Operator: Ladies and gentlemen, good day and welcome to DCM Shriram Ltd. Q2 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Siddharth Rangnekar from CDR India. Thank you, and over to you, sir.

Siddharth Rangnekar – CDR India: Thank you, Steve. Good evening, and welcome to DCM Shriram Ltd.'s Q2 and H1 FY27 earnings conference call. Today, we have with us Mr. Ajay Shriram, Chairman and Senior Managing Director; Mr. Vikram Shriram, Joint Managing Director; Mr. Ajit Shriram, Deputy Managing Director; and Mr. Amit Agarwal, Group CFO of the company. We shall commence with remarks from Mr. Ajay Shriram and Mr. Ajit Shriram. The members of the audience will get an opportunity to ask their queries to the management following these comments during the interactive question-and-answer session.

Before we begin, please note that some of the statements made on today's call could be forward-looking in nature, and a note to that effect has been included in the conference call invitation that was circulated earlier and is available on the stock exchange website. I would now like to invite Mr. Ajay Shriram to give us a brief overview. Over to you, sir.

Ajay Shriram – Chairman and Senior Managing Director: Thank you, Siddharth. Good afternoon, ladies and gentlemen, and a very warm welcome to all of you. Thank you for joining us today to discuss the company's performance around the Q2 and H1 FY27 results. I will commence with perspectives on the business environment and the strategic updates, after which Vikram will share his views on the financial performance.

Globally, the second quarter of FY27 operated against a backdrop of sustained structural friction. We continue to navigate an environment characterized by volatile energy prices, shifting tariff pressures, and tighter global liquidity driven by higher interest rates from major central banks, including the Reserve Bank of India. The geopolitical landscape remains highly complex, demanding active re-evaluation of supply chains and trade exposures.

At the same time, digital technologies and artificial intelligence are becoming increasingly important drivers of productivity, innovation, and competitiveness. For industrial companies, the opportunity lies in applying these technologies to improve operating reliability, resource efficiency, decision-making, and customer responsiveness.

Amid the global calibration, India's position as a reliable, high-growth economic anchor has only strengthened. Q1 FY27 real GDP grew at 7.8%, and the RBI subsequently projected FY27 real GDP growth at 7.1%, driven by services, private consumption, manufacturing, and infrastructure-led investments.

Simultaneously, we face immediate cyclical challenges on the ground, particularly within the agricultural and rural sectors, driven by El Niño. Reservoir storage also remained below the previous year and the long-term average across the country. This will influence agricultural inputs, rural consumption, and rabi cropping conditions over the coming quarters.

Report is AI-generated and may contain inaccuracies.

For us at DCM Shriram Ltd., this environment reinforces the value of staying close to what we can control: integrated operations, cost discipline, working capital management, digital execution, and calibrated capital allocation. We are translating this strategy into action through several key project announcements.

First, optimizing cost management and carbon intensity. We are establishing a 40-megawatt peak solar energy plant at Kota for Rs.145 crores and installing filter presses in our cement plant at Kota for Rs.60 crores.

Second, driving operational reliability. We are debottlenecking operations at Bharuch and Kota to improve the energy efficiency of our current operations and increase caustic capacity at a project cost of Rs.120 crores.

Third, advancing forward integration. We are setting up new lines for the manufacture of specialty compounds of PVC, specialty medical grades, and halogen-free, flame-retardant glaze polymer compounds in our JV, Shriram {? Teknor ?} Limited, at a total cost of Rs.133 crores. Our investment will be up to Rs.50 crores as equity into the JV.

A conservative approach to our finances remains central to how we run the company. As interest rates remain elevated, our healthy balance sheet, comfortable leverage, and adequate liquidity position us well to manage volatility. Crucially, our growth strategy is intrinsically linked to our sustainability commitments. We are advancing our ESG roadmap across resource efficiency, energy transition, and meaningful community engagement. By embedding these principles within our operational DNA, we are ensuring our business remains agile, responsible, and future-ready.

This balanced approach keeps us well placed to pursue organic and inorganic growth opportunities and deliver long-term value for our stakeholders.

I shall now direct your attention to industry dynamics across our businesses. First is chemicals. Globally, the chemicals industry environment remains volatile during the second quarter of FY27. Unpredictable energy and input costs, along with uneven demand across major manufacturing regions, weighed on industry economics.

