BSE Limited Phiroze JeeJeeBhoy Towers, Dalal Street, **Mumbai - 400001**	National Stock Exchange of India Ltd., “Exchange Plaza” 5th Floor, Plot No. C-1, G Block, Bandra-Kurla Complex, Bandra (E) **Mumbai – 400051**
SCRIP CODE : 523367	**SCRIP CODE : DCM SHRIRAM**

Sub: Transcript of Investors’ Earnings Call under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir(s),

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Transcript of the Investors’ Earning Call on Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter ended June 30, 2024, held on July 25, 2024.

The above said Transcript will also be available on the Company’s website i.e. www.dcmshriram.com.

Kindly take the same on record.

Thanking you,

Your faithfully,
For DCM Shriram Ltd.

SWATI PATIL LAHIRI

Digitally signed by SWATI PATIL LAHIRI
DN: c=IN, o=PERSONAL, pseudonym=f9fbae5b394d4f01a33ac472319133f4, 2.5.4.20=1f9b058c88258482c3d3533c3537f0ab63b5bba6b5494b76a99228d702014353, postalCode=122018, st=HARYANA, serialNumber=5b6597edf266b97d7774354291a7cdc815726785c2f1bc0bbff46b5630c9502c, cn=SWATI PATIL LAHIRI
Date: 2024.07.31 15:38:44 +05'30'

Swati Patil Lahiri
Acting Company Secretary & Compliance Officer

Dated: July 31, 2024

Encl.: as above

DCM Shriram Limited
Q1 FY'25 Earnings Conference Call
July 25, 2024

Moderator: Ladies and gentlemen, good day and welcome to the DCM Shriram Limited's Q1 FY'25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode. 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 '*' and then '0' 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, Michelle. Good afternoon and welcome to DCM Shriram Limited's Quarter 1 FY'25 Earnings Conference Call.

Today, we have with us Mr. Ajay Shriram – Chairman & Senior Managing Director, Mr. Vikram Shriram – Vice Chairman & Managing Director, Mr. Ajit Shriram – Joint Managing Director, Mr. Aditya Shriram – Deputy Managing Director, Mr. Amit Agarwal – CFO and Mr. Sanyog Jain – Deputy 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 post their queries to the management following these comments and during the interactive question-and-answer session.

Please note that some of the statements made on today's call could be forward-looking and a note to that effect has been included in the Conference Call Invitation that has been circulated earlier and is also available on the stock exchange websites.

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, everyone. Thank you for taking out time and joining us today to discuss the company performance based on our Q1 Financial Year 25 Results. I commence with views on the industry dynamics and our strategic direction, following which Vikram will share the financial Perspective.

The global economy has become more resilient and is growing at 3.2% despite facing geopolitical conflicts, high interest rates and climate challenges. There can be uncertainties arising in future as the economic and geopolitical events unfold. India continues to maintain economic momentum and with policy continuity, the growth is set to further accelerate. The Union budget has laid out the growth agenda with focus on agriculture, employment, research and development and infrastructure, among other areas. We have aligned our strategy to focus on creating growth opportunities in businesses through capacity, capability, technology, new products and value addition. In order to address economic uncertainty, we continue to work towards making our operations more cost efficient. The initiatives that we have outlined are backed by a healthy balance sheet and are in line with our plan.

Sustainability is the core element of our philosophy, which is well integrated into our operational and strategic pathways. Water and energy conservation are the core elements of our sustainability journey, along with social upliftment.

I shall now move to the discussion on industry perspectives across our business lines.

Chemicals Business:

First is the chemicals business. Globally, the supply chain of caustic is balanced and the prices are stable, although on the lower side. There was an interim price uptick in the month of March '24, led by maintenance shut downs in the US that are now back in operation. India witnessed capacity coming online this quarter of more than 1200 tonnes per day, including ours taking the industry capacity to more than 6 million metric tonnes per year. Indian industry continues to operate at a healthy rate of about 80% excluding the recent capacity addition. This is resulting in an oversupply of caustic as well as chlorine in the market and therefore lower ECUs. India continued to be a net exporter of caustic this quarter as well.

