DCM Shriram Limited
Q2 FY27 Earnings Conference Call
October 28, 2026

Moderator: Ladies and gentlemen, good day and welcome to DCM Shriram Limited Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the 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: Thank you, Steeve. Good evening and welcome to DCM Shriram Limited's Q2 and H1 FY27 earnings conference call. Today we have with us Mr. Ajay Shriram, Chairman and Senior Managing Director, Mr. Vikram Shriram, Vice Chairman and Managing Director, Mr. Ajit Shriram, Joint Managing Director, Mr. Aditya Shriram, Deputy Managing Director, and Mr. Amit Agarwal, Group CFO of the company. We shall commence with remarks from Mr. Ajay Shriram and Mr. Vikram Shriram.

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 has been 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: 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 & H1 FY'27 results. I will commence with perspectives on the business environment and the strategic updates, post which Vikram will share 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 by 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.

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

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

For us at DCM Shriram, 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 MW (peak) solar energy plant in Kota for INR 145 crores and installing filter presses in our Cement plant at Kota for INR 60 crores
- Second, driving operational reliability – we are debottlenecking operations at Bharuch and Kota to improve energy efficiency of our current operations and increase Caustic capacity at a project cost of INR 120 crores
- Third, advancing forward integration – we are setting up new lines for manufacture of speciality compounds of PVC, speciality medical grades and diversification into the manufacture of Halogen-Free Flame Retardant (HFFR) grades of polymer compounds in our JV Shriram Teknor Limited at a total cost of INR 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, positions us well to manage volatility.

Crucially, our growth strategy is intricately 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 invite your attention to industry dynamics across our businesses.

First is Chemicals:

Globally, the chemicals industry environment remained volatile during the second quarter of FY'27. 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 last few years have been well absorbed by the markets, 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 utilisation 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.

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 the 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 stabilised, providing a more balanced operating environment going forward.

During the quarter, we commissioned the 100 TPD Aluminium Chloride plant at Bharuch, taking the total capacity to 250 TPD along with partial commissioning of Calcium Chloride Plant taking us to 50% of the planned capacity, that is, 133 TPD out of 266 TPD. We also commissioned the 68 MW hybrid renewable power project at Kota, further strengthening our structural cost competitiveness. The 58 MW hybrid renewable power project under group captive SPV at Bharuch, is progressing as per schedule.

Vinyl:

The Middle East conflict kept raw material costs and subsequently, PVC prices high. Weak construction demand owing to monsoon and cautious trader bookings owing to higher prices dampened overall demand.

The policy support towards introduction of the Minimum Import Price of USD 766 per Metric Ton helped domestic realizations 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 get impacted by housing demand.

Sugar & Ethanol:

The global sugar market is expected to move into a deficit of around 2.6 million metric ton in the year 2026–27 season, compared to a surplus of about 2.1 million metric ton last year. Uncertainty of crops in India and Europe and higher diversion of cane to ethanol in Brazil could widen this deficit further.

For Sugar season 2025–26, India is expected to close with a stock of around 3.65 million metric ton, on production of 27.6 million metric ton, after diversion of around 3.1 million metric ton for ethanol, domestic consumption of 28.4 million metric ton and net exports of 0.65 million metric ton. For the coming season, market estimates point to gross production of around 27 million metric ton, with some downside risk.

Domestic sugar price is currently around Rs 4800 per quintal and is expected to be 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 towards grain-based feedstocks. 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 price. With installed capacity of about 2000 crore litre already well ahead of demand, these developments significantly affect the sugar industry's investments in ethanol. The policy support with respect to fair share of allocations for sugar-based feedstocks, and ethanol prices aligned with sugarcane costs, are 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 business platforms and higher input costs. During the quarter, phase one of Aluminium 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 per schedule.

Moving on, the Agri-Input business portfolio comprises of 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 Nino conditions. Although late-season rains helped sowing catch up to near-normal levels, a shortened application window, moisture stress on crops and tight farmer liquidity kept demand for agriculture inputs selective.