In India, underlying demand remained supported by domestic consumption across textiles, alumina, and infrastructure. Capacity additions over the last few years have been well absorbed by the market. However, future capacity additions may create near-term supply-demand imbalances and put pressure on prices and margins.

Given the headwinds, our chlor-alkali operations delivered a reasonable performance. Capacity utilization during the quarter stood at 89%. Our flaker capacity provided valuable market flexibility, enabling us to export our caustic production despite disruptions in global supply chains. While caustic prices corrected in line with global markets, improved chlorine realizations partly offset the impact.

In hydrogen peroxide, higher natural gas prices raised production costs across the industry, which, in turn, supported firmer product prices.

Report is AI-generated and may contain inaccuracies.

In advanced materials, operating rates were higher across product categories as we continued to deepen our market presence. The segment witnessed sharp swings in both product and raw material prices, with a steep increase in Q1 followed by an equally sharp correction. This led to liquidation of high-cost inventory and temporary deferment of customer demand. These pressures have now largely stabilized, providing a more balanced operating environment going forward.

During the quarter, we commissioned the 100 tonnes per day aluminum chloride plant at Bharuch, taking the total capacity to 250 tonnes per day, along with partial commissioning of the calcium chloride plant, taking us to 50% of the planned capacity, that is, 133 tonnes per day out of 266 tonnes per day. We also commissioned the 68-megawatt hybrid renewable power project at Kota, further strengthening our structural cost competitiveness. The 58-megawatt hybrid renewable power project under the group captive SPV at Bharuch is progressing as scheduled.

Vinyls. The Middle East conflict kept raw material costs and, subsequently, PVC prices high. Weak demand, weak construction demand owing to [cut off]

Management: ...soon, and cautious trader bookings, owing to higher prices, dampened overall demand. The policy support toward the introduction of the minimum import price of US$766 per metric ton helped domestic realization, and a weaker rupee further supported PVC prices. Our PVC volumes and realizations both improved meaningfully. Carbide also performed well, with raw carbide production reaching its highest-ever level, and sales and realizations up year-on-year. Near-term PVC prices are likely to remain influenced by energy costs, currency movements, global supply conditions, and domestic trade policy measures. Domestic demand should improve after the monsoon. However, global demand may be impacted by housing demand.

Sugar and ethanol: The global sugar market is expected to move into a deficit of around 2.6 million metric tons in the 2026-27 season, compared to a surplus of about 2.1 million metric tons last year. Uncertainty regarding crops in India and Europe, and higher diversion of cane to ethanol in Brazil, could widen this deficit further. For the 2025-26 sugar season, India is expected to close with a stock of around 3.65 million metric tons, based on production of 27.6 million metric tons, after diversion of around 3.1 million metric tons to ethanol, domestic consumption of 28.4 million metric tons, and net exports of 0.65 million metric tons. For the coming season, market estimates point to gross production of around 27 million metric tons, with some downside risk. The domestic sugar price is currently around Rs.4,800 per quintal and is expected to remain range-bound.

On the ethanol front, the tender for the 2026-27 ethanol supply year includes ethanol made only from C-heavy molasses and shifts supply toward grain-based feedstocks. The ethanol procurement price of maize-based ethanol has been reduced, while that of C-heavy-based ethanol has not been revised, despite the increase in sugarcane prices. With installed capacity of about 2,000 crore liters already well ahead of demand, these developments significantly affect the sugar industry's investments in ethanol. Policy support with respect to a fair share of allocations for sugar-based feedstocks and ethanol prices aligned with sugarcane costs is now critical to support the long-term viability of the sector.

Fenesta Building Systems: Fenesta Building Systems sustained its growth momentum, driven by healthy volumes across both retail and project segments, despite a volatile real estate market. Margins continue to reflect the changing product mix, upfront investments in scaling our new

Report is AI-generated and may contain inaccuracies.

business platforms, and higher input costs. During the quarter, phase one of our aluminum extrusion plant at Kota was commissioned, while the second phase is in the process of installation and commissioning. Work on the wooden doors facility is moving as scheduled.