Our performance has been better both year-on-year and sequentially, mainly led by reduction in energy prices and higher volumes due to capacity addition. Prices have also been better during the quarter. We commissioned 850 tonnes per day capacity in May 2024. The capacity ramp up will be gradual given the oversupply in the domestic market. The 120 MW captive power plant also got commissioned in June and has started contributing to a better cost efficiency. We are positive on the caustic and chlorine outlook over the medium term given the steady growth in the consuming industries.

Our hydrogen peroxide plant has started trial runs and is expected to be commissioned shortly. Epichlorohydrin plant will start trial run in the second quarter of this year. As this round of the CAPEX is nearing completion, we are actively working on starting activities on epoxy and other downstream products including chlorine downstream.

Vinyl:

Global demand for PVC in key economies is still sluggish. International PVC prices have firmed up mainly because of elevated sea freights due to the container shortages and the ongoing Red Sea issue. The domestic demand for PVC in India is robust and estimated to have grown by about 17% in this quarter in the wake of agriculture and construction activities. PVC imports in India accounted for about 68% of the demand and has grown by 21% in Q1 Financial Year 24. Pricing improvement has been further supported by softening trend of input costs, especially energy costs. The prices may revert back gradually, once the increase in ocean freight reverses.

Sugar and Ethanol:

Global sugar demand and supply for sugar season ‘23-24 is expected to be balanced with the surplus of 1 million metric tonnes similar to that of the last season. Indian sugar season ‘23-24 is expected to end with the stock of about 8 million metric tonnes as compared to about 5 million metric tonnes in the last season. The increase in the stock is mainly attributed to restriction on sugar exports and limitations on diversion for ethanol production. Diversion of sugar to ethanol in current season is 2.5 million metric tonnes versus about 4 million metric tonnes last year.

Our cost of production has gone up due to increase in cane prices by UP government and adverse climatic conditions. While the price of sugar has increased, they are still not commensurate with the increase in the cost leading to margin pressure.

On the ethanol front, Government of India is committed to its 20% ethanol blending target by 2025. For ethanol supply year ‘23-24, there is a good progress in ethanol blending with current blending rates at 12.7% despite restrictions on sugar-based ethanol. The grain based ethanol has surpassed sugar based ethanol led by maize as the feedstock. There is a need to have more rational and consistent government policy for sugar as well as ethanol, which balances the feedstock, supports the farmer, the industry, as well as the consumer. Sugarcane crushing capacity expansion at Loni and the CBG plant at Ajbapur Sugar Unit are moving as per agreed timelines.

Fenesta Building System:

The broad performance in the business remains encouraging with strong accretion in order booking. The elections in the first quarter had an impact on the real estate activity in the country, which slowed the growth momentum in the business. We are expanding across geographies and SKUs. The business is investing in newer revenue platforms and capacity enhancement in order to deliver a healthy momentum on an expanded base.

Now moving on to the agri businesses, which comprise of Shriram Farm Solutions, Fertilizers and the Bioseed business.

Shriram Farm Solutions:

SFS has maintained its growth momentum and its topline has grown in double digits. This growth is driven by all the business verticals namely seeds, crop protection and specialty plant nutrition. During this quarter, we have launched 6 new products in crop protection and specialty plant nutrition verticals. Out of which, two are from our own R&D and are first time launches in India. The growth focus of the business is led by our own R&D collaborations and exclusive arrangements to bring new age products and global technology to the Indian farmers.

Fertilizers:

The urea business environment continues to be stable. Our business performance has been lower because of maintenance shutdown taken in the current quarter. The gas prices are similar to the last year. We continuously focus on improving efficiencies including energy consumption.

Bioseed:

India operations continue to expand with help of novel hybrid for key crops that we have introduced over the last few years. International operations have contributed well too. We have a robust pipeline of products and with that, we are expecting to grow the business going forward.

I would now request Vikram to take this forward by covering the financials.

Vikram Shriram: Thank you. Good afternoon everyone.

Our Financial Performance during Q1 Financial Year '25 was in line with our expectations.