The SFS business witnessed a decline in the topline in Q2 FY 27 compared with Q2 FY 26, largely on account of the difference in 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 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.

Fertilizer:

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, maximising 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 vs the union budget of Rs. 85,000 crores.

Bioseed:

The Kharif season remained very challenging for the Bioseed business due to a broader climatic pressure especially in south and central India. Despite a late recovery in rainfall, acreage under key crops such as Corn, Cotton and Paddy stayed below last year's levels. 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. The margins were also impacted by provision for doubtful debts in India and seed discard in 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 perspectives. Vikram, over to you.

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

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, Aluminium Chloride and the Glycerine to ECH to Epoxy advanced materials value chain, contributed positively towards the top line. The 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 onetime positive impact of Rs. 76 crores towards incentive 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 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 & Ethanol:

Sugar & 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%, 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 the upward revision of power tariff by UPPCL as mentioned earlier.

Fenesta Building Systems:

Fenesta Building Systems' revenues increased 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:

Shriram Farm Solutions' revenues declined by 10% year-on-year, due to lower volumes across the Seed and Specialty Plant Nutrition verticals. PBDIT for the quarter was lower at Rs 78 crores as against Rs 106 crores last year.

Fertilizer:

Fertilizer revenues was 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 energy efficiency. Outstanding fertilizer subsidy was Rs 446 crores on 30th September 2026, as against Rs 187 crores last year.

Bioseed:

The 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 Philippines.

At an overall level:

- The company's net debt is at Rs 917 crores as on September 30th, 2026, as against Rs 773 crores as on September 30th, 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 Aluminium Chloride, Calcium Chloride, the aluminium extrusion facility in Fenesta at Kota renewable power project, now fully or partially commissioned, our priority is to ramp them up efficiently and capture the full benefits of integration across our various value chains. Sustainability remains central to this journey. Our growing renewable energy capacity is strengthening our energy security, advancing our decarbonisation 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.

Moderator: Thank you, sir. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press star and one on your touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two.

Participants are requested to use 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 Riya Mehta with Aequitas Investments. Please go ahead.

Riya Mehta: Thank you so much for giving me the opportunity and congrats on your success. I just wanted to understand on the chemical division, which is caustic and other non-caustic chemicals, we are seeing

the margin pressure, and you mentioned that is input pressure. So could you explain the breakup of this, negative margins, on a Y-o-Y basis, the decline, even adjusted for the exceptional items? There is a decline. Just wanted to understand what constitutes.

Amit Agarwal: Yes, so Yes, in the chemicals business across the board, whether we look at the new chemistries that we got into, as well as the existing lines of business which we expanded. So, what has really happened is that the cost of production in this quarter has gone up in the range of about 6% to 8% across, the chemistries, and selling price has come off in the range of around 4% to 6%.

So effectively, the margins have got impacted all across except one or two smaller products, but for larger products, it has got impacted. The only product which has definitely done better is hydrogen peroxide. Because there our hydrogen is in-house and, the prices went up because the gas prices -- that was delinked. For rest of the products, that is how the margins have come down.

Riya Mehta: Could you help me with the specific raw material prices which have increased in the cost of production, because as I understand, the major cost of production is power for us, and we have entirely linked up power for caustic division. With the PPA signed. So where is the incremental cost of production coming from and in which particular chemical? And if you can go into specifics of that.

Amit Agarwal: So it will again vary on the product. What you said is right, power is the key raw material, and there the coal prices have gone up significantly and they are still going up. So probably we will keep seeing the impact of higher costs. But that cost is primarily impacting our caustic business because that is where the energy intensity is high.