Moving on, the Agri Inputs business portfolio comprises Shriram Farm Solutions, fertilizer, and Bioseed businesses. First, Shriram Farm Solutions: The quarter was shaped by one of the weakest monsoons in over a decade, driven by El Niño conditions. Although late-season rains helped sowing catch up to near-normal levels, a shortened application window, moisture stress on crops, and tighter farmer liquidity kept demand for agricultural inputs selective. The SFS business witnessed a decline in top line in Q2 FY27 compared to Q2 FY26, largely on account of a difference in the timing of sales of research wheat seed. A portion of the timing-related impact may reverse in Q3, subject to crop conditions and channel demand. Notwithstanding these conditions, the Crop Protection vertical registered healthy growth, backed by a differentiated product portfolio and the ability to tap weather-driven demand. The business introduced four new products, including a promising wheat variety from our in-house R&D, while our digital campaigns reached over 1.5 crore farmers.

Fertilizers: Natural gas prices for the urea business rose further during the quarter as the West Asia conflict continued to disrupt LNG supplies. Plant operations remained stable, and we continue to focus on improving energy efficiency, maximizing urea production, and keeping tight control over fixed costs. The increase in gas prices has raised the working capital requirement associated with subsidy receivables. Given the high gas prices, the indigenous urea fertilizer subsidy requirement for the year could be higher at Rs.1.2 lakh crores versus the Union Budget provision of Rs.85,000 crores.

Bioseed: The Kharif season remained very challenging for the Bioseed business due to broader climatic pressures, especially in South and Central India. Despite the late recovery in rainfall, acreage under key crops such as corn, cotton, and paddy stayed below last year's level. This weighed on corn and paddy volumes, while higher input, production, and logistics costs added to margin pressure. Our cotton volumes are better than last year. Margins were also impacted by provisions for doubtful debts in India and seed discard in the Philippines. We remain focused on portfolio quality, inventory discipline, collections, and strengthening our market position ahead of the next planting season.

I will now request Vikram to provide the financial perspective. Vikram, over to you.

Vikram: Thank you. Good evening, everyone. I will now take you through the financial highlights of Q2 and H1 FY27.

Net revenues, net of excise duty, for Q2 FY27 were Rs.3,977 crores versus Rs.3,272 crores in Q2 FY26, an increase of 22% year-on-year, driven by the Chemicals, Vinyl, Fertilizer, and Fenesta businesses. PBDIT for Q2 FY27 was Rs.319 crores versus Rs.408 crores in Q2 FY26, mainly due to higher input costs in Chemicals and lower earnings in the Agri Inputs businesses. The previous year's quarter also included a one-time positive impact of Rs.76 crores toward incentives received from the Government of Gujarat in the Chemicals business and Rs.15.5 crores in the Sugar business on account of an upward revision of power rates last year.

Report is AI-generated and may contain inaccuracies.

Chemicals: The business reported an increase in revenue of 47% year-on-year. Caustic soda volumes were up 2%, while ECU prices were higher by 6%. New products, including hydrogen peroxide, aluminum chloride, and glycerin to ECH to epoxy advanced materials value chain, contributed positively to the top line. PBDIT for this quarter stood at Rs.158 crores against Rs.254 crores last year, as higher input costs more than offset the benefit of better realizations and volumes. Further, last year there was a one-time positive impact of Rs.76 crores toward incentives from the Government of Gujarat.

Vinyl: Revenues increased by 20% year-on-year, driven by higher volumes and realizations in both PVC and carbide. PVC volumes rose 29% and prices rose 25%, while carbide volumes and prices were up 15% and 16%, respectively. PBDIT was higher at Rs.51 crores as compared to Rs.12 crores last year, led by better volumes and realizations, partially offset by higher input costs.

Sugar and ethanol: Sugar and ethanol business revenue, net of excise duty, was higher by 10% year-on-year. Domestic sugar prices were up 14%, while volumes were lower by 6%. Ethanol volumes were up by 24% due to a timing difference. PBDIT for the segment came in at Rs.62 crores as against Rs.33 crores last year. In Q2 FY26, there was a significant positive impact of Rs.15.5 crores on account of an upward revision of power tariffs by UPPCL, as mentioned earlier.

Fenesta Building Systems: Revenues increased by 22% year-on-year, with the project vertical leading the growth. PBDIT for the quarter was up 15% at Rs.49 crores, although margins were slightly lower. This was due to the change in product mix, elevated input costs, and higher fixed expenses for setting up new revenue platforms for the future.

Shriram Farm Solutions: Revenues declined by 10% year-on-year due to lower volumes across the seed and specialty nutrition verticals. PBDIT for the quarter was lower at Rs.78 crores as against Rs.106 crores last year.