Chemicals and Vinyl businesses saw improvement, backed by supporting cost of environment. Sugar and ethanol businesses, margins were under pressure due to cost increases that were not commensurate with the increases in market prices. Shriram Farm Solutions and Fenesta Building Systems businesses continue to grow and deliver. The CAPEX in chemicals business is nearing completion. The 850 TPD caustic capacity and 120 MW captive power plant have been commissioned during the quarter. We are confident of adding scale, newer products platforms and bringing further improvements in our cost structure.

I will now highlight the Financial Performance of Q1 FY25:

The net revenues net of excise in this quarter were at Rs. 2,876 crore as compared to Rs. 2,780 crore in the previous year. The increase in revenues is mainly driven by Chloro-Vinyl segment, despite moderation in sugar business. Accordingly, PBDIT stood at Rs. 274 crore which is up by 49% year-on-year.

Coming to Chloro-Vinyl:

The revenue in Chloro-Vinyl segment increased by 15% and PBDIT was at Rs. 177 crore as against Rs. 33 crore last year.

The Chlor-Alkali business revenues were up 18% year-on-year and PBDIT was up at Rs. 133 crore as compared to Rs. 36 crore last year due to higher volumes and significant savings in energy costs led by 44 MW renewable energy and lower coal costs. ECUs were slightly down by 2% year-on-year; however, were up by 8% quarter-on-quarter.

Vinyl business revenues increased by 6% year-on-year and PBDIT was at Rs. 44 crore versus negative Rs. 3 crore last year. Volumes of both PVC and Carbide increased. PVC prices were up by 4% year-on-year and Carbide prices were down by 14% year-on-year. The input cost reduced during the quarter versus last year and sequentially, this has led to the better earnings.

Further, there was a one-time positive impact of Rs. 16 crore each in Chemical and Vinyl businesses on account of reversal of electricity duty on auxiliary consumption of power in our power plants.

Coming to Sugar Business:

Sugar business revenues were in line with last year. Domestic volumes were also similar while sugar exports were nil this year as against 2 Lakh Quintals last year. PBDIT has decreased by 57% year-on-year to Rs. 38 crore on account of higher cost of production, mainly attributable to increase in SAP in the state of UP and adverse climatic conditions and lack of exports of sugar this year. Ethanol volumes have increased to 413 lakh liters representing 15% increase year-on-year. Domestic sugar prices were at Rs. 3,900 per quintal, an increase of 6% year-on-year.

Fenesta Building System:

Fenesta Building Systems reported a growth of 7% year-on-year. PBDIT slightly moderated to Rs. 36 crore as compared to Rs. 40 crore in the last year on account of higher fixed costs incurred due to setting up of newer revenue platform and enhancing capacities and also due to higher sales promotion and business development expenses. Order book was up by 20% year-on-year.

Shriram Farm Solutions:

Shriram Farm Solutions revenues increased by 15% year-on-year, supported by both volumes and prices across the vertical. PBDIT for the quarter came in at Rs. 20 crore as against Rs. 11 crore last year, despite higher marketing spends directed towards strengthening the Shriram brand and higher R&D expenditure.

In the Fertilizer business:

The revenues declined by 13% year-on-year due to lower volume owing to maintenance shutdown taken between quarter 4 '24 and quarter 1 '25. PBDIT was at Rs. 23 crore similar to last year. There was a one time net impact of Rs. 15 crore, positive, on account of reversals of provision. Fixed expenses were higher as a result of maintenance shutdowns. Outstanding fertilizer subsidy this year was Rs. 133 crore as against Rs. 83 crore in this period last year.

Bioseed:

Bioseed revenue is stable. PBDIT has improved to Rs. 29 crore from Rs. 23 crore last year led by the product mix and prices.

Our net debt as on 30th June 2024 is Rs. 1,459 crore as against Rs. 926 crore as of 30th June 23 and Rs. 1,434 crore as on 31st March 24.

With a strong balance sheet and healthy cash flows, we continue to evaluate adjacencies in our core businesses to strengthen and enhance our portfolio and look for other opportunities for growth and cost efficiencies.

That concludes my opening remarks, and I would like to request the moderator to please open the forum for the Q&A session. Thank you.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Pratik Tholiya from Systematix. Please go ahead.