Whereas, for example, in case of epichlorohydrine and the downstream of epichlorohydrine, there the glycerin prices, for example, they are quite volatile. So, in the last quarter, we were consuming high-cost glycerin. Now they have come down. So, it is pretty volatile given the West Asia crisis. The freight and all that is so disrupted that it is very difficult to say how the prices will move. But yes, each chemistry has a different cost curve and the key cost drivers.

Riya Mehta: Also, the last question remains pertaining to chemical division. What will be the incremental depreciation on account of the newer plans which have been commissioned going forward?

Amit Agarwal: The incremental depreciation for the quarter, was INR10 crore and it came from the chemical business. Going forward, I do not think it will be very significant, at least in 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 got capitalized in Q2, but nothing very significant increase because of that.

Riya Mehta: Coming to the PVC, demand, so we have been listening to calls of Supreme and all those companies, and they are mentioning about demand destruction from there and reducing the volume guidance. With this kind of pricing for PVC, what are the current prices currently? What is the trend going forward? And what do you see of its demand?

Amit Agarwal: So see, the current prices of the PVC are in the range of INR95,000 to INR1 lakh a tonne. So those are kind of prices currently prevailing PVC. What was the next question?

Riya Mehta: I just wanted to understand the demand side of it with the current PVC pricing reaching so high. I think the last cycle also the peak was around INR90,000 and we, I think, we have surpassed that peak. I just wanted to understand how the demand is panning out.

Amit Agarwal: As was mentioned in the chairman remarks as well, that the demand will start picking up, now that the monsoons are over. So, Q3 and Q4 are good seasons for PVC, but one we are not a very large producer of PVC, so we are not seeing any challenge. We are producing 100% of our capacity, a little more than that and the demand is good for us.

Riya Mehta: Got it. And do you see the China dumping happening again, considering that the prices have been above MIP and with the overcapacity still being in China, that they will be starting to dumping again?

Ajay Shriram: As I mentioned in my opening remarks, we already have an MIP of USD766 plus there is an import duty also. So, with that, the prices today, we expect it to be quite stable.

Riya Mehta: Okay. Congratulations on that. My last question is on the sugar division. So, just wanted to understand which is the mandate of C-Heavy, how much crore litres of ethanol can we make from sugar, from C-Heavy?

And, second was for the maize division. At the current newer rate notified by the government what is the kind of corn breakeven cost we are looking at? And since corn is also increasing, will we be going for maize-based ethanol?

Amit Agarwal: In terms of allocation, in terms of what we can manufacture, so our total capacity to manufacture is in the range of around 15 to 16 crore liters, out of which almost 50% is based on the molasses and 50% is based on grain. Now, as far as the maize prices, the ethanol-based maize price coming down and the maize price itself going up, so there will be shrinkage of margins.

So, we will try to optimize the FCI-based rice ethanol is what we will try to optimize to whatever extent we get the allocation of FCI rice. So, that is what our strategy will be, but it is very dynamic. Frankly, given we feel that the feedstock is going to be a challenge for ethanol this year, so let us see how it pans out. It will be very dynamic.

Riya Mehta: And, we would be able to easily manufacture, suppose, 8 crore litres from C-Heavy, right?

Amit Agarwal: Yes. We should be.

Riya Mehta: Got it. As for Fenesta, we think order book was a little tepid this time. Was it a function of some particular event?

Amit Agarwal: So, see, I think for Fenesta now, order book, unless it is a significant fall, order book is is not so relevant because what is happens is that project businesses become almost like 45% of the business, and that is what can cause some bit of volatility in the orders. So, one day you have a large order and then the order book looks big, maybe 2 quarters down the line that order book might change because that order was only there and some of the other orders get executed. But it is still a very healthy order book, we do not see any challenge.

Amit Agarwal: Sequentially it is better, that is one. And obviously, there are new products like, façade is gaining ground, aluminium windows are gaining ground, extrusion has been commissioned, that will also gain ground. So, I think that has been our strategy to build platforms so that the growth is balanced and does not get impacted by one category of products.