Fertilizer: Revenues were up by 40% year-on-year, led by realizations, which were higher by 46%, reflecting higher gas prices. PBDIT increased by 25% to Rs.25 crores, driven by better margins on account of higher gas rates and improved efficiencies. Outstanding fertilizer subsidy was Rs.446 crores on September 30 as against Rs.187 crores last year.

Bioseed: Bioseed revenue was lower for the quarter and half-year, as severe El Niño conditions weakened demand across the industry. PBDIT for the quarter stood at negative Rs.41 crores against negative Rs.7 crores last year. The decline reflects lower volumes, which increased the burden of fixed expenses, along with higher provisions for doubtful debts in India and seed discards in the Philippines.

At an overall level, the company's net debt is Rs.917 crores as of September 30, 2026, as against Rs.773 crores as of September 30, 2025. Return on capital employed for September 2026 came in at 12% compared with 15% last year. The board announced an interim dividend of 200%, amounting to Rs.62.38 crores.

With several of our key projects, including aluminum chloride, calcium chloride, the aluminum extrusion facility in Fenesta at Kota, and renewable power projects, now fully or partially commissioned, our priority is to ramp them up efficiently and capture the full benefits of integration

Report is AI-generated and may contain inaccuracies.

across our various value chains. Sustainability remains central to this journey. Our growing renewable energy capacity is strengthening our energy security, advancing our decarbonization goals, and improving long-term cost competitiveness. That concludes my opening remarks, and I request the moderator to please open the forum for questions and answers. Thank you very much.

Operator: Thank you, sir. We will now begin with a question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use the handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Ladies and gentlemen, if you wish to ask a question, you may press star and one.

Our first question comes from the line of Ria Mehta with Equitas Investments. Please go ahead.

Ria Mehta – Equitas Investments: Thank you so much for giving me the opportunity, and congratulations on a good set of numbers for [inaudible]

Ria Mehta – Equitas Investments: I just wanted to understand, in the Chemicals division, which includes caustic and other non-caustic chemicals, we have seen pressure on margins, and you mentioned that there is input pressure. So could you explain the breakdown of this negative margin impact, or the year-on-year decline? Even after adjusting for exceptional items, there is a decline. I just wanted to understand what constitutes it.

Management: Yes. In the chemical business, across the board, when we look at the new chemistries that we entered, as well as the new products and the existing lines of business that we expanded, what has really happened is that the cost of production has gone up in this quarter in the range of about 6% to 8% across the chemistries, and selling prices have come down in the range of around 4% to 6%.

So effectively, margins have been impacted across the board, except for one or two smaller products. For the larger products, margins have been impacted. The only product that has definitely performed better is hydrogen peroxide, because our hydrogen is in-house and prices went up because of the gas price, so that was de-linked. For the rest of the products, that is how the margins have come down.

Ria Mehta – Equitas Investments: Could you help me with the specific raw material prices that have increased the cost of production? Because, as I understand it, our major cost of production is power, and we have entirely linked the power for the caustic division with the {? PPSL ?}, etcetera. So where is the incremental cost of production coming from, and which particular chemical is it related to? Can we go into the specifics?

Management: It will again vary by product. What you said is right: power is the key raw material, and coal prices have gone up significantly and are still going up. So we will probably continue to see the impact of higher costs, but that cost is primarily impacting our caustic business, because that is where the energy intensity is high.

Report is AI-generated and may contain inaccuracies.

Whereas, for example, in the case of epichlorohydrin and its downstream products, glycerin prices are quite volatile. In the last quarter, we were consuming high-cost glycerin. Now those prices have come down. So it is quite volatile. Given the Red Sea crisis, freight and everything else is so disrupted that it is very difficult to say how prices will move. But yes, each chemistry has a different cost curve and different key cost drivers.

Ria Mehta – Equitas Investments: Also, my last remaining question for the Chemicals division is: what would be the incremental depreciation on account of the newer plants that have been commissioned going forward?

Management: Incremental?

Ria Mehta – Equitas Investments: Depreciation.

Management: [pause] In the half-year, the incremental depreciation for the quarter, for example, was about the total increase that you saw in depreciation; Rs.10 crores came from the chemical business.

Going forward, I do not think it will be very significant, at least for the rest of the year, given the fact that most of the projects have been capitalized. So there will be some increase because calcium chloride and aluminum chloride were capitalized in Q2, but there will not be any very significant increase because of that.