Pratik Tholiya: Sir, just couple of questions. Firstly, in the chemicals, you said almost 1200 TPD of additional capacity is coming which I think 850 belongs to yourself. And the presentation also you mentioned there is a good demand from end user industries. So, you could just talk a little bit about the end user industries where you are seeing this kind of demand and in how many quarters can we expect the entire additional capacity to get fully absorbed?

Aditya Shriram: Yes. So, in chemicals actually for caustic soda as you may know, it is used across a wide variety of industries including textiles, paper and pulp, alumina, other organic, inorganic chemicals. So, it's sort of linked with GDP demand. If GDP is growing well, then the caustic demand also is expected to grow. So, we are very optimistic that while there is some over capacity in the short term. In the medium term, this capacity will all be absorbed comfortably.

Pratik Tholiya: And sir with this whole logistics issue, I think the cost also would have gone up for import, anyone who's importing caustic. So, what would be the imported caustic price and does that mean that Indian industry would slightly be better off, so the domestic price should also catch up with the total price?

Amit Agarwal: So, Pratik, one, the imported prices are around $450 and frankly the imports are not very significant. If you see in the Q1, only about 40,000 tonnes of caustic got imported. So, there is no significant advantage coming as of now from exports because see the point is that it's the freight, freight is not being used either by the importer or the exporter.

Pratik Tholiya: Sure. And secondly, I see that in the sugar business kind of see a sharp decline in the profitability while sugar prices have also moved up. And so just trying to understand whether it is the sugar business which has seen lower profitability or whether there is something in ethanol because C-heavy, I think large part of it we would have done C-heavy ethanol, so, because of that there has been hit? If you could just explain within the sugar division whether it is in the sugar segment of the ethanol which has got hit?

Amit Agarwal : So, as mentioned in the opening remarks as well, it is primarily in the sugar business, not ethanol. So, sugar got impacted one because there were no exports; last year same quarter, we exported about 2 Lakh tonnes and the cost of production went up and the selling price increase was not commensurate. So, that is the key reason. And the increase in SAP was about Rs. 20. So, to answer your question, it's primarily in the sugar business.

Pratik Tholiya: Some of the other competitors of your in the same business are in UP have not really highlighted a similar sort of cost pressure that you have experienced in this quarter. So, other than the Rs. 20 MSP and zero sugar exports, are there any other reasons which has led to a significant drop in the sugar profitability?

Amit Agarwal: No. See one is this. The other is this recovery has been lower and that has been across UP. Most of the mills especially in our region, the recoveries also have been lower. So, that also led to a little higher cost.

Pratik Tholiya: And sir lastly in Fenesta also again over year I am seeing margin compression of almost 400 basis points YoY. Can you just explain what has really happened over here?

Amit Agarwal: So, see one, if you look at contribution margins, they have been largely intact. Now as again mentioned in the opening remarks, the revenue growth has been lower than what we would have expected because of elections. And therefore what we witnessed was that although our retail business grew even quarter-on-quarter; however, the B2B business, which is largely to builders – the institutional segment that has, I mean I would say that had degrowth, although year-on-year it is grown, but sequentially there's been a degrowth. So, that is the reason I think which is temporary. It should get corrected, maybe we are still seeing some impact, but it should get corrected over next 1-2 months. And the other thing is on the fixed cost which as we mentioned it's like investment where we are investing for future growth. So, we have 2 new factories which came up in last year and we also have facade business which was set up. So, all these add to the fixed cost along with the sales and business development cost. I think once if the revenue catches up, then it should be fine.

Pratik Tholiya: Understood. And sir did you say that project business was down? So, does it mean the project vertical has a higher margin versus retail?

Amit Agarwal: No, the retail business has the higher margin, but then ultimately it is the mix. So, if the volumes don't catch up, then obviously it will have an impact on the amount that is available to cover the fixed cost.

Moderator: The next question is from the line of Ahmed Madha from Unifi Capital. Please go ahead.

Ahmed Madha: My question was on the caustic volume growth. Can you give some sense where we have grown our volumes - is it on domestic part or export side this quarter, for the new capacity?