Vikram Shriram And by last quarter, we will also be doing wooden doors. That will be a category also which will add to the portfolio.

Riya Mehta: I think Fenesta has been fantastic for us, and going forward, looking forward to seeing better numbers. Thank you. That was my question. I will get back in queue for further questions.

Management: Thank you.

Moderator: Thank you. Before we take the next question, we would like to remind participants that you may press stare and one to ask a question. The next question comes from the line of Jainam Ghelani with Svan Investments. Please go ahead.

Jainam Ghelani: Thanks for this opportunity. Most of my questions have been answered. Just one question was that could you give an update on the demerger process as we are planning?

Amit Agarwal: The demerger process is on, the management is working on it. As I had mentioned in the previous interaction as well, that given the complexity of the organization being a legacy organization, so there these businesses are quite interlinked, and we do not want to roll out a scheme which we might have to make modifications later on. We are trying to filter that, and now we are in a pretty advanced stage. So, we hope to, you know, get it to the Board very soon.

Jainam Ghelani: Okay. So, we can expect that in 2 quarters to 3 quarters, right? In Q1 FY28, would that be a good timeline?

Amit Agarwal: Yes. That is what we are targeting.

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

Rajakumar Vaidyanathan: Good evening. Thanks for the opportunity. Sir, I have two questions. The first one is on the vinyl segment. So, I see that the PVC realizations have gone up quarter-on-quarter and even your revenues have gone up, but there has been pressure on your margins. The PBDIT margins are almost 21.9% vis-à-vis 22-something in the previous quarter. So, just wondering what is the outlook for this segment?

Amit Agarwal: As far as my information goes and then information that we have provided, the margins have improved significantly in both year-on-year as well as quarter-on-quarter because the product prices have improved. Yes, the costs have also gone up, but then the increase in realizations is more than the increase in cost. That is point number one.

Going forward, it is difficult to say, although we are hopeful on the prices being firm, as we mentioned in the Chairman's speech as well, that there is minimum import price, which should keep the business healthy. But what happens to the energy prices? Because energy is almost 60% to 70% of the cost of production.

Now that is one issue, but what we are doing as a process is also that, see these are momentary, that energy prices have gone up and things like that. But what we are doing is getting more and more of renewable energy, which will like almost the entire renewable energy in Kota, which we were looking at almost average 32 - 33 megawatt, that is about to get fully commissioned.

Part was commissioned, part is about to get commissioned in maybe next few days. So all those steps have been taken to optimize or reduce our cost of production, but still, coal still forms the majority of the cost, and the cost of that is going up. So let us see what happens. Hopefully should be good.

Rajakumar Vaidyanathan: Okay, so any possibility of margins improving or it will be maintained at current levels?

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

Rajakumar Vaidyanathan: Okay and the second question is on the sugar segment. So, I heard the Chairman, sir, talking about the overall outlook for the country as a whole. So I just want to know, for DCM per se, what is the production that you are targeting and how much reduction or, you know, if you can give some color on vis-à-vis last year how much you are expecting?

Amit Agarwal: So it is a little too early. We have not even started crushing. We will be starting crushing in, for 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 as well scenario in UP, obviously India scenario is that the cane availability will be low given that there has been drought and drought like conditions in Maharashtra and Karnataka, which has impacted the cane.

And in UP, there have been recent rains in the month of September, because of which there has been lodging of cane. So that can also impact. But then let us see in our region how it works out, because it will vary within UP, also it will be region to region. So probably we will get to know in next 2 -3 months' time, as to how it pans out.

Rajakumar Vaidyanathan: Okay and is it fair to assume that there will be pressure on both the cane crush volume as well as on the recovery rates?

Amit Agarwal: It is too early to comment. I mean, it will also depend on what the fog is like in the winters. That will impact the recovery. So as the climate progresses, what is the sunlight and all that will impact the recovery.

Rajakumar Vaidyanathan: Okay. Thank you so much.