Ria Mehta – Equitas Investments: Got it. Coming to PVC demand, we have been listening to the calls of Supreme, Astral, and other companies, and they are mentioning demand destruction on their end and reducing their volume guidance at this kind of pricing for PVC. What are the current prices? What is the trend going forward, and what do you see regarding demand?

Management: The current domestic PVC prices are in the range of around Rs.95,000 to Rs.1 lakh per tonne. Those are the prices currently prevailing for PVC. What was your next question?

Ria Mehta – Equitas Investments: I just wanted to understand the demand side, with the current PVC pricing reaching such high levels. I think the last peak of the cycle was around Rs.90,000, and I think we have surpassed that peak. I just wanted to understand how demand is panning out for you.

Management: Demand will start picking up, as was also mentioned in the Chairman's remarks. Now that the monsoons are over, Q3 and Q4 are good seasons for PVC. But we are not a very large producer of PVC, so we are not seeing any challenge. We are producing at 100% of our capacity, and a little more than that, actually, and demand is good for us.

Ria Mehta – Equitas Investments: Got it. Do you see China dumping happening again, considering that prices have been above the MIP and there is still overcapacity in China, so they could start dumping again when [trails off]

Management: [off-mic discussion] As I mentioned in my opening remarks, we already have an MIP

Ria Mehta – Equitas Investments: Right.

Report is AI-generated and may contain inaccuracies.

Management: of $1,066, and there is also an import duty. With that, prices today would be expected to be quite stable.

Ria Mehta – Equitas Investments: Congratulations on that. My last question is on the Sugar division. I wanted to understand, with this C-heavy mandate, how many crore liters of ethanol can be made from sugar, from C-heavy molasses? My second question was on the maize division. At the current new rate notified by the government, what kind of corn breakeven cost are we looking at? Since corn prices are also increasing, will we be going for maize-based ethanol?

Management: In terms of allocation and what we can manufacture, our total manufacturing capacity is in the range of around 15 to 16 crore liters. Out of that, almost 50% is based on molasses and 50% is based on grain.

As far as maize prices are concerned, with the ethanol-based maize price coming down while maize prices continue to rise, there will be a shrinkage of margins. We will try to optimize FCI-based rice ethanol to whatever extent we receive an allocation of FCI rice. That will be our strategy.

But it is very dynamic because, frankly, we feel that feedstock is going to be a challenge for ethanol this year. So, let us see how it pans out. It will be very dynamic.

Ria Mehta – Equitas Investments: We would be able to easily manufacture, say, 8 crore liters from C-heavy, right?

Management: Yes, yes. We should be able to.

Ria Mehta – Equitas Investments: All right. For Fenesta, I think the order book was a little tepid this time. Was it a function of any particular event?

Management: For Fenesta, unless there is a significant fall, the order book is becoming less relevant because the project business has become almost 45% of the business, and that is what can cause some volatility in the orders. One day you have a large order, and then the order book looks big. Maybe two quarters down the line, that order book might change because that order was already there and some of the other orders get executed. But it is still a very healthy order book. We do not see any challenge.

Ria Mehta – Equitas Investments: So, basically, continuing at [cut off]

Management: New products, yes. Sequentially, it is better. That is one point. Obviously, there are new products: facades are gaining ground, aluminum windows are gaining ground, and extrusion is being commissioned, which will also gain ground. So I think our strategy has been to build platforms so that growth is balanced and does not get impacted by one type or one category of product.

Management: By the last quarter, we will also be doing wooden doors.

Ria Mehta – Equitas Investments: Right, right.

Management: That will be another category that will add to the portfolio.

Report is AI-generated and may contain inaccuracies.

Ria Mehta – Equitas Investments: I think Fenesta has been fantastic for us, and I look forward to seeing better numbers going forward. Thank you, that is all for my questions. I will get back in the queue for further questions.

Management: Thank you.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. The next question comes from the line of Jenam Galani with Swan Investments. Please go ahead.

Jenam Galani – Swan Investments: Hi, sir. Thank you for this opportunity. Most of my questions have been answered. I have just one question: could you give an update on the demerger process that we were planning?

Management: [off-mic discussion] Advanced stage. [pause] Yes, the demerger process is ongoing. The management is working on it. As I mentioned in the previous interaction as well, given the complexity of the organization as a legacy organization, these businesses are quite interlinked.

We do not want to roll out a scheme that we might have to modify later. We are trying to filter that, and now we are at a fairly advanced stage. So we hope to take it to the board very soon.