Aditya Shriram: Yes. So, it is largely on the domestic front that we have grown and exports as well we have grown, so it's been on both in fact. Exports for us including lye and flakes last year in the same quarter was 0.092 million metric tonnes. This time it is 0.12 million metric tonnes in this Q1 FY25. So, we have grown on both, domestically and exports.

Ahmed Madha: And can you mention the key countries where you are exporting as of now?

Aditya Shriram: So, it's largely going to the Middle East, Africa and the Southeast Asian countries.

Ahmed Madha: And is there a sense on how much time it will take to ramp up the new capacity to optimum utilization? It will take more than a year or this by the end of this year, we should be able to do.

Aditya Shriram: So, I think our entire team is focused on these efforts only to ramp up the capacity. I think we are seeing a steady growth in demand as well. So, we do expect that towards the end of the financial year, we will reach significant capacity utilization and by next year we will be able to reach optimal capacity utilization.

Ahmed Madha: And on the cost side, it is very clear that energy cost has come down. Is there any decline in the salt prices for us?

Amit Agarwal: Salt is only about 15% of the cost, so yes, there has been a decline, but the major impact comes from the energy cost.

Ahmed Madha: On the ethanol side, how are you managing the feedstock availability for non-sugar, whatever we need? Are we able to get the raw materials at a price where we can generate decent margins? So, how are we managing it?

Amit Agarwal: So one, currently we are running on maize and we have a team which is procuring and we are procuring at a reasonable price and which is giving us reasonable margin.

Ahmed Madha: On the epoxy, you mentioned that we'll plan it now. So, are we at the stage where we can give some guidance, how are we thinking about the business or is it too early?

Aditya Shriram: So, I think it is something which is being actively considered by the board and once the board takes a final decision on it, we'll be able to share that publicly.

Moderator: Thank you. The next question is from the line of Jignesh Kamani from Nippon Mutual Fund. Please go ahead.

Jignesh Kamani: Just on the ECU realization, you mentioned it has increased around 8% QoQ because of the stabilization in the prices and lower, you can say the power cost. Now with capacity coming up for you and you can say industry around close to around 1200 TPD in the industry**.** Do you think there will be pressure on the ECU or current level is sustainable and you can say the volume growth in the industry is also happening demand wise, we can gradually improve from current ECU?

Aditya Shriram: So, it is ofcourse difficult to predict prices going forward. As we've shared there has been significant capacity addition in the industry in the last 2 years. The capacity of the industry is now more than 6 million tonnes per annum. So, we do expect that in the short term, it will be range bound. The prices are on the lower side compared to earlier. But again in the medium term, we expect with the robust demand growth that prices will move up.

Jignesh Kamani: And second thing on the in-house chlorine consumption which you can say is the additional capacity coming up – what is our plan to increase the in-house chlorine consumption and what is currently our percentage of the in-house chlorine consumption?

Aditya Shriram: So, along with our caustic soda expansion, we are expanding epichlorohydrin so that will consume you know a healthy amount of chlorine as well. We have expanded aluminum chloride also at our Baruch site. That again is the capacity ramp up is going on and we are consuming chlorine over there. So, along with captive consumption, for us a very important part is our pipeline customers and their growth journey, and our growth journeys have been in parallel over the last 20 years. So, they are valued customers of ours and in a way are the backbone for us as well. So, we look at it as captive consumption along with pipeline consumption. So, the two put together, we will be close to 55% chlorine consumption and the remaining will be sold in the market.

Jignesh Kamani: So, what is the pure captive consumption excluding pipeline? Because pipeline will still carry the negative realization depend on the chlorine price movement. And once our epichlorohydrin and other derivative products also commence in next 2 year and then what would be our in-house chlorine consumption?

Aditya Shriram: So, in Kota we have a PVC and stable bleaching powder as well. So, in Kota our captive chlorine consumption is close to 30% and in Bharuch our captive chlorine consumption will be close to 20%.

Jignesh Kamani: And what it will increase once all the derivative capacity of epichlorohydrin and other will be utilized?

Aditya Shriram: So, this is including those capacity additions. But in parallel we are also evaluating other chlorine downstream opportunities as was mentioned in the opening remarks. Once the board approves those, those will also be commissioned in due course.