Management: Thank you.

Moderator: 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: Yes. Namaskar sir. Hope I am audible.

Ajay Shriram: Namaskar.

Saket Kapoor: Firstly, in terms of the caustic soda price trend, how are the current markets shaping up for the caustic soda realization? I think so there was a dip post the first quarter, but in our ECU realization or the one which we have given about that, that shows an increase. So can you explain how the price trends have been? And other question was pertaining to aluminium chloride realization, how this product, price realization is shaping up and what is our current utilization level?

Amit Agarwal: what we have given in investor presentation is the ECU. What we were talking about is that the caustic prices had come down. However, the ECU is a mix of caustic and chlorine. So the chlorine prices have

actually been negative. Chlorine prices which were in Q1 around INR8,000, I do not have the exact number, but ballpark around INR8,000. In Q2 they came down to around INR5,000.

Ajay Shriram: Negative INR5,000.

Amit Agarwal: Negative INR5,000. And now they are further lower. So less than negative 5,000. So, that has been the reason why, it got offset.

Saket Kapoor: Okay. And pertaining to the aluminium chloride, realization and the volume?

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

Aditya Shriram: And also the aluminum chloride prices are closely linked to the aluminum prices, so there is a correlation there. So aluminum for us is a cost, if that goes up, then the aluminum chloride prices also do move up. There may be a bit of a lag, so the margin depends on the prices, of course, but they are reasonable.

Saket Kapoor: Right. And currently, what is our captive consumption of chlorine and what is the roadmap ahead with that, say, 2 years down the line, what would be the captive number likely?

Aditya Shriram: So, for us actually, we have two locations, just again, Bharuch and Kota. So in Bharuch, after all our projects are commissioned, we expect to have a 45% captive consumption of chlorine, and Kota, it will be in the range of 62%.

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

Saket Kapoor: Correct. And just to take into account the caustic soda prices, how has the price trend been, the realization for first quarter versus the second quarter? What have been the actual decline of the import parity prices? If you can give a number to the same.

And second addition to it is, have we heard or seen any announcement from a big player like Grasim outlining their strategy that they would be not selling any further chlorine into the market over a period of time and creating that ecosystem wherein entire chlorine would be utilized since they are the largest player?

So correct me here, I have read it, but I am not confirmed about it. So would like to have your thought process of how the largest player is planning regarding chlorine consumption; completely self-consumption by them in times ahead.

Aditya Shriram: So, to your first question, actually what we look at is the ECU price, which is the combination of the caustic price and the chlorine price. I think we have already shared earlier in the con call that caustic

prices have been range-bound, but chlorine prices have moved up. They were more negative, now they are less negative or closer to zero.

So overall, ECU prices have improved. Of course, our costs have also gone up because it is linked with energy. And, you know, energy costs have gone up overall. So that is up to your first point.

You know, we will not be able to comment on any competitor or any other player's strategy. That would not be fair for us to say. But our focus is always that how can we remain competitive, you know, leveraging, you know, optimizing our cost structures, focusing on intelligent integration so that we remain robust even in the down cycles and we, you know, enjoy the up cycles that are there.

Saket Kapoor: Right. And last point on the same, what would been the import number for the 6 months of caustic for the country, how much have we imported?

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

Saket Kapoor: Okay. And lastly, big corporate houses are also contemplating huge capacity for caustic, so the largest corporate in the country. So, how will that change the entire ecosystem, going ahead with players like us who are selling caustic soda, and their main attraction would be the chlorine realization for the PVC integration.

What is the current thought process of the management in terms of those big investments coming in the sector and our preparation for the same?

Aditya Shriram: Yes. So, there have been announcements of two large capacities coming into the market over the next couple of years. And I think as we have said earlier, our focus is continuously on how do we optimize our cost structures. There can be, at times in the industry, some demand-supply mismatches, and we have seen that in the past decades as well from time to time.