Jenam Galani – Swan Investments: So we can expect that in two to three quarters, right? In Q1 FY28, would that be a good timeline?

Management: Yes, that is what we are targeting.

Jenam Galani – Swan Investments: Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Rajakumar Vaidyanathan with RK Investments. Please go ahead.

Rajakumar Vaidyanathan – RK Investments: Good evening, sir. Thank you for the opportunity. I have two questions. The first one is on the Vinyl segment. I see that PVC realizations have gone up quarter-on-quarter, and your revenues have also gone up, but there has been pressure on your margins. The PBDIT margins are almost 21.9% versus around 22% in the previous quarter. I want to know what the outlook is for this segment.

Management: [off-mic discussion] As far as my information and the information we have provided go, margins have improved significantly both year-on-year and quarter-on-quarter because product prices have improved. Yes, costs have also gone up, but the increase in realization is more than the increase in costs. That is point number one.

Going forward, it is difficult to say, although we are somewhat hopeful that prices will remain firm. As we mentioned in the Chairman's speech, there is a minimum import price, which should keep the business healthy. But what happens to energy prices, because energy is almost 60% to 70% of the cost of production, is one issue.

Report is AI-generated and may contain inaccuracies.

What we are also doing as a process is bringing in more and more renewable energy. Almost all of the renewable energy in Kota that we are looking at, averaging around 32-33 MW, is about to be fully commissioned. Part of it has been commissioned, and the rest is about to be commissioned in the next few days.

All those steps have been taken to optimize or reduce our cost of production. But coal still forms the majority of the cost, and its cost is going up. Let us see what happens. Hopefully, it should be good.

Rajakumar Vaidyanathan – RK Investments: Is there any possibility of margins improving, or will they be maintained at current levels?

Management: It will all be a function of how the price moves from here. If it remains at this level, margins should come down slightly. If it goes up, then probably, yes.

Rajakumar Vaidyanathan – RK Investments: The second question is on the Sugar segment. I heard the Chairman discussing the overall outlook for the country. I want to know, for DCM specifically, what production are you targeting, and how much reduction are you expecting compared with last year?

Management: Sir, it is a little too early. We have not even started crushing. We will be starting crushing at some of our mills in the first week of November. So it is a little too early. Although, if we look at the India scenario and the scenario in Uttar Pradesh, the India scenario is that cane availability will be low, given that there have been drought-like conditions in Maharashtra and Karnataka, which have impacted cane. In Uttar Pradesh, there were recent rains in September, because of which there has been lodging of cane. So that can also have an impact.

But let us see how it works out in our region, because even within Uttar Pradesh it will vary from region to region. We will probably know in the next two to three months how it pans out.

Rajakumar Vaidyanathan – RK Investments: Is it fair to assume that there will be pressure on both cane crush volumes and recovery rates?

Management: It is too early to comment. It depends on what the fog is like in the winter. That will impact recovery. As the climate progresses, sunlight and other factors will impact recovery.

Rajakumar Vaidyanathan – RK Investments: Thank you very much, sir.

Management: Thank you.

Operator: Thank you. Participants who wish to ask a question may press star and one.

The next question comes from the line of Saket Kapoor with Kapoor and Co. Please go ahead.

Saket Kapoor – Kapoor and Co: Hello, sir. I hope I am audible.

Management: Hello, yes, sir.

Report is AI-generated and may contain inaccuracies.

Saket Kapoor – Kapoor and Co: Firstly, in terms of caustic soda price trends, what have been the current market conditions for caustic soda realizations? I think there was a dip after the first quarter. However, in our ECU realization, the figure that we have provided shows an increase. Can you explain how the price trends have been? My other question pertains to aluminum chloride realization: how is the price realization for this product shaping up, and what is our current utilization level?

Management: What we have given in the investor presentation is the ECU. What you were talking about is that caustic prices had come down. However, ECU is a mix of caustic and chlorine. Chlorine prices have actually improved. Negative chlorine prices, which were around Rs.8,000 in Q1—I do not have the exact number, but approximately Rs.8,000—came down to around negative Rs.5,000 in Q2.

Management: Negative 5.

Management: Negative Rs.5,000. And now they are further lower, so less than negative Rs.5,000. That has been the reason why the impact was offset.

Saket Kapoor – Kapoor and Co: Regarding aluminum chloride realization, sir, and the volume?