Moderator: The next question is from the line of Parth Gosani, an individual investor.

Parth Gosani: My first question is regarding the ECH. When are we expecting it to get commissioned, any tentative date?

Aditya Shriram: So, towards the end of this quarter we will be ready with the trials for the plant and early next quarter the plant will be commissioned.

Parth Gosani: And by when do we expect it to reach optimum?

Aditya Shriram: So, typically the process is for ECH we have to get approvals from the customers. So, after the plant is commissioned that process of approvals from the customers will begin. So, we expect that towards Q3 and into Q4 of this financial year the plant will be running steadily. But the ramp up will still take some time. So, a lot of the material benefit we expect will come in the next financial year.

Parth Gosani: And one bookkeeping question that I have is, we consume coal in our power plant. So, that comes under the power and fuel cost, or it goes into the raw material cost in the P&L?

Amit Agarwal: Power and fuel cost.

Parth Gosani: Power and fuel cost consumes the coal that we purchase for running up our plant, right?

Amit Agarwal: Yes.

Moderator: The next question is from the line of Rohan Gupta from Nuvama.

Rohan Gupta: First question is further in chlorine downstream. So, even the current plan which you have you mentioned, 55% max including the pipeline, we will go in a captive consumption 45% kind of number still have to be sold outside which still remains a larger number given that in chlorine many more capacities are also coming. So, over next 3 to 4 years, do we have plans, internal strategy to go to 100% kind of chlorine internal consumption and if so then what kind of investment you think that will be required apart from epoxy which other product line you will be evaluating?

Aditya Shriram: So, to answer your question, yes we are evaluating other chlorine downstream opportunities of various sizes and scales. So, it would not be appropriate to comment on it until we have the approval from the board. But definitely, we are evaluating those actively and directionally we will look to increase our captive chlorine consumption. It might not reach 100% because we do want to remain in the market as well. But we will be increasing it continuously.

Rohan Gupta: Last year many of the industrial chemical plants were facing disruption and under pressure because of China. So, your chlorine consumption would have also been impacted. How is the scenario now? Has the chlorine demand picked up? And in the current ECH realization improvement, I think it is primarily driven by caustic soda only. So, chlorine prices still remain negative or lower and when you expect them to improve?

Amit Agarwal: So, the chlorine prices continue to be negative. And in terms of, what we are seeing is that chlorine demand in the country over next 2 to 3 years we see it improving with a lot of chemical facilities coming in downstream. We ourselves are going to do a lot of downstream and we are seeing a lot of chemical capacities coming in. We should be consuming more and more chlorine. So, I feel this scenario should improve over the period, but it will take time.

Rohan Gupta: So, you are saying that chlorine still will remain negative and so ECH may remain under pressure unless we see chlorine going into positive or a sharp improvement in caustic prices?

Amit Agarwal: I am not too sure why should ECH get impacted? You're talking about ECU.

Rohan Gupta: ECU, yes.

Amit Agarwal: So, yes to that extent ECU may have an impact definitely. And that is the reason we have been saying that for next few quarters we do see the ECU's to be suboptimal. But what is important is that on cost side, we have taken steps ourselves in terms of investing on improving cost and efficiency and the energy costs are lower which we expect to remain sustainable and therefore we should see reasonable margins.

Rohan Gupta: Next question is on our seed business. So, this year we have heard that there has been a shortage of seeds availability especially in cotton with the lower growing by the farmer, but we have seen growth and even further margin expansion in our business. So, do we also face any challenges in terms of the lower availability of seed and some outlook on that business for the current year?

Amit Agarwal: The cotton seed even on the demand side there have been issues because the acreage of cotton planting has been lower this year, significant fall in the acreage of the cotton seed.

Rohan Gupta: So, we understand that from some of the competitor, they have mentioned that there is a non-availability of cotton seed in the market though demand is strong. So, that's what I just wanted to clarify from you that because you have shown growth as well in seed business.

Amit Agarwal: At least I can talk about our company, we have not encountered that. And what we understand from the industry is that the planting has been lower, so

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there has been no shortage. So, that is one. And our performance has been good primarily because of the product mix and we are seeing good realizations for the seeds.

