Prochem Limited	100.00%	Full consolidation-
DCM Shriram Bio Enchem Limited	100.00%	Full consolidation-
DCM Shriram Ventures Limited	100.00%	Full consolidation-
Shriram Agsmart Limited	100.00%	Full consolidation-
Renew Green (GJ Nine) Private Limited	31.20%	Full consolidation-
Renew Green (GJ Ten) Private Limited	31.20%	Full consolidation-

Source: Company

ANALYST CONTACTS

Girishkumar Kashiram Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Prashant Vasisht
+91 124 4545 322
prashant.vasisht@icraindia.com

Ankit Jain
+91 124 4545 865
ankit.jain@icraindia.com

Sahaj Gugliani
+91 124 4545 814
sahaj.gugliani@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

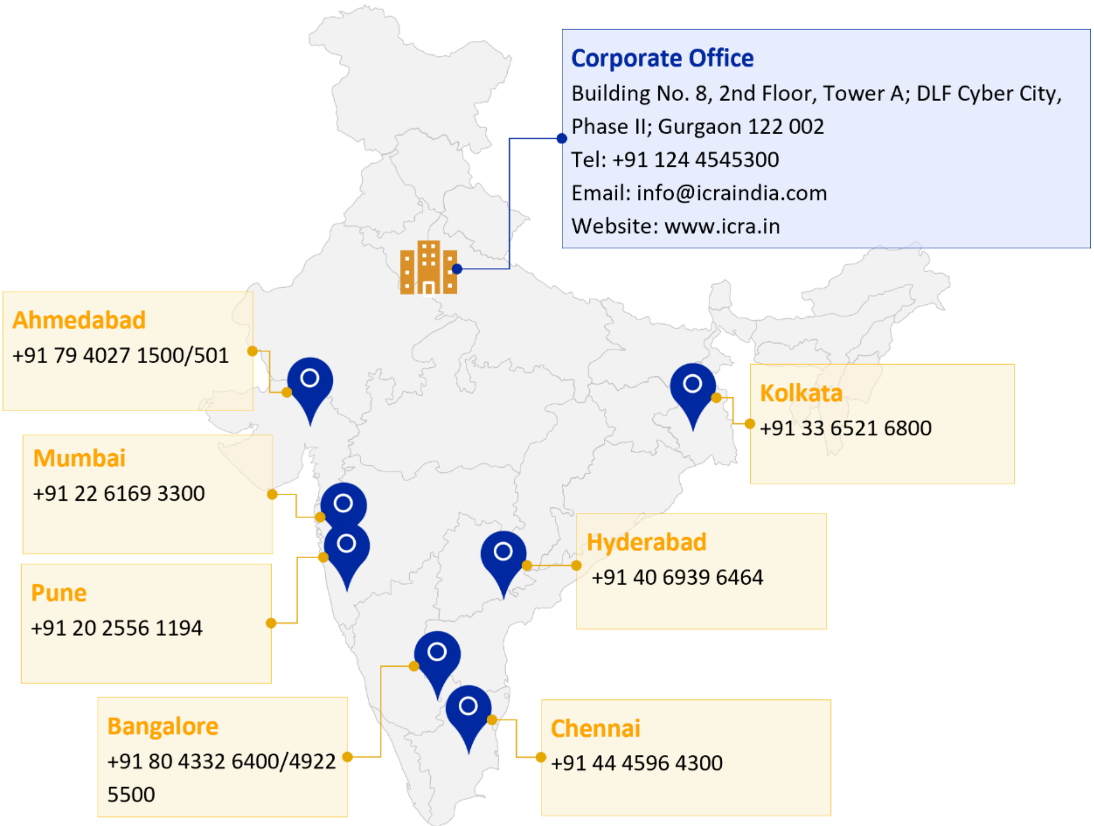
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.