Management: I do not have the exact number here. Again, as I said, aluminum chloride is a small part of the business, and the reason why aluminum chloride is there is to support caustic utilization. Caustic utilization has actually gone up. If you see our utilization versus the same period last year, caustic utilization was around 79%-80%, and this year, or this quarter, utilization is 88%. That shows the success of having the aluminum chloride plant, which has helped utilization, along with the market development activities as well.

Management: Also, aluminum chloride prices are closely linked to aluminum prices. There is a correlation there. If the cost, which is aluminum for us, goes up, then aluminum chloride prices also move up. There may be a bit of a lag. So the margin depends on prices, of course. But they are reasonable.

Saket Kapoor – Kapoor and Co: Currently, what is our captive consumption of chlorine, and what is the road map ahead? Say, 2 years down the line, what would the likely captive number be?

Management: We have two locations, Bharuch and Kota. At Bharuch, after all our projects are commissioned, we expect to have 45% captive consumption of chlorine. At Kota, it will be in the range of 62%.

Additionally, a major strength for us, especially in Bharuch, is that we have customers or partners who have grown with us over the last 30 years. They are our pipeline customers, and they consume approximately 27% as well. So if we put those together, it will be in the range of 70% plus between captive and pipeline customers for us.

Saket Kapoor – Kapoor and Co: To take into account the caustic soda prices, how has the price change been, or what has been the realization from the first quarter versus the second quarter? What has been the actual decline in import parity prices, if you can provide a number? My second question is whether we have heard or seen any announcement from a major player like Grasim

Report is AI-generated and may contain inaccuracies.

outlining a strategy that it would not sell any further chlorine into the market over a period of time and would create an ecosystem in which all chlorine would be utilized, since it is the largest player.

I read about this, but I am not confirmed about it. I would like to hear your thoughts on how the largest player is planning its chlorine consumption, with completely captive consumption by it in the future.

Management: Regarding your first question, we look at the ECU price, which is the combination of the caustic price and the chlorine price. I think we have already shared earlier in the conference call that caustic prices have been range-bound, but chlorine prices have moved up. They were more negative, and now they are less negative, or closer to zero. So overall, ECU prices have improved.

Of course, our costs have also gone up because they are linked to energy, and energy costs have gone up overall. That addresses your first point. We will not be able to comment on any competitor's or other player's strategy. That would not be fair for us to say. Our focus is always on how we can remain competitive by optimizing our cost structures and focusing on intelligent integration, so that we remain robust even in down cycles and enjoy the up cycles that are available.

Saket Kapoor – Kapoor and Co: What have been the import numbers for the country for the 6 months, or for the 9 months, of caustic? How much has been imported?

Management: I think we may not have the country's import numbers directly with us right now, but if you reach out to our team, they will be able to share those numbers subsequently.

Saket Kapoor – Kapoor and Co: Lastly, large corporate houses are also contemplating significant capacity for caustic. I think the largest corporate in the country is planning this. How will that change the entire ecosystem going forward for players like us that sell caustic soda, when their main attraction would be chlorine realization for PVC integration? What is management's current thinking regarding those large investments in the sector and our preparation for them?

Management: There have been announcements of two large capacities coming into the market over the next couple of years. As we have said earlier, our focus is continuously on how we optimize our cost structures. There can at times be demand-supply mismatches in the industry. We have seen that in past decades as well, from time to time.

Overall, we feel that the India story is very robust. If we take a 3-year and 5-year time horizon, we expect the industry to continue to perform well. While caustic capacity is coming in, at least there will be no surplus chlorine coming into the market, because it will all be integrated into PVC by the two large new capacities coming in.

We will have to see how it evolves. These are also linked to global prices of caustic and PVC. We feel that, over a medium- to long-term time horizon, capacities will be absorbed and demand in the country will continue to grow.

Saket Kapoor – Kapoor and Co: Thank you, sir. I will join the—

Management: And yes, of course, we also have exports as a strong lever now.

Report is AI-generated and may contain inaccuracies.

Saket Kapoor – Kapoor and Co: Yes, sir. I was alluding to that point only—net of imports and exports, how much was imported into the country—but I will take it offline. Thank you, sir.

Management: As a country, we are now a net exporter. We used to be a net importer some years ago, but now we are a net exporter.

Saket Kapoor – Kapoor and Co: With the current logistics cost and—

Operator: I am sorry to interrupt, Mr. Saket.

Saket Kapoor – Kapoor and Co: I will join the queue, sir. I will join.