Rohan Gupta: On ethanol business you mentioned that it's because of your capability to procure the raw material grain base at a competitive price thing, that is giving you still positive margin or profitability in ethanol. Otherwise, ethanol would have been under pressure. So, just wanted to know that, it's a basically procurement area wise benefit you have within your nearby 30 to 40- 50 km whatever area is there or any other benefit or there is surplus availability of raw material in your area that is driving the profitability in ethanol because otherwise we are hearing that the current grain prices and all ethanol is under pressure and not making money.

Amit Agarwal: I am not too sure about the competition but as far as we are concerned one because maize-based ethanol prices also had gone up and we are procuring in the most competitive or most efficient way, I would say. It's not competitive, it is more about procuring efficiently, at the right time and which is helping us with reasonable margins. It can be better but they're reasonable.

Rohan Gupta: So, can you give us a catchment area for maize or the procurement of grain for our refinery?

Amit Agarwal: So, it will come from let's say MP, Bihar partly UP.

Rohan Gupta: So, all across I mean nothing like that within or maybe 30 km, 40-50 km catchment area, nothing like that.

Amit Agarwal: No.

Moderator: We'll take the next question from the line of Vignesh Iyer from Sequent Investments.

Vignesh Iyer: My first question would be, I wanted to know what is our total electricity, that is power and fuel that is consumed for the quarter coming from captive consumption, I mean coming from captive power?

Amit Agarwal: Majority of our power is captive.

Vignesh Iyer: So, that includes the 120 MW that has been commissioned in June. I mean would that 120 MW create a surplus type situation in Quarter 2?

Amit Agarwal: No, it doesn't create a surplus. It's about balancing the various power sets we have. So, the 120 MW has been put up once all the capacities that we are bringing in, once all of them are fully operational at 90% capacity utilization. So, we will be fully integrated on power. But as of now yes, we will see which set is more efficient and run the sets accordingly. So, 120 being the most efficient set will have the maximum utilization and maybe another set, we have that capability because we have sets of 50 MW, 60 MW. We will see whichever is less efficient we will reduce the load on that set.

Vignesh Iyer: So, this 120 MW what is the nature of the power? I mean the plant that is commissioned.

Aditya Shriram: So, it is a thermal power plant. The raw material is fossil based, so that is coal and lignite and also biomass based. So, it's a combination of these fuels.

Vignesh Iyer: So, if I got it right, I mean say in a non-rainy time you probably prefer for a renewable power since it is more efficient, and less cost compared to having to use coal? If I got it right, the idea is that ?

Ajay Shriram: I'll just put it this way that we already have a contract to get 44 MW of renewable power. But when you look at it on a 24 hours basis because you can't get renewable power 24 hours. So, on an average we get about 24-25 MW of renewable power based on banking and getting it back. So, we are already using renewable power. We are exploring can we get more renewable power also. But this coal-based power plant also especially 120, the new one, that price is also very competitive in terms of cost of production of power.

Vignesh Iyer: Also, coming on the PVC side of it how has the price panned out in July as compared to June?

Amit Agarwal: So, the current prices are around Rs. 84,000-85,000. So, the international price also has come off. So, let's say in June they were around $980. Currently they are about $910 per metric ton. And domestic prices around Rs. 84,000-85,000.

Vignesh Iyer: And all this movement from May to June and June to July has been primarily because of freight only, right?

Amit Agarwal: Yes.

Moderator: The next question is from the line of Deepika, an individual investor.

Deepika: My question is relating to the power cost. Would you be able to quantify what are the cost savings due to power in the chemicals business this quarter?

Amit Agarwal: So, it's difficult to give you that number right away. Maybe you can contact us separately through our investor relations cell. We will give you the details.

Deepika: And what would be the outlook for the chemicals business with the remaining part of the year?

Aditya Shriram: So, like we've shared earlier as well, in the last year or so the chemicals industry at an overall level has been under pressure. But now we are seeing that there should be a bottoming out. So, we expect it to be steady or gradually improve in the coming quarters.

Deepika: And do we expect exports to open or we have no comments on that for sugar?