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

So, I think we will have to see how it evolves, but these are also linked to global prices of caustic and PVC. So, we feel in a medium to long-term time horizon, these capacities will get absorbed and the demand will continue to grow.

Saket Kapoor: Yes, thank you. I will join the queue.

Aditya Shriram: Yes, and of course we have exports also as a strong lever now.

Saket Kapoor: Yes, I was alluding to that point only with net of import and export, how much we imported in the country. But anyway, I will take it off then. Thank you.

Aditya Shriram: We are now, as a country, we are now a net exporter. We used to be a net importer some years back, but now we are a net exporter as a country.

Moderator: Thank you so much. The next question comes from the line of Natthmal Modi, an individual investor. Please go ahead.

Nathmal Modi: Yes. Good evening. I wanted to request you about this chlorine in-house consumption so that we can get rid of this minus price and all that. So, I request you to look into the possibilities as far as possible, practical.

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

Nathmal Modi: Right. The other thing I wanted to know, in 2027-28, can we expect the turnover of INR20,000 crore? Consolidated turnover, giving our expansion and modernization and all that we are doing, at least INR20,000 crore we will reach?

Amit Agarwal: See, we generally avoid giving forward-looking statements. We are continuing to invest in growth, as you would have seen, in last 3-4 years, invested close to about INR4,500 crore, and the pipeline is still there. Would like to invest more. So, we will continue to grow, but giving the exact number is a little difficult at this stage.

Nathmal Modi: Okay. Thank you.

Management: Thank you.

Moderator: Thank you. We have a follow-up question. It is from the line of Abhinav with Aequitas Investments. Please go ahead.

Abhinav: Hi, Abhinav this side. My question was regarding how much of our power cost is backward integrated?

Amit Agarwal: Yes, so our entire power is captive. We do not source except, largely we do not source any power from the grid. So, either it is coal-based or it is renewable, and renewable also our target is in the next, 1 year, out of a total power requirement, around one-third should be coming from renewable.

Abhinav: Okay. And what is the current share of renewable?

Amit Agarwal: Current share, I think at peak level we are at about 107 megawatt out of our total requirement, excluding sugar. The coal-based power today is about 345 megawatt. Out of that, about 107 peak is already there, and we are planning to add, another 70 to 80 megawatts.

Abhinav: And switching to renewable, how much is savings as percentage of renewable when you switch and use higher renewable?

Amit Agarwal: So, when you say savings, I mean, renewable is always, you know, given the kind of coal prices, it will be a function of that. But yes, all these investments have returns on investment in excess of 20%-25%.

Abhinav: Okay. And my last question was regarding Bioseed. So, is it a multi-year use seed? Let us say kharif was bad, we can use the same seed in the next kharif, or do we need to write it off completely?

Amit Agarwal: See, the seeds like what we are present in, the, the large volume seeds in Bioseed, we are in cotton, corn, and paddy. So, all these seeds, especially cotton has a life of almost 4 to 5 years, 5 years actually, and the other seeds have a life of 2 to 3 years.

Abhinav: Okay. And what was the quantum of the write-off which we took regarding inventory in Philippines?

Amit Agarwal: So, this was in Philippines where we took a write-off of about INR12 crore for the half year.

Abhinav: And what about India?

Amit Agarwal: India, it was more of provision on the, on the doubtful debts, especially some of the debts which were, on the supplies to the government. They are as per the company policy. They are not, you know, they are not bad actually, but we have an accounting policy under which we make provisions after a particular aging. So, we have done that provisioning. Hopefully we will recover that money.

Abhinav: What was the amount?

Amit Agarwal: The amount in this quarter was about INR7 crore to INR8 crore.

Abhinav: Thank you. That is it from me.

Management: Thank you.

Moderator: 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 management for closing comments.

Ajay Shriram: 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 resilience of our diversified businesses.

As our recent investments get 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.

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

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