Operator: Thank you very much.

Thank you. The next question comes from the line of Natbal Modi, an individual investor. Please go ahead.

Natbal Modi – Individual Investor: Good evening, sir. I wanted to ask about chlorine consumption in-house so that we can get rid of the negative price and all that. I would request you to look into the possibility as far as practically possible.

Management: We have already shared earlier in the call that between our captive consumption and our pipeline customers, who are our trusted partners, approximately 70% of our chlorine capacity is integrated. We also have some tie-ups through arrangements with other customers in the region. So we feel quite confident that, compared to 2 years ago, we now have a healthy level of chlorine integration. Therefore, we think we are in a better position now.

Natbal Modi – Individual Investor: The other thing I wanted to know is whether, in 2027-28, we can expect consolidated turnover of Rs.20,000 crores. Considering all the expansion, modernization, and other work we are undertaking, can we reach at least Rs.20,000 crores?

Management: We generally avoid giving forward-looking statements. We are continuing to invest in growth. As you would have seen, over the last 3-4 years we have invested close to about Rs.4,500 crores. The pipeline is still there, and we would like to invest more. So we will continue to grow, but giving an exact number is a little difficult at this stage.

Natbal Modi – Individual Investor: Thank you, sir.

Management: Thank you.

Operator: Thank you. We have a follow-up question from the line of Riya Mehta with Equitas Investments. Please go ahead.

Riya Mehta – Equitas Investments: Hi, Abhinav speaking. My question was regarding how much of our power cost has been backward integrated.

Management: How much of our—

Riya Mehta – Equitas Investments: Power cost.

Report is AI-generated and may contain inaccuracies.

Management: Power cost.

Riya Mehta – Equitas Investments: Captive, backward integrated.

Management: Our entire power supply is captive. We generally do not source any power from the grid. It is either coal-based or renewable. Our target is that, in the next year, around one-third of our total power requirement will come from renewable sources.

Riya Mehta – Equitas Investments: What is the current share of renewable power?

Management: At the current level, I think at peak we are at about 107 MW out of our total requirement, excluding Sugar. Coal-based power today is about 345 MW. Out of that, approximately 107 MW at peak is already renewable, and we are planning to add another 70 to 80 MW.

Riya Mehta – Equitas Investments: When switching to renewable power, how much is the saving as a percentage when renewable usage is higher?

Management: When you say savings, renewable power is always a function of coal prices, given the kind of coal prices we have. But yes, all these investments have returns on investment in excess of 20%-25%.

Riya Mehta – Equitas Investments: My last question is regarding Bioseed. Are the seeds usable over multiple years? For example, if Kharif was bad, can we use the same seed in the next Kharif, or do we need to write it off completely?

Management: The seeds that we currently have in the large-volume categories in Bioseed are cotton, corn, and paddy. All these seeds, especially cotton, have a life of almost 4 to 5 years—5 years, actually. The other seeds have a life of 2 to 3 years.

Riya Mehta – Equitas Investments: What was the quantum of the write-off that we took regarding inventory in the Philippines?

Management: In the Philippines, we took a write-off of about Rs.12 crores for the half-year.

Riya Mehta – Equitas Investments: Rs.12 crores. What about India?

Management: In India, it was more a matter of provisioning for doubtful debts, especially some debts relating to supplies to the government. Under the company's policy, they are not actually bad debts, but we have an accounting policy under which we make provisions after a particular aging period. So we have made that provision. Hopefully, we will recover that money.

Riya Mehta – Equitas Investments: What was the amount?

Management: The amount in this quarter was about Rs.7 to Rs.8 crores.

Riya Mehta – Equitas Investments: Thank you. That is all from my side.

Management: Thank you.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one.

Thank you. As there are no further questions from the participants, I now hand the conference over to the [inaudible] management for closing comments.

Management: Thank you. Ladies and gentlemen, thank you for joining us on our earnings conference call. The operating environment remains challenging, shaped by geopolitical uncertainty, volatile energy costs, and evolving policy frameworks. We remain confident of India's long-term growth potential and the resilience of our diversified businesses. As our recent investments are ramped up, our focus is on disciplined execution, operational excellence, and building the agility to respond quickly to changing conditions. We continue to use and implement digital technologies to improve productivity, sharpen decision-making, and deepen our engagement with customers. Thank you very much once again for your continued trust and support. Goodbye.

Operator: Thank you, sir. On behalf of DCM Shriram Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.