Ajit Shriram: For sugar right now, there are extensive talks taking place with the government for allowing exports because as said in the opening remarks, last year our sugar stock on 30th of September was 5 million tons. And this year is going to between 8-9 million tons. So, we are trying to push for exports and our constant dialogue is on with the government, the old government and the new government.

Moderator: The next question is from the line of Aditya Singh from Robo Capital.

Aditya Singh: Until when do we expect to commercially commence the hydrogen peroxide and the ECH plants and what would be the optimum revenue potential from both the plants?

Amit Agarwal: As we mentioned that the trials for hydrogen peroxide plant have begun and we expect the hydrogen peroxide plan to commission in this quarter itself which is Q2. And for epichlorohydrin, we should commission the trials in this quarter which is Q2 and commercial production should start in the Q3, maybe early Q3 we should start commercial production.

Aditya Singh: And what would be the revenue potential for both the plants?

Amit Agarwal: For epichlorohydrin as we mentioned earlier, epichlorohydrin takes time to stabilize and to get the confirmations from the customers. We may not see very significant revenue coming or significant contribution to bottom line coming in this financial year. And most of it will happen in the next financial year. Hydrogen peroxide, my sense is if you look at second half of the year, we should have close to about 40%-50% capacity utilization.

Aditya Singh: And regarding that 850 TPD caustic capacity that we commissioned in May '24. So, that led to a dip in the overall capacity utilization. So, for the entire year FY25, what capacity utilization do we see in this segment?

Amit Agarwal: So, the point is as you've seen, the overall production has gone up. Given the additional; it will all depend how much capacity we utilize depending on market conditions and the new capacity is coming in. So, we do expect that the additional capacity that has come that is about 850 TPD for let's say second half of the year, we should reach close to about 50% or 40% to 50% there as well.

Moderator: The next question is from the line of Shantanu Naik from HCMR.

Shantanu Naik: I wanted to ask what would be the ECU pricing for this quarter?

Aditya Shriram: It's, always hard to predict the pricing going forward. Current ECUs are in the Rs. 27,000-28,000 range and we expect it to be range bound or improve gradually.

Shantanu Naik: And second question is what would be the current contribution of chlorine derivatives in our revenue?

Aditya Shriram: There would not be any general number which applies to all. It is a case-to-case basis. So, anytime we evaluate any product we look at it giving a healthy return and then we move forward with those decisions.

Shantanu Naik: But still any ballpark figure in your mind?

Aditya Shriram: As I said it will depend product to product. So, it's hard to give a number like that in general for chlorine downstream.

Shantanu Naik: And I just wanted to ask, I have been looking at the margins for SFS vertical, so why are they on a decline sequentially? Any specific reasons for that.

Amit Agarwal: That is because of seasonality. And I don't think there is a decline frankly. Sequentially if you see March is not the season or March quarter is not the season for that business. So, that's not the representative either and actually the margins have not declined for that business sequentially.

Shantanu Naik: But if we see a previous quarter were 11%, before that it was 14%. So, I was just confused on that, so I asked.

Amit Agarwal: No worries. I think this is a more specific question. So, maybe we have to go vertical by vertical. You can connect with our investor relations department and they will give you the details.

Moderator: The next question is from the line of Aditya Singh from Robo Capital.

Aditya Singh: I got dropped accidentally. I was asking that because of the addition of 850 TPD caustic capacity, the total capacity utilization has gone down. So, for the full year FY25 where do we see the capacity city utilization for this segment, caustic soda?

Amit Agarwal: As I mentioned that in the second half of the year, the expanded capacity we should see a 40% to 50% capacity utilization. And the existing capacity, which is close to about 1800 tons per day, we should be utilizing about 80%-85%.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you sir.

Ajay Shriram: Thank you. Ladies and gentlemen, thank you very much for your participation in our earnings conference call. We continue to be guided by our philosophy of growing through capacity, capability, technology, new products and value addition. Further with our commitment towards the environment and society, we keep sustainability integrated into our business practices. We strive to create long lasting value for our stakeholders along with delivering better earnings and growth. Thank you very much once again for participating in our Conference Call today.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of DCM Sriram Limited that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.